“Engaging Stakeholders
To Create
Effective Change”

A thesis submitted in fulfilment of the requirements for the degree of Doctorate in Organisation.

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Declaration

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

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August 2010.

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The work and thinking of this research has occupied a large part of my life for the last four years, and many people have provided assistance and support.

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Abstract

The research reported here addresses the question of what is required to engage stakeholders to create effective change. It is a case study of one organisation, Melbourne Water, which is located in Victoria, Australia. The research is undertaken using a qualitative, action research framework and a systems psychodynamic perspective. Volunteer participants participated in one-on-one interviews and focus groups. The data is also generated through organisational observations and reflection utilising the methods of supervision and journaling.

The organisation is transitioning from an old way of doing things. In the past, technical expertise was considered to be all that was required to make changes. In the current environment, in which alternative water supply sources are being developed in response to chronic water shortage, Melbourne Water and its stakeholders, have to find new ways of working to ensure a sustainable water future. Melbourne Water has to engage, partner and collaborate with stakeholders.

The research shows that multiple complex factors influence which stakeholders to involve, how to involve them, and how much engagement is enough. There are difficulties sharing information across different cultures within the organisation, and at times external stakeholders experience issues of communication, described as ‘the left hand doesn’t know what the right hand is doing’.

Traditional quantitative evaluation methods are not adequate to demonstrate key factors of effective stakeholder engagement, such as levels of trust, feelings of respect, strength in relationships or a sense of being heard and understood.

Effective stakeholder engagement requires individuals in organisations to develop personal awareness of their own behaviours and to develop strong interpersonal skills. Taking these findings into account, it is argued that in order for stakeholder engagement to be successful in this organisation, individuals need mature interpersonal skills and the ability to form stakeholder relationships alongside their technical expertise. Information about stakeholders shared strategically across the organisation builds organisational knowledge and capability. The capacity of negative capability, a psychodynamic concept describing the ability to work with unknown outcomes, on the edge of knowing, and engage in a non-defensive way with stakeholders is one approach. Working in this way will create greater capacity for organisational adaptation, however, not all members of the organisation can develop this wisdom.
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Reading guide

My intention in this research was to utilise conversations and dialogue to generate information about stakeholder engagement at Melbourne Water. To continue with this approach, I have written as if I am personally talking with you the reader, and have used 'I' and 'we' when discussing ideas emerging through the research process. Because the material is occasionally sensitive, conditions of trust had to be created. Therefore, names of participants have been replaced by generic role descriptions to avoid identifying the people involved. Melbourne Water has provided permission for their identity to be known in this thesis.

There are four sections in this document used to describe the research background and context, outcomes and conclusions. Section one (chapter one) describes the background to the research. In this section the reader will gain a greater understanding of the context of drought, the history of Melbourne Water and the background of the researcher.

Section two describes the framework and structure of the research. Chapters two, three and four, describe the action research design, the use of a participant observer model, and the application of psychodynamic concepts to data generation and interpretation. Chapter five includes a literature review of theories of stakeholder engagement.

In section three, the data emerging from the research interviews, focus groups and observations is detailed. The research started in the Waterways Group, then spread out to the rest of Melbourne Water, and concluded with interviews of specific external stakeholders. Outcomes and conclusions from each of these groups are detailed in chapters six, seven and eight.

Section four, chapter nine, discusses the research output in terms of negative capability and the possibilities this concept may bring to the enactment of stakeholder engagement. Chapter ten describes my conclusions and makes suggestions about where additional research could be undertaken.

I have used MLA referencing with endnotes, and these are detailed at the end of each chapter. I have chosen this method for ease of reference to special comments and
referenced authors. Each of the authors I have referred to in each chapter is combined with others to form one bibliography, at the end of this document.

During the research, my company was engaged to develop the Melbourne Water 2009 – 2012 stakeholder engagement strategy, which was informed (in part) by data emerging from the research. I have referred to this strategy and include the final product as an appendix, at the end of this document.
Section one: Introduction and Background

Introduction
This research investigates the conditions required to engage stakeholders to create effective change. The research is a practical application of concepts related to engagement and stake-holding in a case study of one organisation, Melbourne Water. This thesis discusses theories of stakeholder engagement, the application of theoretical concepts, and activities and approaches currently undertaken at this organisation. I will argue that the psychodynamic concept of negative capability is an important and critical factor for organisations undertaking stakeholder engagement.

The setting for the research is a critical shortage of water supply, an organisation in transition, and a government making difficult decisions. The state of Victoria and the broader Australian continent, are experiencing a long-term drought. River flows are at an all-time low, which reduces the amount of water flowing into water storage areas. During this time, it has been critical for Melbourne Water as the water wholesaler, and the retail water companies, to work together to help people and businesses understand the need to reduce water usage.

The State Government decided to pipe water from the north of Victoria down to reservoirs to ensure an adequate water supply for the city of Melbourne. In addition, an alternative water supply (desalination) is being developed. Melbourne Water (a wholesale water supplier) has formed alliances with design and construction firms to deliver these large projects. This requires a collaborative approach between several key stakeholders, acting as partners to deliver an end product that ensures a safe and sustainable water supply to wider Melbourne.

The pipeline and the desalination plant have polarised the community and protest groups have created loud and vehement ‘plug the pipe’, and ‘anti-desalination’ campaigns. The pipeline travels for seventy kilometres through several rural towns and intrudes on land owned by farmers. The width of the pipeline is approximately thirty metres and when completed it will require a maintenance area of about twenty metres. Landowners north of Melbourne believe their water supply is being re-routed to supply Melbourne and as a result they will suffer water shortages to their farms and their livelihoods will be affected. The alliance constructing the pipeline have negotiated entry to the farms and in some instances have had to gain access through an acquisition
legislation that enables Melbourne Water to enter land when the owner refuses entry. The Victorian government in making the decision to undertake the pipeline did so with limited community consultation. This has resulted in loud debate, involving the media, and increased suspicion and distrust between the community, the government and the alliance.

In a different area of Victoria, along the southeast coastline, a desalination plant is being constructed. Again, some of the local farmers and residents are unhappy their area has been selected for this process. At the time of writing, Victoria has just 500 days of water available in its water storage areas, and the desalination plant will take longer than this time to come on line. The pipeline will be completed in approximately 400 days, but the flow through the pipe is now estimated to be much less than expected. The situation without consistent rainfall is critical.

It is helpful by way of background, to describe to you the perspective I bring to the research role. The knowledge I have gained studying systems and psychodynamics, together with my life experiences, have informed the design and outcomes of this research into engaging stakeholders to create effective change. One of these life experiences occurred during my childhood. My family farmed land in rural Victoria, relying on tank water for the house and milking sheds, and bore water for the dams and irrigation. I grew up with the knowledge that water was a precious resource. A vivid recollection of farm life is the image of a cow experiencing difficulty calving, and the vet performing a caesarean section. I was given the responsibility of holding the uterus whilst he removed the deformed calf. This experience influenced my choice of career and I later became a nurse and then a midwife. Working as a nurse provided fertile ground to study human behaviour, and this interest led me to study organisation dynamics and how groups work. I developed a consultancy practice, and continue to work with organisations implementing projects that require individuals and groups to change the way they undertake their roles to improve the way they work together. Throughout my career(s), I have maintained a ‘helper’ approach, in a facilitative role to enable others.

The environment of the farm, relying on rainfall to fill the tanks and dams, bucketing the bath water over the garden, together with my first midwifery experience, exists inside me and is fundamental to my ‘knowing'; it is my ‘lens’. I have discovered that I utilise the midwifery metaphor in my role of researcher, and in the professional work I
undertake as a facilitator. I do this by creating a safe space as I persuade, encourage and support, provide my observations, allow them to ‘sink in’, and then work together with the individual or group to enable understanding of whatever emerges, until finally facilitating the delivery of something that belongs to them. I gently take up my role as an enabler, assisting others to discover possibilities for developing new knowledge. I need expert skills and wise intuit to deliver this, listening, observing, and being open for symptoms or data that is not necessarily visible.

I am guided in my work and indebted to many individuals who have written and taught others about groups and psychodynamics. These include people from the International Society for the Psychoanalytic Study of Organisations (ISPSO), such as Larry Hirschhorn, Susan Long, Robert French, John Newton, Seth Allcorn, Michael Diamond, Howard Stein and many others, particularly Isabel Menzies-Lyth. Systems thinkers, such as Meg Wheatley, Chris Argyris, Sandra Janoff, Marvin Weisbord and other key writers, also influence my thinking and approach.

Throughout the research I have taken a systems psychodynamic perspective in thinking about the engagement of stakeholders by Melbourne Water. To facilitate your understanding of this perspective, imagine just for a moment you, the reader, are a photographer. You have a digital camera and you can see the image you are taking in the screen on the back of the camera. When you move the lens back and forward, the frame changes to include or exclude potential objects in the photo. As the lens moves closer you get an outline that does not include any of the background around your subject; the figure is revealed and has to stand alone without any additional information.

If you move your position, by standing further back and maintain a wide lens, your subject is less obvious. There is more activity included in the photo, some of this may appear extraneous and the main figure may be blurred, but the picture indicates the object’s connection to the surrounding environment. Your perspective has been altered by the additional information.

Another way of thinking about this idea of form and perception is to imagine yourself as a scientist looking through a microscope. The organism being studied is sandwiched between two pieces of glass. It may have been mixed with a little oil to help it sit well between the glass slides, something to help you see ‘it’. As you examine the slide, and move the lens closer, you can see a new image of the organism; you may even see cellular components. Examination at this minutiae level will reveal a repeating pattern; as you move the lens up and down your view is altered but informed by a familiar
pattern. If I were standing above you, watching you at your task, I would see you bending over the microscope, but I would not see the contents of the slide, the miniscule detail. If someone stood above me, her perspective of what was happening would be quite different to your perspective, but the form of each view is replicated, a pattern is evident.

Perceptual and cognitive frames can be narrow, focused on individual items, or broad, from a systems perspective; examination then becomes more about patterns, shape, quality and complexity. Looking through a microscope or camera lens is an exercise in interpretation, influenced by the perceiver’s personal experiences, and her learning and feelings about the surrounding environment. Undertaking behavioural research in organisations is influenced by the referential frame and personal experience of the researcher. My experiences inform my perspective and the manner in which I have approached the task.

I have adopted a participant observer role (Hinshelwood and Skogstad 2000; Willshire 1999) utilising myself as the tool for observing, listening, interpreting, and analysing from a systems and psychodynamic perspective (Gould, Stein and Stapley 2001; Prins 2006; Brunning 2006). The system in this research is the Melbourne Water organisation, including the various work teams, and the wider situation of Melbourne Water engaging with stakeholders in an environment of water shortage. The psychodynamic aspect of this research ‘investigates and emphasises issues, both personal and organisational that are unspoken, not thought about, denied and repressed’.¹ Systems thinking utilising a psychodynamic perspective, infers relationships and activities are connected across time, people, and places. Imagine that perceptions, backgrounds and situations are linked together in an infinite space and may be discovered. Instead of searching for an absolute ‘truth’, this framework is about how things are connected and what may be possible when those connections are made obvious. For each person, a new meaning will be discovered, yet this is part of a shared pattern, an interdependent, interconnected system. Each person will see things differently, but in any one system there will be parallel or connected experiences. This means for the employees of Melbourne Water, their experiences, if not the same, will be linked, and are more likely to make sense because of the parallels in their work.

I have brought my observations and experiences and shown these to others for their interpretation, with a clear understanding that I only see what it is I see – I do not know it from others’ perspectives. In sharing my perspective, my assumption is that we will
connect realities or experiences. Something I notice or feel will parallel another’s experience. To get to this mindset, I have to let go of ‘knowing’, I have to let go of thinking I know the truth, the absolute reality. I must instead assume that if I know some, I have much more to discover, and I will come to know something new. More and more will be revealed (as a revelation) as I let go of ‘knowing’ in order to know again in a different way. Using a psychodynamic framework requires one to be aware that not all is revealed by what is seen or observed, heard or spoken. Instead, there is an aspect of every interaction that is unconscious and invisible, but intrudes into our ‘knowing’ and influences what it is we think we see. The unconscious, unknown and invisible is present and influences our perception, determining our reality. As I reveal my perspective, I do so with the vulnerability of knowing I will not experience the same ‘knowing’ that others hold as their reality. Each person has a different perspective and sees different forms. The possibility of a new reality and sense making emerges through the sharing of these perspectives.

To give you some idea of my motivations for developing greater understanding of stakeholder engagement, I will now share with you about how I came to undertake this research.

I was engaged to design and facilitate a leadership program for senior nurses of a large metropolitan hospital. In contracting the work, I negotiated with the Director of Nursing to undertake further research into nursing leadership, at doctoral level. The nursing leadership program had been underway for several months when organisational changes took place at the hospital. A new Chief Executive and Director of Nursing (DoN) were appointed. The new DoN had a very different style and much less experience than her predecessor. Reporting structures changed, which resulted in nursing staff reporting to a non-nursing role, the Director of Operations. The Director of Nursing role had professional responsibility for nursing, but no budget to implement nursing initiatives. The outcome of all these changes and the politics and dynamics within the organisation, resulted in a change to the purpose of the leadership program I was facilitating. The program became a vehicle to implement a new model of care, ‘Primary Nursing’. New in her role, without a nursing staff, the DoN desired immediate outcomes to demonstrate her own impact.

My ability to undertake the planned doctoral research was constrained by the lack of relationship between the DoN and myself. We didn’t share a common purpose for the program and we did not have enough trust of each other to be able to reflect together on this.
A journal entry at the time records my attempts to contain and change the dynamics.

I am shaking with anger. I have received a series of emails from the DoN. She has decided that the planning meeting on Thursday will require me now for only 30 minutes (not the 1.5 hours previously organised). Does that suit me? Rather than saying no, I have politely asked her (via email) what she believes is the most effective and efficient. She replied she wants everyone on the same page. And has added that she wants me to leave the final workshop at 11.30 so that she can have the final hour with the staff, without me present and they will do their own evaluation of the program. My response is a quivering stomach, rage and feelings of incompetence. I feel as if ‘they’ are making decisions behind my back without me being able to stick up for myself. I don’t want to work with her.²

Personal journal 2006.

Ultimately, unable to communicate with each other, or agree on the boundaries of the program, I was ‘spat out’. It felt at the time I had been expelled without explanation, for something I had done, but was unaware of. Other journal entries record my experience of rejection, feelings of being stonewalled and attacked, and the dynamic of envy is present. Clanton (1996), describes this as, ‘resentment toward someone who has a desirable object, or quality that one does not have and cannot get…a negative feeling towards someone who is better off….envy is the darker wish that the superior would lose the advantage’.³

I had established great trust with the nurses and because of my nursing background, I understood and empathised with what they had to deal with – ‘I got it’. I could see and experience the dynamics at play and talk out loud about them without (apparent) recrimination, which gave the nurses a voice to speak about difficulties. But to the new DoN, I was threatening her relationships with nurses with whom she needed to establish credibility.

I had learned to tolerate and contain my own anxiety while working with ambiguity, and unknown outcomes. I was assisting the nurses to develop their capacity to work with the unknown, to discover what emerged, using an action learning approach. This did not get immediate results, or results that could always be observed. Long (2000), describes this as ‘what is learned is not always immediately obvious’.⁴ The approach was not linear, obvious or fast, yet the nursing staff trusted my facilitation. I had something the new DoN did not have, and from her perspective, I had to lose the advantage. I had to be expelled - my consultancy role ceased, as did the research I was planning to conduct in that organisation. Through this episode I gained direct
experience of how rivalry and envy disrupt collaboration, and how poor engagement and lack of relationship contribute to distrust and disrespect.

The experience of being rejected as a consultant and researcher served to further raise my interest in the psychodynamics of organisations. It felt very personal, but was this about me or was it the system? Or is it something in between? What is there to be learned from this story? Where are the connections?

The next step in taking up this research was unplanned and happened as if by accident. Jaworski’s instructive text, ‘Synchronicity’, reminds us that sometimes things happen when you least expect them, and the challenge is to remain available for new meaning to emerge. I felt shattered by the experience at the hospital and while trying to make sense of my experience and maintain self-belief in my capability, I attended a facilitation workshop where I happened to meet a consultant who was looking for support in an assignment at Melbourne Water. Melbourne Water had a new managing director, who was seeking to improve the way his organisation engaged with their stakeholders. He wanted his employees to make connections and build relationships with key stakeholders in different catchment areas, to determine what was needed from Melbourne Water in the future. The chair of the board sought to do this using a method like Future Search. My new colleague, contracted me as a consultant facilitator, to collaborate with him and assist them to do this, based on my expertise in ‘Future Search’ methodology. Put simply, Future Search is a method of facilitating large group meetings that relies on bringing multiple stakeholder representatives together to share conversations and achieve common ground.

Although I have no engineering qualifications or experience, it worked to my advantage to be in an industry that did not rely on my nursing knowledge, but valued my reputation as a facilitator. I could be naïve. I was permitted and encouraged to ask questions. My questions seemed to highlight things that caused others to ask questions too. I did not have to understand or assume water industry knowledge. I was employed based on my expertise as a facilitator, and there were (apparently) no subterranean invisible forces at work that suggested I should know things that were not stated. There was instead, an expectation that I would provide expert facilitation to bring what was submerged to the surface, for people to examine together. This new environment enabled me to transform more fully, out of a nursing role into the role of consultant facilitator. I could still bring with me all that I had learned about people as a nurse and midwife, but I was not held in the role of nurse by the people with whom I was working.
As the role of researcher evolved I continued to be employed as a consultant to Melbourne Water. In my mind, I held two roles – the (honorary) researcher and the (paid) consultant. This became an interesting dynamic as at one level, I was a collaborator with an external colleague providing (paid) ‘expert’ consultancy services, and on another level I was an (unpaid) researcher, asking lots of questions to which I did not have answers, in an industry that was unfamiliar to me. I learned later this paralleled a similar but different dynamic in the organisation, in which there were expert engineers and planners, who were learning to understand their role in stakeholder engagement. These multiple roles created challenges and caused anxiety. Just as water occasionally seeps out of pipes into adjacent land or evaporates into thin air, the boundaries of my roles gave way at times, which seemed to allow new thinking to emerge.

In summary, the background here is the State of Victoria experiencing a severe long-term drought, critical water shortage, with threatened water supplies and active public campaigns against alternative water supply initiatives. Melbourne Water is transitioning from arrogant and technically expert, but poor in relationships, to strong in relationships and building alliances to provide a more holistic approach to water management. This might be understood as a technical system, employing a collaborative, and adaptive model to respond to its environment, in order to ensure its survival.

The framing of the research includes my perspective. In my mind, there is a sense of returning to a farming background and childhood. I understand drought. My ‘knowing’ suggests that patience is required for things to ‘work out’, after all there is very little we can control. To be able to stay in that space in my mind – to live with ambiguity and be willing to take a risk to see what might happen – to start from a place of not knowing, searching for and finding a new perspective, is about having faith, self knowledge and a generous spirit. This is what I refer to as ‘negative capability’. In this thesis I will argue that organisational and individual negative capability is essential for effective stakeholder engagement.

My role as the researcher is to bring to life what it is Melbourne Water are already doing that is effective in stakeholder engagement; find out where the issues and obstacles are, provide feedback and reflection, and collaborate with inquiry to the next level of awareness which will bring forth action. This sounds so simple. But, like water which is constantly searching for its ocean, it never flows in a straight direction. It erodes and
wears down surfaces, creates new channels and takes and gives life. Some people drown, some species die, weeds and willows infest our creeks and stop the flow; a new tributary develops, a new gush occurs, something is revived or something new is born. The research process has been similar, at times clarity emerges, and things become known, but mostly the tide carries us forward into a place that won’t identify itself until we are ready to know it.

Notes

2 Personal journal 30/10/06.
3 Clanton G. 1996 A Sociology Of Jealousy. p178
4 Long et al 2000 In the Presence of the Other: Developing Working Relations for Organisational Learning, p165
Chapter 1:
The case study organisation: Melbourne Water

1.1 Introduction
This chapter describes the evolution of the Melbourne Water organisation. The Melbourne and Metropolitan Board of Works (MMBW) governed the early management of water supply to the Melbourne region as it developed into a busy city. The MMBW was a powerful organisation that reputedly commanded the government to do its bidding. Subsequent iterations of the governing structure have resulted in a change of power relations between government and water suppliers. Currently, the government owns Melbourne Water, which is now a wholesale water supplier, and also owns the three retail water companies, who supply water to residents and industry. In addition, other government agencies, such as the Department of Sustainability and Environment have water management responsibilities. This arrangement means that all the agencies must work interdependently to ensure a safe and sustainable water supply to Melbourne and the state of Victoria. Melbourne Water is transitioning into an organisation that engages successfully with stakeholders. It is doing this by undertaking a cultural transformation program, a leadership development program and finding new ways of working with community and other stakeholders.

1.2 The origins of Melbourne Water
In 1853 the ‘Board of Commissionaires of Sewers and Water Supply’ was formed to manage the supply of water to Melbourne, which came from local creeks and springs and underground water. When gold was discovered during the 1850s, Melbourne grew quickly in size and population. In 1857, Victoria’s population had grown to one hundred thousand, and the Yan Yean Reservoir was completed to add capacity to the water supply.

In London in 1855, there was a cholera epidemic, which was blamed on the lack of underground sewers and resulted in significant loss of life. Melbourne also needed a sewerage system but the decision to build one appears to have been difficult, mainly because of cost. ‘The commissioners built the Yan Yean water supply but shied away from building the more costly sewers.’ As population increased and towns rapidly developed, there was constant conflict and politicking between metropolitan and rural Victoria about who should pay for water infrastructure, who should make decisions on behalf of others, and, who should benefit. In 1860, the Department of Sewerage and Water Supply, a government department within a newly created Board of Land and
Works, took over the responsibility of managing the water supply, but again did not act to provide the costly infrastructure for sewerage, and later dropped Sewerage from their title. By 1891, Melbourne had a population of five hundred thousand. There continued to be conflicts about water supply and sewerage management and another model of water supply management emerged.

The Melbourne and Metropolitan Board of Works (MMBW) was then formed to build and maintain by what was now a desperately needed underground sewerage system and also operate Melbourne’s water supply. Thirty-nine members appointed to the board were chosen as the ‘fittest men to take charge of the business, and gentlemen of large experience’. There were many difficulties in getting people to agree on the composition of the board, who should run it, whether there should be central control or local bodies, the process of election and local area representation. The MMBW became a powerful and ‘exclusive boys club’. As representatives were volunteers, this meant board positions were limited to men who had ample time and money. Competition for positions on the board was intense.

The first chairman of the Melbourne and Metropolitan Board of Works was paid two thousand pounds per year. He was described as ‘an immensely talented administrator with an eye for organisation and detail. He was also vain, pompous and self-important. He could get his own way’.

During the 1890s the MMBW focussed on the provision of sewerage for Melbourne. This was the time of the great depression, unemployment was high and population growth slowed. Water was used freely without limitation; the average daily water consumption was nearly fifty gallons per person, which was considerably more than that which people in London used. Cheap water, conveniently on tap, encouraged people to use more. In 1910 there were 123,227 connections to the water supply system, and 105,993 connections to the sewerage system.

There were many complaints about the quality of the water and lack of water pressure, however, the MMBW acted autocratically, as if it were a law unto itself.

The MMBW was given monopoly powers to supply water and sewerage to the growing metropolis and could levy compulsory rates and charges on all householders to finance its activities. Its captive customers did not have the choice of alternative suppliers of water or sewerage.
Many decisions were made by the MMBW that apparently alienated stakeholders, and frequent political storms occurred between urban and rural Victoria, as well as the state and federal governments, in which the MMBW found itself in the middle.

Between 1916 and 1943, three additional water reservoirs were built, these major works provided work for local people and brought money into the towns. In 1940, a very dry summer forced the MMBW to impose water restrictions, and build the Upper Yarra Reservoir to increase water storage and supply. In 1950, after the war, the population of Melbourne was increasing rapidly. In 1967 another severe drought resulted in more water restrictions and construction of the huge Cardinia and Thompson dams. By the 1970s MMBW had grown to employ approximately nine thousand five hundred people. In addition to being responsible for water supply and management of sewage, it now had the role of planning authority, building roads and freeways. The MMBW became an integral part of Melbourne life, ‘every building in Melbourne relies on the board’s subterranean tracery of pipes for clean water and the removal of sewerage’ and ‘all Melbournians seem to have either worked for the board or know someone who has’. It employed a large number of people, often fathers and sons and family members. The MMBW was revered for its capability and expertise but also perceived to be arrogant and powerful. The power, authority and influence held by MMBW is still ‘alive’ in people’s memories today.

As I understand it, for a long time MMBW was an incredibly powerful entity and powerful to the extent that it ignored government. MMBW was the planning authority by default for Melbourne…they planned Melbourne’s growth…and the Minister would ring up and want to meet the guy at the top and he would be too busy to see him…there was a point where they said this is not good enough and they decided to split it up…..it was part of a modernisation process (I am guessing) and as part of that they actually out sourced all the maintenance.

..MMBW went from something like 20,000 employees to today if you aggregated all four of us together we would probably be 2,000 employees and a whole lot of outsource providers.

Managing Director, Water Retail Company

In 1983, there were more changes to the governance of water. The Department of Water Resources, and a Rural Water Commission replaced the State Rivers and Water Supply Commission. There was still much politicking about the MMBW and the government of the time (the Cain labour government) developed an options paper for restructuring of the board. Some of the broader submissions to the options paper,
referred to ‘a general acceptance of the lack of accountability of the board to both state and local government….which was a critical defect as far as planning was concerned’.\textsuperscript{14} This led to more changes in the structure of management of water.

1.3 Transition of MMBW to Melbourne Water and three water retailers

The Melbourne and Metropolitan Board of Works merged with a number of smaller urban water authorities to form Melbourne Water in 1991.\textsuperscript{15} Melbourne Water was structured around three regions, Maribyrnong, Yarra and the south-east region. Surveys undertaken at this time indicated this was a difficult period for MMBW employees.

There are indications of widespread community satisfaction with the Board’s provision of water and sewerage services but a general lack of awareness of its’ role in providing metropolitan parks and drainage. Whilst more effort has been put into employee development, responses to a questionnaire in 1990 indicate that many of them have found the pace of change bewildering. Old attitudes and old certainties have disappeared along with old colleagues. While they are convinced that the Board continues to perform its traditional work well there is pessimism about the value of changes taking place and scepticism about the quality of finance and management. Staff also believed that a job with the Board was no longer greatly respected in the community.\textsuperscript{16}

In 1994, the Victorian government announced that Melbourne Water was going to be restructured again, and it was divided into three retail water companies and a wholesale water company. The Melbourne Water Corporation (known as Melbourne Water) became the wholesale supplier of bulk water supply and sewage treatment to three retail businesses, South East Water Limited, City West Water Limited, and Yarra Valley Water.

The managing director at that time structured Melbourne Water around three product groups – water, sewerage, and, waterways and drainage. Each group existed in different offices in different geographic locations. They operated as separate business units and the focus was on managing business efficiently, reducing costs, and improving shareholder value. The managing director was ‘not a water industry man – he was from the resources sector’\textsuperscript{17} and focussed on a financial business model.

The managing director would say we are a mature business, we are not into growth anymore – our job is to just focus on efficient management of our assets, reduce our costs, increase return to shareholder, manage risk.
He would go around to different product groups, meet with management teams and say this is the vision for the organisation and hold up a dollar sign. That is all it was.

Melbourne Water Manager

During 1997, the government initiated major changes in the way water was paid for, instigating a ‘user pays’ method to replace the old system, which was based on property values. In the same year, Melbourne entered a long-term drought situation, which continues today (2010). Water storage levels continued to fall over the next thirteen years.

In 1998, there were more changes. A new managing director was appointed from within Melbourne Water who restructured the organisation around functional lines such as planning, operations, and maintenance. Product groups disappeared. The new groupings emphasised growth and development. Teams interacted with the development industry and local government, servicing growth with new infrastructure, except for water and sewerage, which was undertaken by the retail water companies. There was not an easy fit for one team within Melbourne Water, the Waterways Group, which had responsibility for waterways.

There really weren’t any people in the strategic planning group who had a feel for waterways. The waterways business is different from the water and sewerage components of MW because every year we bill nearly 1.7 million properties for our services. The water and sewerage group bills three customers – the retail water companies.

So the stakeholder relationships for the rest of the business have always been much less complex – difficult and strained and need skill to deal with, but you are still only dealing with three major customers.

Melbourne Water Manager

In 2004, the government developed a white paper, ‘Our water, our future’, and the feedback they got was that Melbourne Water was not doing a very good job.

We almost lost the business – there were various proposals canvassed to shift the waterways and drainage business out of MW. The Catchment Management Authority was one option but they didn’t want the drainage part of the business. I can remember sitting in meetings with our board chair, our managing director, the chair of the Catchment Management Authority and going over maps and working out which bits each group could have, looking at a variety of models. It was a very, very difficult period of time – in the end it was obvious to everyone that splitting the business was not going to work.

Every ten years or so, that conversation happens somewhere. Somewhere in government someone says why is Melbourne Water doing this, why not someone else?
And there is a review of waterways and drainage and that is part of the cycle. Always it comes back to it is too hard to split it up. It doesn't make sense to separate floodplain management and drainage from waterways.

The white paper recommended the “ring fencing” of the waterways activities, because it was unclear what was happening with the revenue, and the revenue in that year for the waterways side of the business were bigger than the revenues for water and sewerage. Historically the revenues taken out of community for waterways activities have been put into general revenue, used to support the business generally, not to deliver services back to those who are paying for those services. The government said ring fence the business financially and set up a Waterways Group so that there is clear accountability for the delivery of those services. And that is what happened. It is absolutely fundamental – you cannot blur it – it is a different service with a different bunch of customers and it has to sit out and be identifiable.

Melbourne Water Manager

The role of the ‘ring fenced’ Waterways Group is to protect the waterways and catchment areas. They perform this function by engaging and educating the community through activities such as school programs and community events, and working in partnership with key stakeholders, such as government agencies, community groups, local government and so on.

In the same year, 2004, an external group commissioned to undertake a review of customer and stakeholder satisfaction found that Melbourne Water was perceived as arrogant, non-consultative, ‘high handed’, and provided poor customer service. One outcome of this review was the appointment of a new chairman of the board and new managing director. The Community Programs team was formed within the Waterways Group and their role was to find effective ways to engage with stakeholders.

1.4 Melbourne Water in transition – engaging with stakeholders

In 2005, the Melbourne Water Stakeholder Relations Strategy was updated to become the Stakeholder Engagement Strategy. This included the (reviewed) Melbourne Water values, together with a computerised stakeholder management system and a business wide approach, which included strategies related to communication and listening, collaborative working, problem solving, negotiation and conflict resolution, and relationship management.

In 2006, a repeat review of external stakeholders, showed Melbourne Water had made significant improvement in the relationship areas of interdependence, mutual benefit, openness, trustworthiness, and sustainability. Leadership was identified as a key factor in this change. However, change was still required at middle and senior management levels.
Since then, an organisation wide, cultural transformation program led by the managing director has identified specific values and behaviours, and a preferred culture for the business. The cultural program initially started with senior staff participating in a series of workshops, which facilitated self-awareness, leadership, communication and negotiation skills. A leadership program based on action learning and cross-functional teams was also underway.

I talk about us being in transition – from being a commercial water authority where commercial outcomes were the goals to being a water resource manager with a sustainability goal. In this environment you need people to be able to discuss problems openly, experiment with their approaches to dealing with those problems without feeling fear...we are coming out of an organisational culture where there was a lot of fear.....it is a recipe for disaster when the managing director has to have everything that is considered important to go through him and he makes all the important judgements....for mistakes there was retribution and for disagreement there was retribution....people who dared to disagree were disposed of...our cultural work is to try and put that behind us, and encourage people to speak openly and engage with one another...to question and criticise in a constructive and positive way...in the leadership and management role, you have an incredibly important responsibility, you are a role model, things are expected of you, so be aware of that influence and take responsibility for that influence..lead people constructively.

Melbourne Water Manager

1.5 Summary
Melbourne Water’s history impacts on current stakeholder relationships and potentially influences the outcomes of engagement activities. The current version of Melbourne Water has in its antecedents a reputation for arrogance, expertise and technical capability. The MMBW led the building of water reservoirs, roads and other infrastructure and had authority and autonomy to tell people; to command and control; there was no motivation or need for them to collaborate, consult, involve, or persuade. They could demand anything they wanted. Their autonomy and authority came from the powerful position of influential men, who took responsibility for keeping Melbourne’s water supply healthy. Remnants or shadows of the past, exist in each of the water retailer organisations, the government agencies and in Melbourne Water, as they all were once part of this large and powerful organisation. This history creates a challenging environment for the Melbourne Water employees in current roles, whose task is to educate, inform, engage and collaborate, build alliances, and establish partnerships. Melbourne Water is changing its culture, its ‘way of doing things’, but
what about other organisations, and how does their behaviour influence the way Melbourne Water undertakes stakeholder engagement?

The next section describes the research question, how I went about the research and the methods used to find out the effectiveness of Melbourne Water as an organisation that states stakeholder engagement is an important priority.

Notes

8 ibid p17
9 ibid p45
10 ibid p47
11 ibid p10
12 ibid p15
13 ibid p365
14 ibid p366
17 Melbourne Water Manager 121108
Section two: Design, Methods and Theory

Chapter 2. Research Design

2.1 Introduction
This chapter will describe the overarching structure and design of the research. To reiterate the research is about engaging stakeholders to create effective change in an organisation that considers stakeholder engagement to be an important priority. The questions, hypotheses, and methods of data generation are detailed and issues relating to confidentiality, ethics, and limitations of the research are explored. The use of a psychodynamic perspective, an action research framework, and a participant observer model are discussed to facilitate understanding of the contextual setting. This section includes a summary of literature on stakeholder engagement and examines theories of managing stakeholders, reasons to engage and the conditions required for effective and successful engagement.

2.2 The research question
The research was designed to start in a defined group (the Waterways Group) then spread out to the rest of Melbourne Water, and as a result of the emergent data, the research moved out to involve specific external stakeholders. The Waterways Group has multiple teams whose work includes taking care of the rivers and creeks, thus contributing to a safe and sustainable water supply to Melbourne regional area. To do this successfully they must engage with a broad range of stakeholders. Past reviews of stakeholder engagement indicated that improvements were required.

The original research hypothesis was:

Stakeholder engagement is fundamental to achieving a safe and sustainable water supply, however the current strategies and undertakings are not fully understood within Melbourne Water, and because of this, it is difficult to know if engagement is effective. Better understanding of engagement activities will guide where improvements can be achieved.

The interview questions were:

- How do the members of Melbourne Water teams determine who they need to work with?
- What is important and why?
- How is the engagement method selected?
- How do they know stakeholder engagement is working well?
- How do they share the knowledge gained from interactions?
- How does their engagement with stakeholders influence the rest of the organisation?
Data generated from the interviews was thematically analysed and validated by the Waterways leadership group, who also acted as a research reference group. Reflection on the data by the leadership team led to a subsequent hypothesis. Stakeholder engagement activities are undertaken at a team level, and information about the activity or outcomes is not strategically, systematically or formally shared across the whole of Melbourne Water. Some information is shared in a variety of ad hoc and informal ways. This leads to poor understanding of stakeholder engagement effectiveness across the whole organisation.

A second round of interviews was conducted with members of Melbourne Water who worked in teams beyond the Waterways Group. Data was also created through team observation, and once again was interpreted by the research reference group. Another hypothesis emerged.

Much of the valuable co-operation and corporate knowledge is being lost or not heard by the organisation because of the many informal ways of sharing information. Alternatively, what is being heard because of the informal nature?

And,

As individual Melbourne Water teams (and perhaps individuals) do not share stakeholder information strategically or systematically, this retards the ability of the organisation to have successful stakeholder engagement with external stakeholders.

The third round of interviews involved interviewing specific external stakeholders including the government (Minister’s Department) and government agencies (the Department of Sustainability and Environment) and the three water retailers. These stakeholders asserted that Melbourne Water was undertaking effective stakeholder engagement, however some improvements could be made.

### 2.3 A case study of one organisation - Melbourne Water

This research is a case study of one organisation, and particularly describes stakeholder engagement in this organisation. The research is specific to Melbourne Water and relevant to their need to better understand how they go about engaging with their stakeholders.

An action oriented, problem-solving approach was utilised throughout the research. Data creation commenced in one particular group, the Waterways Group, and extended out to representatives from wider areas within Melbourne Water, and then beyond Melbourne Water, to specific stakeholders - the water retailers, the Minister for Water, and the Department of Sustainability. As data emerged, hypotheses formed, and were shaped by factors such as data interpretation, an increasing awareness of stakeholder
engagement across the organisation and responses from specific stakeholders. The data was generated through a variety of dialogue-based modalities, and thematically analysed by myself in the role of researcher, and then interpreted by the leadership team of the Waterways Group. Actions arising from the interpretation were authorised and undertaken by Melbourne Water employees. All of the research was situated in Melbourne Water and there is no attempt in this research to generalise findings beyond the setting of this organisation.

2.4 Utilising an action research framework
The research design is orientated to the model of action research. Action research as described by Mumford\(^\text{19}\) is ‘research that involves practical problem solving which has theoretical relevance’, and ‘in order to secure these improvements, employees are helped to become active participants in the design process’\(^\text{20}\). The purpose of this research for Melbourne Water, and specifically, the Waterways Group, was to develop greater understanding of Waterways team members’ practices in stakeholder engagement and identify areas for improvement. Data was created using dialogue and observations from one-on-one interviews, focus group interviews, management team meetings and observations of the workplace. The data was thematically analysed and reported to the Waterways leadership team. Their role was to act as a reflective group, guiding the direction of the research, influencing volunteers to participate, and collaborating with me to make sense of the data that emerged from the research process. In addition, I was aware that I could bias the data through my own mental models and assumptions. The group provided the space, where necessary, to disconfirm my theories, ideas and observations. The involvement of the reflective group provided integrity and validity for the data.

In March 2007, the composition of the Waterways leadership group included five different teams\(^\text{21}\). Each team manager reported to the waterways general manager, who reported to the managing director of Melbourne Water. It is worth noting that in the interview transcriptions, names of teams vary at times between interviewees, as if they are not really sure of names or functions of the different teams\(^\text{22}\). This became relevant later as it emerged that other people did not clearly understand the roles and responsibilities of different groups.

In the first meeting with the Waterways leadership group we discussed our different roles, to the extent that we all felt that we had a common understanding of the task. We formulated what we wanted to find out using a series of questions as guidelines to understand more about stakeholder engagement.
My hope, when I set out to collaborate with the reflective group, was that the group could act as a container or holding environment for conscious and unconscious aspects of the research process. This concept is described by Long et al.\textsuperscript{23}

In designing the project, we understood the need for a setting that could allow and contain negative as well as positive aspects of the collaboration, so that these could be understood, learned from and worked with alongside the primary work of the project….what is meant by this is a setting, that itself can be trusted to provide physical and psychological safety, to those willing to experience and explore issues that might normally be anxiety-provoking, politically subversive or counter cultural within the organisation.

In the role of researcher my intent was to collaborate with them, within their own workspace, to determine what to search for and to bring back data and share interpretations. We thought ‘out loud’ about complexities and experiences, and wondered about what was ‘right’. Together, we examined and debated the meaning of data, to increase our understanding, prior to deciding subsequent actions. This was an ongoing cycle of emerging, non-prescribed actions and processes, which required me to stay curious, alert to possibilities and tolerate not knowing what was happening next or where we would end up. We used an inductive, qualitative, discovery type approach, and had one basic hypothesis when we started. We imagined that stakeholder engagement at Melbourne Water could be improved. The way we went about testing this hypothesis was analogous to going fishing. We agreed on a direction, and (metaphorically speaking) knew where there was potential for the water to make ideal fishing conditions (that is, within the Waterways teams, as their charter was to effectively engage with stakeholders). We also at times had to modify our approach, change direction and go somewhere else to see what we could catch. I experienced this at times as confusing and ambiguous, as if unable to see through murky waters, yet hoping that a clear direction would form.

I argue that the use of this model, ‘going fishing’, adds value to researching stakeholder engagement because what is being researched is not an inert situation. Working with people, discovering more about relationships and trying to understand why things do or do not work, is a dynamic process. Stakeholder engagement is also a dynamic process in which the success of the engagement depends on the ability of people to work with ‘not knowing’, and to let go of predetermined endpoints.

In contrast, when undertaking epidemiological research in the past, I used clear, quantifiable, methods that were bounded by limits. Hypotheses were tested by reducing
variables, controlling conditions, and by using approaches, methods and terminology that were recognised and easily translated by my colleagues. Using such methods reduced my anxiety about what I was attempting to prove, and allowed for traditional methods of evaluation and measurement. The intent of this research however, was to use an approach that mimicked the experience of ‘boundary-less’ conditions of stakeholder engagement. By this I mean that engaging with stakeholders is complex, messy and done with an image in mind of what is to be achieved. All stakeholders bring with them, their desires and ideas for success. Although ideas amongst stakeholders may be similar, and potentially connected, the way to a shared view takes patience and the ability to stay present with whatever emerges, and work with that. In a similar way to this research approach, no-one can ever predict with any certainty what will happen, and what the outcomes may be. Similarly, no-one ever really knows what impact the engagement has with stakeholders overall.

In this research, although I started with a hypothesis, I really had to be available for many different inputs, variables and outcomes to emerge. These all contributed to the research as a whole. In other words, I had to dangle the idea of stakeholder engagement and see what might be attracted to it. This iterative, qualitative, multi-directional experience is what I describe as action research.

Table 1: Continuous action and research
The research design relied on voluntary involvement from staff members of Melbourne Water who participated in the creation of data through their involvement in interviews. The focus of the research concentrated on ascertaining what was happening at this time (the time of the research) in relation to stakeholder engagement.

This fits the description given by Patton\textsuperscript{25} for action research,

> Action research explicitly and purposefully becomes part of the change process by engaging the people in the program or organisation in the study of their own problems...as a result, the distinction between action and research becomes quite blurred and the research methods tend to be less systematic, more informal, and quite specific to the problem, people and organisation for which the research is undertaken.

In this aspect, my hope was that the participants would become more actively involved and committed to improving stakeholder engagement. The act of engaging with the research process would flow on to other engagement activities. One outcome of the research process was a new awareness of stakeholder engagement for the participants, as they spoke about stakeholder engagement activities, the good and the bad, in the safe setting of a research interview. I also observed participants sharing information about their projects and for them this was new information. The process of the research had provided a space for information sharing about stakeholders. They left the interview and then (reportedly) applied ‘new’ ideas in their own work settings. As such, the effect(s) of the research was not bounded wholly by the specific tasks of the research process. Dick\textsuperscript{26} suggests the ‘whole purpose of action research is to determine simultaneously an understanding of the social system and the best opportunities for change’.

As previously stated, data collection began with members of the Waterways Group, and much like throwing a pebble into a pond, it gradually rippled out to the wider organisation, and further out to key stakeholders external to Melbourne Water. In the first round of interviews, participants were from different teams but all were part of the Waterways Group. It became apparent quite quickly, that these individuals did not know what their colleagues in different teams were doing in relation to stakeholder engagement or the roles for which they had responsibility.

For example, in one interview, one person started to talk about a project they were commencing, and another person realised that he was working on something that affected the same stakeholders. They left the interview having arranged to formally...
involve each other in their projects, in the knowledge that it would get a better result and engagement activities could be streamlined.

Incidents like this happened several times. When interviews were conducted with people beyond the Waterways teams, there were similar examples. I also found I could relate anecdotes to them about projects and activities that were taking place in Waterways teams that were relevant to the projects they were discussing. I observed the results of some of these activities coming together when I was engaged as a consultant to facilitate stakeholder engagement workshops. More and more, members of teams from across Melbourne Water would attend these workshops so that a range of ideas and opinions were available to inform the work. The in-situ nature of the research provided real time opportunities for change. It seemed the conversations in the interviews provided new information, new connections to work, and created a stimulus for changed ways of working together. The action was happening inside the research process. It happened so obviously, that it seemed almost odd that this had not happened before. It was clear that people could share information about stakeholders through having regular opportunities for dialogue about the projects they were undertaking.

The nature of the research design influenced the research activities that were undertaken and their timing. I started the collection of data in the place where we thought I could get the most information. The data from the initial round of interviews and the sense made of it with the reflective group, influenced what I did next, the groups involved, the literature I sourced to review, and the shape of the data collected.

In parallel, as this research progressed, Melbourne Water was undertaking a leadership development program. Several action-learning teams were reviewing stakeholder engagement across the organisation, and making local decisions about how to improve engagement. When the data collection for this research project had ceased and after many meetings with the reflection group, and taking into account the findings from the action learning teams, the Melbourne Water Board decided to develop an organisation-wide stakeholder engagement strategy. My role moved into that of a consultant as I was engaged to facilitate the development of the strategy (please see this strategy included in the appendix at the end of this document).
2.5 Participant observer role

Throughout the research I adopted a participant observer role. The participant observer approach is a naturalistic and interpretive method, and may be described as getting to know the people studied by entering their world and ‘putting myself in their shoes’, and, while remaining as objective as possible, attempting to understand their experience, from their perspective.

‘Participative action research engages a capacity in the individual to find multiple positions within the self and to take up multiple roles within the work system’\textsuperscript{27}. The objectivity required is one of empathy, rather than aloofness. Adopting the approach described by Hinshelwood and Skogstad\textsuperscript{28} the participant observer role may be explained using the following principles:

- The observer uses ‘evenly hovering’ attention and is without premature judgement. In the research interview setting, this requires a safe environment, and the researcher to have the ability to remain present, actively listen and suspend judgement. It requires the researcher to be able to hold multiple roles and positions, and be aware of these, rather than splitting them off into an object or ‘other’. The researcher has to be able to tolerate ambiguity, uncertainty, and the attendant anxiety that goes along with a sense of not knowing what to do next, or what will emerge.
- There must be careful employment of the observer’s subjective experience. I had to be mindful of my own assumptions and how I framed what I heard and observed from my own perspective, as well as being aware of how I internalised the dynamics I experienced. I tested out my perceptions and assumptions with the reference group, in supervision and with colleagues in university seminar sessions.
- The researcher must have capacity to reflect and think about the experience as a whole, rather than splitting into different groups or roles – this meant bringing together the multiple roles I played in Melbourne Water, with the areas I did not connect to and be aware of what I might be missing.
- Recognition of the unconscious dimension – as a participant I experienced my own feelings and experience of the research process; I also heard from interviewees about dynamics at play in the enactment of engagement with stakeholders. My challenge was to remain present with what might be happening that was felt or experienced, but was less easy to talk about or describe. I had to find words to present this data to participants and the
reference group in ways that made sense to them, and increased our shared understanding.

The role of the participant observer taking a psychodynamic approach to fieldwork and the study of organisational change is complicated. One has to be both in and out of the organisation. This method requires the researcher to build trusting relationships, protect confidentiality, to be discreet and not disrupt usual activity. Participant observer research is time-consuming. In this instance I was ‘in’ the organisation for three years, which provided me with many opportunities to personally experience their culture, interactions, and context. I documented in a journal all the observations I made and could remember. I also utilised the notes taken by my university colleague when he attended interviews. In addition, I recorded interviews and my own comments, which I then transcribed, so that by the end of data collection I had more than one hundred hours of notes and interviews, which had to be analysed to develop this thesis. I relied on my memory to accurately record feelings and observations, and had to discipline myself to ensure I documented these observations as close to the time of interview as possible. It is hard to document, observe and participate, and I found that I had to accept that what I was doing was ‘good enough’. Although I was using myself as a tool to understand, resulting in subjective data collection, I also had to ensure that I gained alternative perspectives and understanding of the observations. I utilised my university colleagues and my supervisors to triangulate the interpretation of the data.

I had to be capable of wearing many different ‘hats’ and being aware of which hat I was wearing at different times. By this I mean that at times, I am the observer, listening, watching, feeling and experiencing, and at other times, I am the participant, thinking together with colleagues, absorbing dynamics, experiencing doubt and confusion. Yet I am never one or the other. I am always both observing and participating. These roles may seem separate, but if you bring your whole-self to the work, they are always present, to a greater or lesser extent. I found it helpful to name the role I thought I was in, even if just in my mind, telling myself I am an observer now, or I am in the researcher role now, or to my colleagues, ‘I am now going to switch hats and take up a consultant’s role’. The simple act of stating this aloud was in itself a method of clarification, creating an imaginary boundary, which helped us think we knew what was in and what was out, and provided a sense of containment.

The observations made in this role include the visible aspects such as documents, the language used by employees, building type, fabric and configuration, what people are
wearing and so on. Utilising a psychodynamic approach required me to pay attention to the 'little voice in my head' (my observing ego), and the feelings I experienced, such as feeling separate or aloof from the conversation, or excited, perhaps anxious in a situation or feelings of being bored and tired in the group. All of these feelings represent a dynamic present in the group and provide data that can be used to help analyse what is happening, and hypothesise why this dynamic is present.

In practice, I appeared to be an observer when I sat in a chair and watched teams at work, and I thought of this activity as observation. When I presented data to the waterways leadership group, for example, I took up the multiple roles of researcher, inquirer, observer and participant. I noticed others and I noticed my own reactions. I documented all of this as soon as the meeting was complete, while sitting in my car, or back in my office. I tried to capture all of this data, even the smallest detail may be important in analysing what was happening – yet in reality, I only captured what my brain could remember. I believe I only remembered what was significant to me in roles that were significant and to the lens I was using.

In this setting, the relationships I developed with the participants in the research and beyond these groups became significant. For example, the receptionist in the ground floor of the building was important to remind people to attend interviews or focus groups. She also provided additional information about stakeholder engagement processes, from her perspective in the role she occupied. Berg and Smith argue the researcher and the social system being studied contribute to the research relationship.

Each research participant provides a glimpse of an objective social reality, or one piece of a mosaic of subjective realities, the researcher's relationship with the participants and their social systems is an extremely powerful determinant of the quality of the data.

In adopting a participant observer approach, and immersing myself into the organisation, I assumed responsibility for my behaviour and the way I interacted with participants, and was careful with the stories they shared. My experience as a group facilitator guided me to create respectful and trusting relationships, in order to surface sensitive thoughts and feelings. The manner in which the organisation had invited me to undertake the research, informed me there was something to be gained by the organisation from the information elicited in the interviews. Of course, there was benefit also to me, as the research contributed to the academic requirements of a professional doctorate qualification. I was also aware that I didn’t know what it was that participants would gain from taking part in the research, and I wanted to be careful not
to abuse the privilege of their contribution. I created conditions that I hoped would create mutual benefit. My intention was that the nature of the research subject, together with a careful approach, would work towards building even stronger relationships, which in turn, would influence the quality of data available to interpret.

I approached the research knowing that all the information I gained in the role of researcher was going to be influenced by the information I gained in the role of consultant to Melbourne Water. I put technical boundaries around the data that I gathered from research activities, and it is this data that is quoted in excerpts in the dissertation; however, I was able to test out ideas and feed information back to various groups in Melbourne Water, in my role as a consultant facilitator. In that way, I was able to bring my (researcher) observations and hypotheses into my practical work as a facilitator. In reality I was never either a researcher or a consultant, rather I was both, and at times this created confusion for me, and perhaps for other members in the case study organisation. I was immersed in the organisation and at times felt as if I was one of ‘them’, and I also held the thought that I might get ejected and unchosen at any stage, at the whim of Melbourne Water. I could metaphorically drown or get spat out.

It was a precarious position to be privy to confidential stories, to be both a participant in and an observer of engagement activities, styles and approaches, and to be an advisor and find ways to bring the data from those stories to the design of stakeholder engagement activities.

I learned tolerance to stay with this confusion and blurring of roles throughout the research process. I was able to bring this to the attention of participants, who also found themselves in dual roles as they undertook stakeholder engagement. They are stakeholders themselves, and they have to implement regulations or actions about which they may not have been consulted. The parallel nature of this gave us all extra information.

2.6 Ethics and confidentiality
The process of gaining ethical permission from the university ethics committee to undertake this research was lengthy and complex. In contrast, Melbourne Water was simple and unsophisticated. The university ethics committee relied on an objective document to reassure them I would do no harm as a researcher, whereas the organisation I was about to study, had conversations with me on a face-to-face basis to build trust and understanding. This in itself was data about how stakeholders may be
managed by Melbourne Water. I observed Melbourne Water had a more informal way of working with researchers, compared to the university ethics committee. Perhaps this was about the different obligations each organisation has to its stakeholders, or maybe Melbourne Water acts with greater flexibility. Perhaps it was because I was already known to the organisation. I used this information about the culture of Melbourne Water to inform the research.

The research commenced with the recruitment of volunteer participants. Each person was provided with a document describing the purpose of the research, how they would be involved, information about audio-taping the interviews, and management of transcripts and information emerging from the interviews. This included a confidentiality statement (required by the university ethics committee), which was used to provide objective reassurance that all data would be treated in a secure manner. I used both objective and subjective forms to create understanding of the process. Following this, I invited participants to sign their permission to enrol in the research process.

In my mind, confidentiality and an ethical approach was fundamental to the way I work, and how I take up my role whether it be as a researcher or consultant. I was conducting myself as I always do, I facilitated so that the participants felt safe, and I built trust with them in order to gather information about their engagement with stakeholders. I wanted them to be able to tell me the good and the bad and discuss things that perhaps were not discussable in other forums. The environment too, was important as it contributed to the dynamics present in the interview. All the interviews were held in meeting rooms in the participant’s workplace.

The transcribed interviews were not returned to the interviewees for their comment, instead themes arising were brought back to the reflective group for interpretation. I was by this time, ‘swimming’ in the data.

2.7 Multiple sources of data
Data was generated through the use of reflective dialogue in focus groups, in individual interviews, with colleagues, and my doctoral supervisor, and my own work supervisor. In addition, I documented my personal experience of Melbourne Water in the role of consultant and researcher and utilised this as a way of helping me make sense of what I was experiencing.
Beyond the formality of the researcher role, I was also developing additional knowledge of Melbourne Water as I worked in the role of facilitator with many different groups in the organisation. I was immersed in the organisation in two different roles. Each of these roles provided me with observations, experiences, conversations and ideas to think about.

Data available included:

- Background data obtained through interviews with Waterways staff members about stakeholder engagement – how they undertook engagement, things that worked, problems, what was important, why – the perspectives of those people.
- Background data available from my work as a consultant facilitator designing and implementing 'making connections with the community' events.
- Data available from my co facilitator, an independent consultant – his experiences/feelings as he enacted the role of external stakeholder to Melbourne Water.
- Observations of Melbourne Water employees as they worked in their environment – in the office and in the field (in the dual roles I held as researcher and consultant).
- My own experience of being a stakeholder of Melbourne Water.
- The observations of my university colleague, who came to observe the interview process.
- The observations from colleagues at regular university seminars and other colleagues at various professional meetings.
- Formal conversations with research focus groups, and, informal conversations with a variety of different people across the organisation and also from individuals and groups in the community, when I was in the role of consultant.
- Information about Melbourne Water and how they engage with stakeholders available to me in workshops I was doing in other councils or community groups.
- Personal journal entries detailing my emotions and reactions to the research process.
- An extensive literature review of Melbourne Water and more broadly stakeholder engagement.

2.8 Limitations to this research

This may be described as an imperfect design, in that only some of the results of the research can be reported, and other outcomes of the research continue to evolve in the
organisation as they become useful and relevant to the people involved. In other words, the research outcomes are boundless and not limited to my needs as a researcher undertaking a doctoral program.

There were tradeoffs and limits to my own involvement in the research. I was limited by time – the period of research was restricted by a time period imposed by university requirements; the time I had available was limited also. I was undertaking this by myself and not with a team of people; I was self-employed and working full-time during the research period, which impacted on the time I had available and the financial support to do the research (this research was self-funded). In addition, during the research I had an accident, which required several operations and resulted in me being in a wheelchair for twelve months, which also affected my physical (and possibly psychological) ability to collect data.

There were also trade-offs in the design of the data collection. I did not hear from every member of the organisation therefore I have a limited representation of views. Melbourne Water has approximately eight hundred staff and I chose to use a small sample, gathering data through dialogue, rather than a paper based survey of all staff, which may have provided more information. The views are from people who wanted to share them, and although I deliberately sought other people’s comments in the pursuit of alternative opinion, this was on an ad-hoc basis and I can only make interpretation from the representation I have – there is potentially more information available that I have not been able to access. Because I focused on questioning staff, what I heard about were issues directly related to them. I did question the water retailer managers, and this was also limited to those individuals and their opinion, not the opinion of other employees in their organisations. Had I dived deeper into the water retail organisations I may have found more about internal/external relations and engagement. I did not pursue other external stakeholders such as the community – instead the focus became the internal engagement of Melbourne Water stakeholders, that is, engagement of each other as stakeholders of information.

This is a case study of only one organisation – Melbourne Water – and I cannot generalise or determine if the issues in Melbourne Water are applicable in other organisations (water industry or beyond). However, my practical experience working in organisations, suggests that many organisations have difficulty in finding ways to effectively maximise the engagement of internal stakeholders, and they share some of the experiences and challenges described in this thesis.
The processes I used are not easily measured or described. They are not ‘black and white,’ nor able to be ‘ticked off’ in some measurable, simple, graph or survey. The organisational changes that occurred seemed as if they were always there – we couldn’t easily remember when we didn’t know, what we know that we now know. It was as if it had been there all the time, waiting for us to find it, yet we were not sure what we had found.

2.9 Summary
This chapter has described the design of the research and the perspective I have adopted in the role of researcher, as well as the limitations to the research. The action research model requires one to be able to stay in the ‘mess’ and use what emerges as useful and valid data. It is an iterative and boundary-less process, which makes for ambiguity, however, this approach, mimics the act of engaging with stakeholders and so provides useful parallel learning. In the next chapter, I will describe the tools used to generate the data and the different methods of data collection.

Notes

19 Mumford 2001, Advice For An Action Researcher. Information Technology And People. p12
20 ibid
21 These teams were the development and planning team, river health team, catchments team, development services, and the community programs team (this team merged with communications after the research interviews).
22 This becomes relevant when the Managers discuss the lack of understanding of their role by other parts of Melbourne Water
27 Long S. 2000 In the Presence of the Other: Developing Working Relations for Organisational Learning. p166
28 Hinshelwood RD., Skogstad W. 2000 Observing Organisations: Anxiety, Defence And Culture In Health Care. p16
30 Bollas C. 1987 The Shadow of the Object: Psychoanalysis of the Unthought Known p232
Chapter 3: Research Methods

3.1 Introduction
The various methods utilised to generate data and make sense of stakeholder engagement activities at Melbourne Water are discussed in this chapter. Methods include focus groups and one-on-one interviews, and workplace observation. I also documented my emotional reaction to experiences in the research in a personal journal and reflected on a variety of experiences in supervision sessions. This chapter illustrates how different research methods surfaced parallel experiences. This helped to validate interpretations, generate hypotheses, and guide the direction of the research.

3.2 Context
As previously detailed (in chapter two), the research period was a turbulent time for the Waterways Group. The composition of the leadership group changed and new managers were appointed as organisational restructures occurred. In addition, a new pricing structure was about to be applied to external stakeholders, and if handled poorly, could result in negative stakeholder reaction and unwanted publicity for Melbourne Water. Within Melbourne Water, the Waterways Group, although part of organisational wide initiatives, (such as a leadership development program and a values driven cultural transformation project), were still poorly understood by the rest of the business. As a group they were working out how best to fit into Melbourne Water whilst also trying to maintain effective engagement with stakeholders who were about to endure higher water charges. The research process appeared to be an intervention as fertile conversations between different individuals representing different groups, provided opportunities to share information about Waterways Group activities and roles.

3.3 Generating data
When I was invited to take up the role of honorary researcher with the Waterways Group, to investigate their effectiveness in undertaking stakeholder engagement, I engaged with specific task areas and individuals in the role of researcher, and I continued to be engaged by a variety of teams from Melbourne Water in the role of consultant facilitator.

In the design phase of the research and working with the Waterways leadership group (the research reference group), we decided to use interviews and focus groups as the method for generating data. My preferred way of working is to ask questions to facilitate
other’s learning to make their own meaning, rather than giving prescribed or set solutions or an imposed way of thinking. I seek ways for individuals to make sense of the task they are undertaking, using methods that engage them on a personal level. I avoid methods that involve didactic presentations such as using power-point, instead preferring to ask questions and facilitate conversations in workshops designed to encourage understanding through talking and actively listening. I make sense of things, by talking about them with others. When I share dialogue, the meaning I make of things is enlightened by the interaction I have with the other person. This is a deliberate act, requiring each person to be present and mindful of what is being discussed. It requires an open mind, and an ability to bring ideas into the conversation that may also reveal my vulnerability. This vulnerability is associated with ‘not knowing’, because when I don’t know, my anxiety is that I may appear to be uninformed, or ignorant.

My intention in the research was to create space for dialogue and reflection so that interviewees could make their own meaning about what was happening in relation to stakeholder engagement. I used dialogue process to get participants to think about stakeholder engagement issues. Isaacs describes dialogue as,

> A conversation in which people think together in relationship. Thinking together implies that you no longer take your own position as final. You relax your grip on certainty and listen to the possibilities that result simply from being in a relationship with others – possibilities that might not otherwise have occurred.

My aim was that relationships would improve and learning might occur across the teams, through the process of the research.

In collaboration with the Waterways leadership group, (as previously detailed), I started out by asking interviewees, how they determined who they worked with, what is important and why, how they selected the engagement method, how they knew if engagement was working well, how they shared the knowledge gained from stakeholder interactions and how their engagement experiences influenced the rest of the organisation.

Following the focus group interviews, I transcribed the conversations and analysed the narrative for themes – ideas and concepts that repeatedly turned up in the conversations.

Diamond and Allcorn describe this method of analysis as ‘thematic unity’.

Following the collection of varied data by consultants, the organisational narrative is constructed by shaping ‘the different observations into an interconnected, cohesive
unity’ through the rule of ‘thematic unity’ (p245). The method of thematic unity becomes crucial to making sense out of the dense nature and sheer volume of narrative and observational data.

At subsequent meetings, I presented my observations and interpretation of themes and asked for reflections on the data. I used a ‘snowball33’ method of selecting further participants. Interviewees would suggest who else to interview and this pattern continued for the remainder of the research. Each of four reflection meetings was of one hour’s duration.

3.3.1 Interviews
The interview process was itself an exercise in relationship building; the participants were my stakeholders as I relied on them to bring to life the reality of stakeholder engagement. They too have something at stake; they disclosed something of themselves as they spoke about stakeholder engagement as they understood how engagement was undertaken and the influences of engagement in their work. The interview model utilised, was that of a guided interview with a purpose, ‘a process in which a researcher asks questions and a participant (or participants) respond with thoughts, perspectives, and narratives usually based on his or her experiences’34. My approach to the interviews was to ‘bring my emotions with me, engaging intellectually and emotionally’35 and I used myself as the ‘instrument through which data was collected and analysed’36. My emotional response to interviewees and the content of the interview became data for me to absorb and think about. This guided the interview and provided information about stakeholder engagement or about Melbourne Water and the culture of the organisation.

Maykut and Morehouse37 suggest the qualitative researcher must ‘assume a posture of indwelling, which they define as being at one, with the persons under investigation, walking a mile in the other person’s shoes, or understanding the person’s point of view from an empathic rather than a sympathetic position’.

The informal nature of the interview created a semi-social environment and together we co-constructed meaning. My personal style and the environment created in the interview contributed to what was discussed by participants. We could flow to different paths in the interview, based on what was emerging in the conversation. I was aware also of the different roles between myself (the researcher/interviewer) and the participants, and the observer (my colleague) who was also part of the environment. All of the dynamics created by the interview process were part of the
data. At times I was aware that I did not know why the participants were attending, and I wondered what was in it for them.

The first round of data generation, in April 2007, was a series of focus groups, attended by volunteers from various teams in the Waterways Group. In each focus group, I used the questions developed with the management team as a framework, and allowed the conversation to evolve to hear what else emerged in the conversation. The focus groups had a maximum of six participants and each interview took place in meeting rooms in the main building of Melbourne Water.

In total there were five focus groups; thirty places were offered for people to participate, twenty-one individuals enrolled, fifteen participated and six failed to arrive. Each focus group was of ninety minute’s duration. A doctoral colleague acting as an external observer remained in the room as the focus group progressed. He and I met after completion of each focus group to discuss our observations. All focus groups were audio taped and transcribed, and the transcriptions thematically analysed.

The entire process of the focus group interviews - immersing myself in the organisation, arranging participation, waiting for people to arrive, facilitating the interviews, transcribing the data and thinking about what it meant, left me feeling bloated. I was drowning in data! I had an enormous amount of information about stakeholder engagement to make sense of, but interestingly, the areas that caused me perturbation were related to the culture of Melbourne Water, and particularly how it worked as one organisation, how it saw itself, why information did not get shared, and why stakeholder engagement was more important to some than others. There were strong indications from the data, that overall, teams in the Waterways Group worked, by default, autonomously, rather than collaboratively.

Additional data emerged from the way people participated in the research. Some individuals were generous in their time and conversation, whilst others were participating because they were ‘strongly encouraged’. These individuals did not appear really interested in the research – the interviews were disrupting their workday. Overall, it was apparently ‘ok’ to arrive late and unprepared, suggesting a meeting culture that did not value starting on time. For some interviewees, stakeholder engagement was considered vital, whereas to others it was a function of the business, something to be done, rather than a valued activity. I was left wondering how the rest of organisation perceived the Waterways Group. I was also curious about whether efforts
were being made to disseminate lessons learned from stakeholder engagement activities throughout all the teams across the whole of Melbourne Water.

As the research process unfolded, I met with the Waterways leadership group, in their role as the research reference group, to present them with themes and ideas emerging from the data, and invited them to challenge my interpretations. At each meeting, a new hypothesis emerged and actions were determined. I continued the research by undertaking the actions we had decided on together. These actions invariably were to do with collecting more data. We did not design specific research interventions to address the hypotheses we were forming. In retrospect it seems that the process of data gathering was itself an intervention. For the reflective team, (perhaps) they could unconsciously split off ‘stakeholder engagement’ into the research process.

The data from the focus groups caused me to wonder about how information from stakeholder engagement activities was shared across the business. The next hypothesis to emerge based on all the information was,

Stakeholder engagement activities are undertaken at a (Waterways) team level, and information about the activity or outcomes is not strategically, systematically or formally shared across the whole of Melbourne Water. Some information is shared in a variety of ad hoc and informal ways. This leads to poor understanding of stakeholder engagement effectiveness across the whole organisation.

After reflecting on this hypothesis with the Waterways leadership group, I proceeded to undertake additional interviews (one-on-one, and small group interviews), with individuals who worked in teams outside the Waterways Group, but still part of the Melbourne Water organisation. At each interview I talked about the themes that had emerged from the focus group interviews, and then asked about how information was shared. In these interviews I again used a semi-structured interview process, and encouraged a conversation, allowing data to emerge, although also ensuring I had guided the conversation to get better information about the hypothesis we were exploring.

Interviews with managers and other staff who worked in teams outside the Waterways Group were conducted in two parts between April and December 2008. They consisted of four separate interviews and eight people participated, composed of three small groups and one individual interview.
In addition, eleven individual interviews were conducted. These interviewees worked for various business units of Melbourne Water, including as alliance partners. The purpose of the interviews was to better understand what stakeholder engagement meant for the whole of Melbourne Water and to investigate further the relationships between teams.

I had difficulty understanding some of the jargon in these conversations. I noticed quite a difference in language between these managers and people from the Waterways leadership group. For example, for individuals beyond the Waterways Group, words I heard to describe stakeholder engagement, were for example, ‘transaction’, ‘delivery mechanism’, ‘interface’, and ‘comms (communications) can provide a useable digestible medium’.

By comparison, the language of the Waterways Group participants was more like,

> We write, email, phone and meet with them…our work is interrelated and interdependent…it relies on unity and understanding…we all have to work together to get the same outcome.\(^{38}\) Waterways leadership group member

At this stage the outcomes of the formal research led me to further wonder about how specific external stakeholders experienced stakeholder engagement with Melbourne Water. I had gathered data that demonstrated stakeholder information was not shared across the organisation in any organised or systematic manner, instead it was held within individual teams.

In my consultant role, I heard from external stakeholders, that at times the ‘left hand doesn’t know what the right hand is doing’ in Melbourne Water.

Another hypothesis emerged:

> Much of the valuable co-operation and corporate knowledge is being lost or not heard by the organisation because of the many informal ways of sharing information. Alternatively, what is being heard because of the informal nature?

Furthermore,

> Because individual Melbourne Water teams (and perhaps individuals) do not share stakeholder information strategically or systematically, this retards the ability of the organisation to have successful stakeholder engagement with external stakeholders.

Intermittently throughout the research I had conversations with the managing director of Melbourne Water. At this stage at my request, he provided introduction to specific external stakeholders, and I conducted further interviews. I undertook semi-structured, conversational interviews with the general managers of the three retail water
companies, the government Minister’s advisor on water and the general manager of the Department of Sustainability (a government department). I met with them at their places of work, and all interviews were confidential, recorded and transcribed.

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Work area</th>
<th>Number of participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>April - July 2007</td>
<td>Focus groups (5)</td>
<td>Waterways Group</td>
<td>15</td>
</tr>
<tr>
<td>August 2007</td>
<td>Team observation</td>
<td>Two different floors of Melbourne Water</td>
<td>Approximately 50</td>
</tr>
<tr>
<td>September 2007</td>
<td>Accident – limited to wheelchair for next 12 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April – December 2008</td>
<td>Focus groups (4)</td>
<td>People from Melbourne Water, but not part of Waterways Group</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Individual interviews</td>
<td>Various people in Melbourne Water, including Waterways Group and alliance members</td>
<td>11</td>
</tr>
<tr>
<td>November 2009 – August 2010</td>
<td>Consultancy project – development of 2009-2012 Stakeholder Engagement Strategy involving whole of Melbourne Water through survey, focus groups, individual interviews, &amp; reference group (see appendix).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April 2009</td>
<td>Individual interviews</td>
<td>Minister’s office, DSE, water retailers</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 2: Timeline of research interviews

In summary, the research interviews started with members of the Waterways Group and sought to identify what worked and what was required to improve stakeholder engagement. As the data flowed, the research spread like waves out into the rest of Melbourne Water, and then further out again, to specific external stakeholder groups to identify the effectiveness of the engagement Melbourne Water undertakes with its external stakeholders.

3.3.2 Workplace observations

There were two formal observation activities undertaken as part of the data collection. One method I used during the focus groups was to engage the presence of a doctoral colleague who provided objective analysis of the approach, group dynamics and conscious and unconscious data emerging (in his opinion) during the focus group process.

Another method of observation utilised was the workplace observation model. In the role of consultant I was privy to many opportunities to observe Melbourne Water in action. In the researcher role, I deliberately placed myself in the different locations of the teams I was studying and observed their activities as well as my own responses.
Willshire describes this type of observation as a technique in which the observer (who may be a manager, consultant or researcher) can move from ‘not knowing to a state of coming to know’.

They learn, through tolerating uncertainty and anxiety, to move into a position of coming to know (Bion, 1962a): a position where anxiety associated with not knowing is managed sufficiently for new thoughts and ideas to emerge; a creative space where the opportunity for new learning is not foreclosed.

I adopted the role of workplace observer on two separate occasions for three to four hours at a time hoping to get a better understanding of the culture of Melbourne Water. I utilised these findings to add to observations experienced as their consultant. Much like the chimpanzee observer Jane Goodall, who used close observation to record the social organisation of chimps in the wild, I sat quietly amongst the workers and let my senses tell me what I heard, felt, saw, and how I responded.

It appeared there were at least two different cultures. One was a playful, noisy, colourful culture where conversations could be overheard between partitions, spare work boots were kept under the desk, insects lived in containers, and people seemed young and were informal with each other. The other culture, in a different building, appeared to be where people were more formally dressed (in suits and wearing high heeled shoes), much quieter, and went about their work with a greater level of seriousness. It seemed to be studious and ‘grown up’, perhaps the mature part of the business.

The casual area I observed was the Waterways Group teams, and the other more formal areas were teams outside the Waterways Group, but still part of Melbourne Water. I thought of these different areas as a ‘nursery’ and the ‘grown up’ part of the business. These observations supported the idea put forward by interviewees, that is, different cultures exist together within Melbourne Water. The older generation, the ‘grown up’ part of the organisation, work on traditional aspects of the business in roles that support engineering and technical capability. They use technical jargon and describe water management in terms of mechanistic connections. The Waterways Group are a newer part of Melbourne Water, and still ‘growing up’. They are a new generation who prioritise the environment, are socially minded and work organically. Their language, in contrast, is about people making connections.

In the consultancy role, I was aware of my own observations about how the project team and other members of Melbourne Water worked together to design and implement the ‘making connections’ series of workshops. My observations included
how they worked together, and with me, how they worked with my co-consultant and our collaboration, and how they engaged with their stakeholders. My consulting colleague and I experienced many different feelings. At times we were confused, and left meetings wondering what was happening. At other times we felt as if we were charged with being experts and relied on for our expertise, and at other times it felt like our session plans were reorganised by dominant members of the project team. When that happened, it seemed that we were being told what to do, rather than being invited to consult and relied on for our expertise. It was as if they (the dominant team members) moved between assuming the role of experts, and wanting our advice.

We approached each project meeting with an open mind about what might happen. As co-consultants we also occasionally argued and experienced challenges in working together. We debriefed after each meeting, which helped us stay together as a pair. As we worked together more, we could openly and honestly discuss our differences, how we each felt, areas that created anxiety and our fears about working together. Our own experience of learning how to collaborate both informed us and aided the project team to learn to collaborate with their stakeholders. At each project meeting, we disclosed a little more about how we were experiencing the project team, as we believed that the conditions in which we were working, paralleled the conditions Melbourne Water employees experience when they set out to engage with stakeholders. We learned to bring our differences to the table. If we could find ways to partner with each other that helped us feel credible and authentic, we truly believed we could help our colleagues in the project team do something similar with their stakeholders. At times this felt like we were preparing for marriage, laying down the seeds of a long-term relationship. This seemed to build trust in the group and provided the project team with a form of containment.

3.3.3 Reflection through supervision and a personal journal
My research instrument was myself; my thoughts, interpretations, attitude, perspective, experience, knowledge, style, my personal approach, integrity, and capacity. I had to draw on both my learned and intuitive capability of tolerating ambiguity, of ‘not knowing’ and to also be aware of my valency of avoiding controlling others, or giving direction, and my preference to facilitate rather than teach or tell. I was directly involved in the system I was researching, experiencing first hand their engagement with me as a stakeholder, and inside their organisation, observing how they worked together. It was as if I became a Melbourne Water employee. I was aware that being so far inside this system could result in me losing an outsider’s perspective. It was important to practice
self-scrutiny,\textsuperscript{45} and utilise opportunities to examine both my emotional and intellectual reactions to my experience of the research.

Throughout the term of my practice (ten years) I have been supported with individual supervision provided on a regular basis by a gestalt psychotherapist. This provides the reflective space to talk about work, the challenges I face with different projects, groups and individuals, and facilitates my understanding and in turn improves the way I undertake my consultancy role. In my mind, therapy time provides a safe space to expose my personal and professional anxieties, as the therapist gently listens, prods and probes and helps me understand myself, my thinking, and how I contribute to the situations I illustrate. During the time of the research, I utilised this therapy space to have discussions about themes I was grappling with arising from the research process and of being a doctoral student.

In addition, my university supervisor provided supervision helping me to think about the possible conscious and unconscious components of the data, and provoked and guided the decisions I made about the research from an objective and distant perspective. Her expertise provided challenging and provocative ways to think about what I was experiencing. This process also was ‘containing’ and gave me the mental space to take up the role of researcher more fully, even when it seemed I flowed out of researcher role and into the role of consultant.

At university, colleagues undertaking doctoral research through dialogue based group work, provided objective and analytical input to reports I provided about the research. Out of this grew new thoughts about what was happening, which in turn, influenced the next steps taken in the process.

I wrote my experiences, anxieties, emotional reactions, and private thoughts in a personal journal. The journal provided a containing function, as once I had written I was able to move on. The conversations that were going on in my head, were now in the journal. It was almost like a clearing-house for thoughts, as it narrated all the highs and lows and confusion I was experiencing.

These different processes helped elicit information by thinking about what might be transferred from the participants to me, and for example, what parallel experiences, emotions and reactions I might be holding. In this way, I was taking care (and attempting) to avoid a researcher ‘blind spot’.\textsuperscript{46}
Another factor that may also be thought of as a tool, was the time taken to undertake this research. Data was collected over a period of three years, and built on the observations and curiosity I had developed as a consultant to Melbourne Water. These understandings relied on taking the time to reflect. I used a personal journal and supervision to reflect on activities and events, thoughts and feelings. The use of all these therapeutic spaces enabled me to ‘put my head above water’ and look around to get a different perspective. This process of gathering data over a period of time, allowing the data to rest, and reform, re set, and then re-emerge into whatever became meaningful to people or to me, meant that the research was an ongoing process, and something I carried with me in all aspects of my life.

3.4 Summary
This chapter has explored the research methods utilised, and the challenges and struggles that informed the research. These experiences include trying to work within and not being limited by, formal university requirements; struggling with the idea of the role of researcher as different to the processes and constructs used by me as a consultant; attempting to differentiate between the ethics and values I impose on my own practice, and the university requirements demanded from the role of researcher; struggling with the concept of boundary maintenance and how easily I blurred boundaries and the beneficial impact this had for the interviewees and by default the organisation (I translated ‘if your employees are happy, productivity improves’, to, ‘if your employees see the possibilities associated with engagement, stakeholder engagement improves’).

In summary, the hypotheses developed during the focus group interviews and the team observations, suggest different cultures, and at least two businesses inside one organisation – one business is environmentally focussed and the other appears focussed on traditional business functions. In addition, I get a strong impression there is one group, the Waterways Group, and then there is the rest of Melbourne Water. The struggle is about how the Waterways Group is understood by the rest of the organisation, and how this team integrates and the organisation of Melbourne Water becomes ‘one’. In the next chapter I will describe how I applied psychodynamic concepts and systems thinking to interpret and understand the data emerging from the interviews and observations.
Notes

35 Rager K.B., 2005 Self Care And The Qualitative Researcher: When Collecting Data Can Break Your Heart. p23
36 ibid p24
38 Waterways leadership group notes p 9
40 Willshire, L. 1999, Workplace Observation: Not Knowing and Coming to Know. (191-215). ibid p192
41 http://www.notablebiographies.com/Gi-He/Goodall-Jane.html
42 This relationship has flourished. Since the Melbourne Water project, my colleague and I have facilitated many other projects together and continue to support each other as sole practitioners.
43 Bion W. 1970 Attention and Interpretation.
45 ibid p31
Chapter 4: The Application of Psychodynamic Concepts to the Research

4.1 Introduction
In this chapter I describe the practical application of three psychodynamic concepts used in the research. The psychodynamic ideas I have utilised include the concept of unconscious processes, primary task, social defenses and containment. I briefly explore these concepts to provide background to the research design, the way data was interpreted and how that data informed the development of hypotheses. I argue that the thought of engaging with stakeholders brings with it attendant anxieties, which cause individuals to retreat, or, take up a defensive position so as to feel in control, thus reducing the intolerable feelings of anxiety and incompetence.

4.2 Concept 1: Unconscious processes influence group dynamics
The premise of stakeholder engagement is that people or groups (stakeholders), come together to achieve a particular goal, even though the goals for each party may be quite different. Using a psychodynamic framework as a method to develop greater understanding of stakeholder engagement within and between organisations, the basic assumption I work with is that where two or more people are involved, there are emotions, reactions, and energies that are sometimes visible and conscious, and at other times, there are feelings or behaviours that are less easy to explain, seem unplanned, not thought about or may be not be observable. Nonetheless, they are experienced, ‘felt’, and reacted to – by an individual and by members of the group – albeit in different ways. These conscious and unconscious processes contribute to the group and thus the organisation, influencing how it performs, and the way the organisation is perceived. These processes can be described as the dynamics of the group. This psychodynamic model or lens, or framework for thinking about organisations, is about ‘working below the surface’ and developed from psychoanalytic theory (Sievers et al. 2009, De Board 1978, Long 2008, Allcorn and Diamond 1997), group dynamics theory (Bion 1961, Barnes et al. 1999, Smith and Berg 1997, Fraher 2005, Hirschhorn 1997, Edelson and Berg 1999), and systems thinking (Morgan 1997, Weick 2001, Wheatley 2005, Senge et al. 1999, Argyris 1990, Wheatley 1999, Weisbord 2004).
An organisation may be thought of as a group, or groups of people, bounded by physical, describable, and visible objects, (such as systems, policies, buildings, equipment, key performance indicators, meeting procedures, documents and words) and influenced and affected by a lifetime of psychological experiences of each of its members. Such visible objects are measurable and provide an illusion of control and knowing. This provides reassurance to group members because they feel they are in control, they believe they know what exists, and what is happening – these things can be categorised, held up and shown to others as if they are real; they provide a common point of understanding and are labelled and referred to as if others understand the label in just the same way.

The dynamics of the group, that is, the experience and reaction of individuals when in a group, is experienced or felt, not easily measured, at times hard to describe, or may not even be in the awareness of the group members. Within every engagement with another person (who we may think of as a stakeholder in the group or organisation at issue) are emotions and unconscious processes that shape the interaction. Each individual's prior experiences, their childhood learning and mental models of other engagement activities influence reactions and emotions. What is happening in the mind of the person, including their memories of experiences, is both known and unknown by that individual.

The systems psychodynamic approach to research assumes that unconscious processes exist in groups and are influenced by each individual's own experience, and learned responses, even though they may not be aware of their response or the frame of mind influencing and directing their reactions. This framework for thinking about organisations also assumes the researcher has the capability to remain 'in touch' with her own responses and experiences and use this as information. The researcher too, brings her own experiences and preferred way of working – again she knows some of this, and there are other aspects outside of her awareness. The systems psychodynamic framework assumes ‘these irrational processes get the better of us and generate collusive fantasies about how we relate to others and provide a distorted mindset which informs often inappropriate and dysfunctional behaviours and actions’.48 The researcher must acknowledge these exist, and seek ways of understanding, through the use of systems psychodynamic practice, concepts and theories. The researcher needs to adopt an introspective and empathic stance and asks questions like,
What are the underlying motives, desires, wishes and fantasies that energise thoughts, feelings and actions of organisation members? And, what is the personal experience of organisational reality and what does it seem to mean to each and all organisation members? These types of questions surface,

Conflict, disappointment, fantasies, held by organisational participants, as well as thoughts and feelings concealed by suppression and other psychologically defensive actions that compromise reality testing.

Melbourne Water is an organisation with many different teams and varieties of power and authority. Members of Melbourne Water bring with them their childhood experiences, assumptions and feelings, and these may be triggered by work situations. Diamond and Allcorn describe this further,

Participant's conscious desires and wishes may contradict unconscious fears and anxieties stemming from childhood. These internal conflicts then affect workplace experience, performance, and often shape the nuances of roles and relationships in organisations....We study organisations in part, by paying attention to the sometimes conflicted and contradictory ways in which the subjects (organisational members) engage us as consultants (researchers) as well as our own responses to them.

In this research, I have used myself as one of several research tools. I, too, bring my own perspectives and experiences. In the research role, I pay attention to my own responses and the reactions of others. During interviews, I record what the interviewees say and later I record my own responses. In the conversation, I listen for concrete details and for what is inferred, to provide evidence of how the stakeholders are described and thought about. In all aspects of the research (observations, experiences, feelings and interview responses) I think about what is being unconsciously transferred from the interviewee to me, or to other people discussed in the interview, such as other stakeholders. At times, I am aware that there is attribution projected on something more anonymous, such as the past, or a nameless group, or manager. I remain curious and open to discover what is being stimulated in me that I am not yet aware of something that is not yet known. I am also aware that my reaction shapes and influences the interview, and the interpretation of the data.

I have used metaphors, and responses, my own and those of people away from the research, to help understand the possible unconscious processes influencing the outcomes of engagement with stakeholders at Melbourne Water. For example, I have looked for the ‘dirty water’ (as a metaphor) and tried to understand where the ‘sewerage’ may be channelled in the organisation, in relation to engaging stakeholders.
Where for example, does the water flow and where does it become blocked? By way of example, next door to the Melbourne Water building there is a fertility clinic. Each time I went to an interview, I had to walk past a group of protestors, who were caressing their rosary beads, and loudly praying. They had pictures of a foetus and ensured they made eye contact with everyone who passed. This led me to wonder what it is like to be in the midst of protestors every day, and also, what components of stakeholder engagement are being aborted at Melbourne Water?

One of the challenges of working in this way, was that at times, it seemed I was telling them (the research reflective group) what they already knew. The role then became one of helping them to ‘unpack what they knew so they could better articulate their organisational knowledge in a more meaningful, conscious, reflective and systemic manner’. In order to do this effectively, I had to contain my personal anxieties and reactions, and work in a facilitative way with the group to see what could emerge.

4.3 Concept 2: The primary task of the group
One of the fundamental ideas from psychodynamic theory is the concept of a ‘primary task’. The primary task refers to what the organisation is set up to do, as described by Hirschhorn, ‘how is it organised to accomplish this objective, and what unconscious dynamics limit or distort its members’ ability to do their work’. It is linked to the purpose of the organisation.

In the work the team is undertaking or the goal the organisation is setting, the question that determines the actions and steps to take, is, what is the purpose? How this is undertaken is identified by asking what is our primary task? The assumption here is that if a group adheres to its primary task, it will be sustained – by accomplishing its primary task, it has kept itself alive, on track, and achieved what it set out to do. Although this sounds a simple process, complexity multiplies as each team within an organisation has its own purpose. These must all be aligned with the overall organisational primary task for the organisation to be sustainable. The psychodynamic researcher or consultant using this framework examines whether organisational activities seem aligned to achieving the primary task, and if they are not, why the task is being avoided.

The thought of successfully achieving the primary task on the one hand, brings to group members a sense of accomplishment and the confidence to describe themselves as reliable and dependable. On the other hand, the idea of failure of achieving the goal, or
primary task, and not meeting the purpose brings with it fear of failure, increasing anxiety about not being good enough, and fear of loss of reputation. These fears may or may not be overtly articulated. The group members may not be consciously aware of them, but they are present in the group and may enable or retard the way the work is undertaken.

The case study organisation of this research, describe its role as ‘to manage Melbourne’s water resources in a way that aims to ensure that future generations enjoy one of the best urban environments in the world’. They do this by ‘managing $8.4 billion in assets, looking after Melbourne’s water supply catchments, treating and supplying drinking water, removing and treating most of Melbourne’s sewage, providing recycled water for non-drinking purposes, managing rivers and creeks and major drainage systems throughout the Port Phillip and Westernport region’. This description suggests there are multiple purposes within this one organisation.

Each team within Melbourne Water will have its own primary task, that is, what it has been set up to do. The challenge then becomes how does each team work together to achieve successful management of Melbourne’s water resources, that is, to achieve the primary task of the organisation. A further challenge is to consider how Melbourne Water and the rest of society work together to ensure there is a safe and sustainable water supply to Melbourne. This thought requires the active consideration and engagement of both internal and external stakeholders, as all are users of water. The idea of engaging with each other, resolving differences and gaining common understanding, is perhaps a fantasy. The image of working together could appear to be impossible, given history, constraints, limitations, power, authority and firmly held positions. In addition to this, rainfall is not something that can be engineered, and it is only through conservation of water, or additional forms of water supply, that water shortages can potentially be managed. The creation of additional water supply and the protection of rivers and creeks are reliant on stakeholder co-operation. Co-operation is influenced by the engagement approaches used by the host organisation. The only way Melbourne Water can ensure it achieves its primary task is through effective stakeholder engagement.

Groups like Melbourne Water who are working in a political environment on tasks that create uncertainty (such as stakeholder engagement), may employ defenses to help them cope with the associated feelings of anxiety. The group will then either surface these concerns, and work with them, or, create defensive routines that remove them.
from the task, and thus from the anxiety. For example, a defensive routine may be to exchange letters rather than meet face-to-face with a stakeholder who has a difficult complaint. The letters limit the interactions the individual has to have with the stakeholder, and thus the anxiety associated with failing to engage effectively is reduced. The letter becomes the vehicle of engagement and the difficulties are located (projected) in the stakeholder, as if he is the one who has a problem, rather than the difficulty being a shared issue.

The ‘salience of the task and its singular importance and clarity of purpose’ assists employees to make sense of their work if the value of the tasks they are undertaking appears indisputable to them. However, engagement of stakeholders is not a clear task; who the stakeholders are, how to go about it, how we will know success, is cloudy and vague. Engagement has multiple interpretations, and the outcome of engagement may not be commonly shared as stakeholders bring with them many different reasons to be engaged. All of this increases uncertainty and risk (real or perceived), which in turn, influences the anxiety that is present in the group as it sets out to engage. This affects the dynamics of the group, group behaviour, decision making and how the group goes about implementing the primary task.

4.4 Concept 3: The use of ‘containment’ as a defense against anxiety

I will explain the concept of containment through the use of image. Imagine for a moment, the uterine wall, containing the unborn. The wall is furrowed and tessellated to provide a nourishing blood supply to the placenta and safely nurture growth. Similarly in organisations, there is a metaphorical ‘uterine wall’ containing aspects of the work necessary to achieve the primary task. Strategies, guides, policies and procedures, all have a containing function. Teams have a containing function and the boundary of the team, which delineates it from any other team, provides a container as it defines who we are, and who we are not; what we do, and what we don’t do. Leaders also contain organisational anxiety through ways they lead the organisation – for example, through their appropriate use of authority, behaviour, role-modelling, language and decision-making.

The research process can also provide a container for expressions of angst or doubt related to stakeholder engagement. By containing emotions that are difficult to tolerate, a new way of thinking about stakeholder engagement is able to emerge. I liken this to
emptying the trashcan on the computer – the act of downloading fears, thoughts and hopes into the container of the research process (and the researcher) enables a cleaning out, and new space is created for thinking differently. The interaction between the container and the contained gives birth to something new.\textsuperscript{60}

I have detailed in chapter two, the history of Melbourne Water Corporation. Historically, as the Melbourne and Metropolitan Board of Works, it was a large employer, powerful in its influential ability and technical expertise. At the time of this research, the organisation was undergoing a transition to increase capability, to broaden expertise and also to engage with its stakeholders to provide education, collaboration and in some instances partnership.

Within the organisation, there are teams and individuals who are of the generation that hold technical knowledge and hubris; they have extensive skills in designing and implementing engineering projects, such as building water reservoirs, water recycling plants, and sewage systems.

There is also a newer generation of individuals, employed within the Waterways Group, who are environmentally conscious and know that the provision of a safe water supply is not only reliant on engineering capability, but also requires a change of behaviour in the way waterways and creeks are treated by the general public. Additionally, there is a push from the Melbourne Water Board, for organisational employees to be more focussed on stakeholder engagement, to fine-tune processes and improve reputation. The question then becomes, how does an organisation that has a history of very strong engineering capability become an organisation that maintains its engineering capability and establishes a reputation for building relationships and humanistic connections?

The research data demonstrates that some individuals prefer not to engage with stakeholders. They assert they are undertaking engagement, but their actions, such as the use of obfuscating language, or splitting off basic engagement activities to the communications team, suggests they are avoiding this task. Potentially, for the technical experts, and people who have gone about their work in a certain way for an extended period of time, feelings of anxiety are aroused by having to engage with stakeholders. Anxiety such as this is one outcome of conscious and unconscious fears associated with:
• Self doubt generated by working in an area with which they are unfamiliar, such as interacting with stakeholders rather than designing technical objects to contain or recycle water;
• Being limited by government regulations and potentially unable to fulfil stakeholders’ expectation (and therefore failing);
• Being abused by disgruntled stakeholders (and fear of psychological or physical injury);
• Appearing incompetent (and therefore damaging reputation and integrity, and being rejected).

The feelings aroused by such anxiety may be projected 'because they feel anxious, they project their sense of blame and failure outward, often scape-goating the person they must cooperate with to reduce the uncertainty they face'. If these feelings of anxiety and of not being good enough at stakeholder engagement can be split off, organisational members no longer have to feel responsible for engaging with stakeholders. They no longer have to bear the intolerable feelings of uncertainty, incompetence and potential failure. The communications team (a subset of the Waterways Group) is the team in the organisation, which ostensibly holds responsibility for engagement with stakeholders. It is as if thinking about and enacting engagement is purely located in that team, and does not lie within the individual or any other teams. However, Melbourne Water is in a state of change. While the expertise of communication and methods may be in the communications team, the responsibility for successful engagement of stakeholders is distributed across all employees. The challenge is to find ways for each organisational member to be able to hold in mind all stakeholders who are essential to the success of any of their projects. This includes internal stakeholders.

4.5 Summary
In summary, using a systems psychodynamic perspective means thinking about what might be going on in the engagement process that is not so concrete, or visible, but is nevertheless present. Conscious and unconscious processes are always present in the dynamics of a group. These processes include the use of defenses to protect against unwanted feelings. The defenses used, and the behaviours adopted are often out of an individual’s awareness. Using this approach in research requires the researcher to remain open to holding different roles, containing (often) difficult emotions and being able to tolerate ambiguity and ‘not knowing’.
In the next chapter, I will discuss the many different theories applied to stakeholders and engagement as described in the literature.

Notes

50 ibid p500
52 Author’s words
53 Diamond M. 2008 Telling Them What They Know: Organisational Change, Defensive Resistance, And The Unthought Known. p349
55 Hirschorn L. 2009 In Psychoanalytic Studies Of Organisations: Contributions From The International Society For The Psychoanalytic Study Of Organisations (ISPSO). p153
56 http://www.melbournewater.com.au/content/about_us/who_we_are/what_we_do.asp
57 ibid
60 Bion W., 1970. Attention And Interpretation p 72-82
Chapter 5. Theories of Stakeholder Engagement

5.1 Introduction

This chapter draws on selected literature to examine ‘stakeholder engagement’ and discusses the various meanings attributed to the word ‘stakeholder’, and what is meant by ‘engagement’.

The process of engagement is influenced by several factors including: the purpose of the engagement, the needs of the stakeholder, the needs of the organisation, the techniques employed and the environment in which engagement occurs. In this complexity, frameworks and models may help people make sense of the steps used to identify which stakeholders they need to engage with and the types of approaches that may be effective. The following five points, for example, provide some fundamental ideas about stakeholder engagement.

I. When the organisation seeking to engage with stakeholders promotes a culture of learning, and develops its employees to work with unknown outcomes and contain defensive responses, the value of engagement for stakeholders and the benefit to organisations is enhanced. Developing trust in relationships ensures valuable stakeholder engagement and the achievement of mutual benefit.

II. When experiences and lessons from stakeholder engagement activities are shared systematically across organisations, the capability of the organisation to authentically engage is strengthened and the organisation becomes more informed.

III. Evaluation of stakeholder engagement is not aligned to traditional measurement techniques and requires new ways of understanding whether the engagement was good enough.

IV. The act of engaging (or not) with stakeholders also impacts the internal life of organisations. Failure to engage can damage reputation, resulting in employees experiencing low morale\(^62\), whilst good engagement can lead to an increased sense of satisfaction and build goodwill. Conversely, an antagonistic stakeholder can sometimes create solidarity in an organisation as it defends itself as if in a war like situation.

V. Wise organisational leadership promotes stakeholder engagement as a journey, an ongoing, iterative process that is strengthened by the development of individuals in the organisation, and strategies that reflect the importance of stakeholders in ‘everything we do’.
5.2 **What is meant by ‘stakeholder engagement’?**

The way we each think about people, projects or tasks, is influenced by the mental models we have in mind. For example, if I imagine Melbourne Water to be a technically expert engineering company, then it is likely I will mentally prepare myself to interact with engineering staff, who are expert in constructing dams and pipes, but I may also assume they are not expert in managing difficult conversations with stakeholders about their feelings or emotions. Similarly, if I am a Melbourne Water employee and working with a consultant, I may have a mental model of someone who provides advice and solutions to issues I am facing in my work, and I project in them an authority to provide expert advice. We tend to assume that others are thinking just like us, and are coming from the same perspective. However, we each have our own mental model and this influences the way we relate to each other and how we interpret situations. The mental models we have of stakeholders, together with the purposes and tasks that lead us to engage with them, influence the actions and behaviours we adopt as we engage. This in turn, affects the outcomes of the engagement.

Stakeholder engagement could be thought of as the ‘courtship’ of two or more individuals or organisations, as a prelude to ‘marriage’, each party having a stake or investment in the outcome of the interaction. Marriages are at times arranged to bring credibility or added strength to the families involved. Similarly, stakeholder engagement may be a strategic intent to provide added strength or benefit to the organisations.

The idea of ‘engagement’ may also associate to an act of war, a decision to go into battle, with precision and determination to fight and contain the enemy. This may remain an unconscious meaning in normally benign expressions of engagement. This frame of reference conjures up quite different expectations in terms of the outcome.

Another variation of the term ‘engagement’ is used in midwifery to describe the action of the baby’s head when it comes to rest against the bag of forewaters and stay in the mother’s pelvis in the latter stages of pregnancy. The mother and midwife also engage in a relationship to guide and facilitate the baby’s entry to life outside the womb.

What is common in these various meanings or ideas of engagement is the concept of two things coming together for a short or long term to achieve a particular outcome; the act of coming together is influenced by the mental model each party brings to the relationship.
There is an abundance of literature about stakeholder engagement. Included in the many articles and books is a variety of terminology attributed to stakeholder engagement. These include reference to citizen participation, community engagement, deliberate democracy, corporate social responsibility, employee engagement and, collaboration, alliances and partnerships, all of which seem to have been collected together under the umbrella of ‘stakeholder engagement’. However, generally, the meaning of the term ‘stakeholder engagement’ is informed by the purpose of the engagement. The purpose of engagement determines who the stakeholders are and the nature of and relations between stakeholders. For example, engaging with a community stakeholder to provide education or information is quite different to engaging with a stakeholder for the purpose of creating an alliance, partnership or collaboration to construct a water pipeline. But each activity is on a broad continuum called ‘engagement’.

The purpose of stakeholder engagement is influenced by the way stakeholders are thought about, for example, who they are and what they mean for an organisation. From the perspective of a corporation, a stakeholder may be described as ‘any group or individual who can affect or is affected by the achievement of the organisation’s objectives,’ and/or ‘constituencies that are affected (favourably or adversely) by the operation of the corporation, regardless of whether stakeholders are linked through explicit or implicit contracts.’ Broader definitions perhaps with a different intent include, ‘people with information; people with authority and resources to act; and people affected by what happens’, and ‘any individual, group of individuals, organisation or political entity with a stake in the outcome of a decision’. Stakeholders are also described as a ‘dynamic subset of complex communities,’ and the term ‘stake-holding’ is used to describe a ‘matrix of human relationships and competencies not necessarily limited to the borders of the organisation.’

The International Association of Public Participation (IAP2), describe stakeholder engagement as public participation and define this as ‘any process that involves the public in problem solving or decision making and uses the public to make better decisions’. They suggest that the term public participation, may also be referred to as ‘community engagement’, ‘stakeholder engagement’, ‘community consultation’, ‘public involvement’ and ‘public consultation,’ and that these terms are interchangeable. The public are described as ‘those stakeholders who are not part of the decision making entity or entities’.
A report on stakeholder engagement in the Australian mining sector, suggests that the terms stakeholder, community and public are all used interchangeably.

How they are defined is not important; a stakeholder is anyone who defines themselves as a stakeholder. The critical issue is that organisations must understand that each stakeholder has its own individual characteristics and therefore require (sic) individual treatment.  

At the case study organisation of this research, the term ‘stakeholder’ is used to describe a diverse range of individuals, groups, organisations and agencies with whom they engage. According to the 2009 – 2012 Melbourne Water Stakeholder Engagement Strategy, the ‘one thing all of our stakeholders have in common is an interest in the outcome of the work that we do’. The strategy contextualises stakeholders as relationships, connections between people and groups with whom they work, including employees, and individuals and entities external to the corporation. Each stakeholder has different needs of the corporation, just as the corporation has unique needs of each stakeholder group.

To put this into situational context, as previously described, the state of Victoria is experiencing its thirteenth year of drought, which has led to water shortages and restrictions in the way water is used. A safe and sustainable water supply is essential to health and wellbeing, food production, healthy parks and gardens, and the economy. Victorian citizens are each stakeholders of the water supply as they depend on safe water for their daily activities.

In the past, engagement with the broader community about water supply and conservation has not been effective.

Governments and the community are beginning to realise that we are entering a period of greater climatic variability, with less rainfall expected and less surface water available. Despite this, present water-reform initiatives fail to achieve basic standards of community engagement.

Maintaining a safe and adequate water supply includes caring for the sources of water such as catchment areas, rivers and creeks, and ensuring the water supplied is used appropriately, with minimal waste. This is complex and at times there are competing priorities. Melbourne Water, which is a statutory authority, is unable to achieve the task of managing Melbourne’s water resources alone and its employees are engaging with a wide cross-section of different stakeholder groups to educate, inform, communicate and create partnerships and alliances to achieve change. They need to engage
stakeholders to ‘work together co-operatively to accomplish what neither can do alone, rather than be in rivalry or conflict’.77

Co-operation may take different forms. Bion78 describes co-operation in organisations as commensal, symbiotic or parasitic. In a parasitical relationship the organisation engages with stakeholders to take whatever it needs to survive; the host organisation is deliberately keeping itself alive, perhaps even at the destruction of the other. An example of this is when one party behaves in ways that are destructive rather than co-operative. In such a situation, the organisation’s reputation is damaged as stakeholders become disengaged and disillusioned resulting in poor outcomes, distrust and conflict. For example, if councillors of a local government make decisions on behalf of its residents without consultation, such as providing permission for a rubbish tip in an area bounded by people’s houses, the residents will believe the councillors are not trustworthy. Council will be viewed as acting in concert with the business operator and not representing the views of the local residents. This will influence how residents think about and react to other council decisions.

In commensal-type organisational relationships, two organisations work with a third group to the benefit of all three, achieving mutual benefit for all parties. Alternatively, an organisation may work symbiotically and interdependently with stakeholders, to achieve mutually desired outcomes. In a symbiotic model, both organisations depend on each other – there is benefit then, of keeping both organisations healthy and operational. Here again, engagement may be about courtship and marriage, or it may be about beating the enemy and winning the war.

In the case study reported here, the organisation is attempting to achieve a symbiotic relationship with its stakeholders, ‘one in which one party depends on another to mutual advantage’.79 This means that all parties benefit, but more than that, our whole society has the potential to benefit – in relationship with one another, the sum of ‘us’ is greater than any one individual.

From a psychoanalytic perspective, (and again drawing on Bion80) effective stakeholder engagement may be thought about as the outcome of the relationship between the ‘container and the contained’.81 The ‘container’ is the organisation and the engagement process, which ‘gives shape and secure boundaries to that which is contained,’ and the ‘contained’ refers to ‘the meaning given to the context which contains it’.82 The people and structures of the organisation create the mental and physical space for the
stakeholder and the organisation to learn, to be informed, or to collaborate. The organisation through culture and leadership acts as if to hold the space, containing the process and all that goes with it, and work with the stakeholder to allow something new to emerge. The outcome is something new that exists now as a result of their joint experience, much like the relationship between the midwife and the mother providing for the birth of the baby.

How engagement is perceived and understood, is influenced by the interaction between the container and the contained. Melbourne Water is developing its ability to contain the process of engagement and work with what emerges as a result of the engagement. To do this effectively they must engage a broad range of stakeholders. Each engagement will have a different purpose, and be influenced and limited by the political, fiscal, technical and social dynamics, and structures of the particular groups involved. Each engagement will include the conscious and unconscious processes that occur between individuals and groups. All of these factors affect the outcome of engagement for all stakeholders.

5.3 Theories about who to engage
Theories help to make sense of complex situations. They have an explanatory purpose and also a containing function for thinking. Theories of stakeholder engagement often provide the players with a sense of control in what can be a large and complex task. This may include the identification of key elements in the process of engagement, for example,

- identifying who stakeholders really are;
- how important they are to the organisation;
- what is meant when we say we engage, and what we do to engage;
- the purpose of engagement,
- how we achieve engagement;
- the benefit and how we can measure successful engagement.

Donaldson and Preston\textsuperscript{83} conceptualise stakeholder engagement into three different theory types: instrumental, normative, and descriptive.

The instrumental management model\textsuperscript{84} imagines stakeholders as having strategic importance to a company. If managers pursue these stakeholders their company will have higher profits or return on investment; the focus is on the company and how the company will benefit from a profit-making perspective. The approach to stakeholders is
primarily about management and improving profit. Stakeholders are more important if they add to the company profit margin.

Normative stakeholder theory describes stakeholder engagement as a moral obligation of any company and understands this as being of intrinsic worth. In this model, stakeholders are important from a moral perspective, not just because they, the stakeholders, have power, or a legitimate claim. Normative stakeholder theory conceptualises stakeholders as having moral equity and ‘managers should weigh the relative importance of obligations to shareholders with other stakeholder groups.’

Descriptive stakeholder theory, according to Butterfield et al, ‘attempts to describe the actual behaviour of managers and firms and stakeholders.’ This model frames stakeholding from the stakeholder’s point of view, and the level of value it adds to the stakeholder and the value added to the organisation. This way of thinking about stakeholders frames the engagement into one of mutuality and symbiotic relationships. The idea of how people behave with each other and the impact behaviour has on the outcome of engagement is more aligned with the work of this research.

Another way of thinking about stakeholders is by categorising them into primary or secondary groups. Primary stakeholders are classified as customers, suppliers and shareholders, and secondary stakeholders are those who are more difficult to identify, who may not be willing to engage or clearly articulate their position. Stakeholders may also be categorised by ‘how much they matter’ (to the organisation concerned), their level of power, legitimacy or the urgency of their need. The categorisation of stakeholders is again dependent on the purpose of engagement. At Melbourne Water some stakeholders such as the Minister, seem more important than others. The resources available also tend to dictate how much engagement and the style of engagement which can force prioritisation.

Theories of stakeholder management can also be used as a way of ‘enabling managers to understand stakeholders and strategically manage them’. Stakeholder theory is about managing potential conflict stemming from divergent interests…if the potential for conflict did not exist…if the firm and all its stakeholders were largely in agreement – managers would have no need to concern themselves with stakeholders or stakeholder theory. However, the idea of ‘managing stakeholders’ provokes an image of one group controlling another, perhaps suggesting stakeholders are an homogenous, generic
group, whose members will respond as one to any given direction. The implication is of domination, rather than co-operative, collaborative, symbiotic relationships.

There is an attempt (by the organisation\textsuperscript{93}) to organise, structure and thus ‘manipulate’ the relationship in the belief that this will best serve their needs...organisations adopting this approach tend to make decision on their own and then inform interested parties or stakeholders of that decision via a variety of monologues...this leads to a one sided form of engagement in which the organisation – setting the boundaries – remains firmly in control of that communication process.\textsuperscript{94}

In the case study of this research, the work of engagement with stakeholders, takes place in an environment of drought and relentless lack of water supply. The drought creates uncertainty and fear for the future of water supply and thus for survival. In times of uncertainty, when unable to predict an outcome with any sense of reliability, organisations may revert to using their power (position, size or authority), in order to have a sense of control. Marris \textsuperscript{95} suggests we use power to feel as if we are in control and able to predict what will happen, in order to protect ourselves.

We use power, essentially, to protect ourselves against uncertainty.... To be in command of the situation, I want everybody around me, on whom I might depend for the achievement of my purposes, to be committed to whatever I might need them to do, without making any reciprocal commitment that would constrain my own freedom. …If instead I try to create collaborative relationships, together we reduce the amount of uncertainty, which everyone has to face, because most of our uncertainties arise from the unpredictability of other people’s behaviour. The less we are preoccupied with defending ourselves against each other, the more energy we release, and the more we expand the field of reliable relationships in which we can dare to frame our hopes and ambitions.\textsuperscript{96}

I argue that stakeholder engagement in a setting such as this case study is more effective when relationships are collaborative. Collaboration enables concerns to be shared and creates an environment where everyone can benefit, even when imposed decisions at first seem that one group is giving up something for another. Collaboration helps people manage their own feelings about being uncertain, and thus feel more ‘in control’.

At Melbourne Water, the engagement model utilised is a combination of theories, models and categories. Stakeholders are categorised and described as interrelated groups consisting of asset owners (such as councils and landowners), end users (for example, the community), expert advisors and groups with expertise in this field, and stakeholders who have an interest in or are part of an approvals mechanism\textsuperscript{97}. Various engagement techniques are utilised according to the stakeholder group and the
purpose of the engagement. This model also assists them to determine the level of resources and expertise required from Melbourne Water to ensure the engagement is mutually beneficial.

5.4 Reasons for engaging with stakeholders

5.4.1 Benefits to the organisation

Government agencies, corporations and communities strategically engage with stakeholders to gather information, inform decision-making, provide education, and develop partnerships so that decision-making is shared. All of these things contribute to an organisation’s reputation and ability to ‘get things done’.

Companies may proactively seek out stakeholders to ‘build bridges in the pursuit of common goals’. Engaging with ‘a diverse range of external stakeholders within an organisation's network is important for driving innovative ideas’. Innovation arising from engagement may be expected or unexpected. Homes et al. discovered ‘innovation arose either from the focal organisation actively searching for a solution or a new way of addressing an issue, or the innovation was emergent from the engagement or an ancillary benefit from the relationship.’ Employees also become more capable as mutual learning occurs.

Companies can get better at generating knowledge from engagement as they gain more experience in inter organisational relationships. The benefits of collaboration increase as the intensity of engagement increases over time; as partners get to know each other and work more closely together, more value was created through resource transfer and core competencies exchanged.

When an organisation engages stakeholders using collaborative and co-operative approaches, an image of dependability develops and in turn stakeholders see the organisation’s brand as reputable. The case study organisation in this research knows that it cannot take care of the vast number of waterways and adjacent land areas without the assistance of others. Moreover, volunteers wanting to ‘make a difference’ will choose to work with reputable organisations that have shown they are influenced by what they hear from their stakeholders. For Melbourne Water, it is important they are perceived to be authentic, reliable and trustworthy so that more volunteers are engaged in caring for the waterways and practising sustainable water management.

Involving stakeholders in decision-making and policy development is considered best practice for companies wanting to build a reputation for behaving responsibly and
morally. This is commonly referred to as implementing Corporate Social Responsibility (CSR). At Shell, stakeholder management is referred to as sustainable development and translates into integrating economic, environmental and social considerations into management decision making.

Large profit making corporations are increasingly expected to apply principles of sustainability and social responsibility to their business operations, and to help alleviate social and environmental problems. Corporate managers have thus reconceptualised the external world in terms of ‘stakeholder’. Engaging with stakeholders enables companies such as Shell to make better decisions, build trust and broaden the company’s external focus. At Melbourne Water, community liaison committees representing community and other stakeholders are utilised to provide information and influence policies and decision making about areas such as water treatment plants. These groups bring together local knowledge, local interest and expert knowledge of environmental and human concerns. They help Melbourne Water make better decisions.

At times, engagement takes place in reaction to public dissatisfaction or an untoward event, such as the creation of a water pipeline. Good engagement builds stakeholder tolerance and support, whilst poor engagement can lead to refusals and delays, protests and picket lines, legal challenges, loss of goodwill, lack of participation and community anger and resentment. Poorly managed engagement activities ‘frequently result in the unintended consequence of community frustration, anger at tokenism, and increased citizen disaffection.’ As the north-south (Sugarloaf) pipeline was built during 2007 through to 2009, farmers and business owners were impacted and confronted with compulsory land acquisition, traffic congestion, media focus and political lobbying. At times, engagement with the local community was poor, resulting in community members protesting angrily at Melbourne Water and the government. Opinions were polarised and relationships between pipeline workers and the community were affected, which in turn, influenced the design and implementation of future engagement activities facilitated by Melbourne Water.

Successful engagement requires companies to be openly transparent and not just have a desire to engage. Investment in employee’s communication skills, together with systems and processes designed to assimilate the information received, ‘facilitate the opportunity to develop competitive advantage from the acquisition and utilisation of new knowledge they have accessed through engagement’. At the site of the water pipeline construction, the daily informal engagement between farmers, landholders and
Melbourne Water employees, facilitated trust building and enabled Melbourne Water to gain local knowledge and improve the way they went about engaging the community.

5.4.2 Benefits to the stakeholder
Effective stakeholder engagement provides benefits to the stakeholder. For community groups this may be in the form of grants provided by the host organisation to enable the group to pursue its interest. The interest of the group is beneficial to the host organisation and enables it to achieve its vision by utilising other groups and their resources. For example, Melbourne Water knows they cannot attend to every waterway and keep it safe and able to supply healthy water. One way to ensure sustainable water management is to engage with schools and community groups through the Melbourne Water ‘Water-watch’ program, which provides opportunity for community members, schools and businesses to be actively involved in monitoring and protecting the health of rivers and creeks through ‘hands on’ activities and education. This contributes to social learning, ‘where learning occurs through some kind of collective engagement with others’ and ‘may take the form of questioning norms, policies and objectives’107. Through this process a large number of individuals and groups play their part in taking care of the waterways and contribute to a healthier environment.

Through effective engagement activities, community stakeholders can become empowered to influence decision-making. During the construction of the north-south pipeline, Melbourne Water created an advisory committee108 representing a broad range of community members. It was their practical wisdom, based on intimate local knowledge, and their recommendations that decided where money could best be spent to benefit local communities impacted by the pipeline.

Stakeholders benefit as they collaborate with each other and influence corporations to act responsibly, particularly in relation to the environment, employees, and the wider community. On a personal level, becoming involved as a stakeholder enables an individual to have his voice and opinions heard in a public domain, to participate and leverage change in society, particularly in areas he is most passionate about. Social capital increases as people get involved, generate ideas and work to make things happen. This requires all participants to respect each other and work together rather than individually ‘grand-standing’ their own ideas at the cost of mutuality.

People have to be capable but not arrogant or egocentric, for successful engagement to occur. Engagement enables people to get to know each other, and create networks
to strengthen capability, learn from each other, exchange ideas and according to Hartz-Karp, develop co-intelligence, ‘our capacity to think in terms of interconnected wholeness so the ideas we generate will be for the benefit of all’\textsuperscript{109}. In this way, stakeholders contribute in ways that benefit the whole of society and positively impact our sense of community.

One engagement model used at Melbourne Water is based on the International Association of Public Participation (IAP2) framework, which promotes levels of engagement, according to purpose, and focuses on benefits to the public stakeholder. The purpose is either to inform, consult, involve, collaborate or empower the public\textsuperscript{110} (see table 3 at the end of this chapter). IAP2 suggest three things are fundamental to public participation processes – core values, a code of ethics for practitioners, and a spectrum of engagement. The values\textsuperscript{111} describe the expectations of citizens, which IAP2 believe will lead to success. IAP2’s code of ethics describes the kind of actions necessary to promote effective participation processes that have ‘legitimacy and integrity’. Their public participation spectrum categorises differing levels of ‘legitimate’ participation, depending on goals, timeframes, resources and levels of interest in the decision to be made. Each participation level involves a promise to the public, which must be defined and understood by all participants. This framework implies that engagement occurs at distinct levels, and is an either/or, pure process, rather than a complex, at times ambiguous series of experiences, in which parties have to be able to work with whatever emerges.

5.5 What are the conditions required for effective and successful engagement?

Engagement with stakeholders, whether they are government agencies, other corporations, community groups or an organisation’s own employees, is not linear or simplistic. Whenever two or more people come together, the overt, visible activities are always accompanied and affected by subconscious, at times irrational, beliefs, feelings and experiences. All of these dynamics influence the outcomes of engagement.

The following key principles provide a framework that will enable individuals and organisations to engage with each other and achieve successful outcomes.
5.5.1 Assume a mental model of service
Organisations are made up of people, governed by objective, visible structures such as policies, procedures, rules and regulations - easily demonstrable guides about how we work and how the work is done. Individuals in organisations, through conscious and unconscious behaviours, attitudes, mental models and frameworks, enact dynamics which are not so visible; that are felt, observed or experienced, and open to variable explanations according to the lens used to interpret.

In a values based organisation, adopting a service framework, we could expect to observe a person centred approach in which the person is the centre of each and every stakeholder interaction. For example, when the person is considered to be important in the engagement strategy, company employees would always turn up on time, showing respect for the other’s time. When the mental model adopted by the organisation through implicit routines, and explicit strategies, is based on servant-leadership\textsuperscript{112} we would expect it to undertake activities that enable others to grow.

The best test, and difficult to administer, is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society; will he benefit, or, at least, will he not be further deprived\textsuperscript{113}?

Engagement of stakeholders, from the perspective of providing a service to others, is about demonstrating values in action. When an organisation truly sees itself as providing a service to others, benefiting the whole of society, whilst achieving its primary task, we would expect to see actions that demonstrate the person is adding value to this interaction. For example, we would observe people having courageous conversations about difficulties or issues that are sensitive; people being accountable, taking responsibility for decisions they make, and following through; providing foresight, direction and guidance, encouraging others to take responsibility, to solve problems, and being creative and acting with humility. Their actions show they want to make the world a better place by co-operating with each other, rather than through domination.

Similarly, the way the organisation communicates and the language that is used through its customer service, documents, the Internet, and policies (such as a stakeholder engagement strategy) show the value the organisation places on its people and its stakeholders.

Organisations that want the world to be more harmonious have procedures, policies and guidelines that demonstrate the value of people. The organisational members
know as if by instinct, the added value stakeholders bring to their organisation, and they act as if the service of those others is the most important thing for success. This is not meant to imply that actions must always be about pleasing others, rather, it is more about the question of service – how can I provide a service to you, that shows I value you, and together, we can achieve mutually successful outcomes and we both grow.

5.5.2 Identify the purpose of engagement

The primary task\textsuperscript{114} (as previously discussed) of any group or organisation is the fundamental task it must do to remain sustainable, to survive. Within that overall goal are many smaller goals, one of which may be to implement successful engagement with its stakeholders. When an organisation sets out to engage with its stakeholders, it must not lose sight of the primary task of engagement, that is, what it is primarily attempting to achieve, the reason(s) to engage, and expected outcome of the engagement - what will happen as a result and how this contributes to their overall goal. Within this subset, there may be broad goals, such as improving stakeholder knowledge, or strategic goals, such as building relationships to prepare for future challenges, and there may be more direct goals for specific stakeholder groups. For engagement to be successful, the purpose of the engagement must be clearly defined, and from this, the limitations to, or boundaries of, engagement emerge.

Activities designed to engage stakeholders must be aligned with the purpose of the engagement. For example, if the purpose is to share information, this ought to be clearly articulated to the stakeholder at the initial engagement. The selected method will provide easy to read and simple to understand messages, appropriate to the stakeholder. If words are used to obfuscate, or if the tone of the message is arrogant and condescending, stakeholders may respond with anger or withdraw from the engagement process. If the purpose of the engagement is to build relationships and share information and help people understand, the best methods are those that involve small groups working in dialogue together, such as Open Space Technology\textsuperscript{115}, World Café\textsuperscript{116} and Future Search\textsuperscript{117}. Such methodologies create an environment that enables people to come together and share ideas, and then leave the space feeling heard and having somehow influenced the outcome. Synergies emerge and new meaning is made.

The environment surrounding the engagement activities also influences outcomes. In a political sphere, engagement may be seen to be tokenistic by the community and undertaken merely to win votes. In that environment, mutual outcomes may not be
feasible. Whatever tools and techniques are chosen for engagement activities, it is the way the people interact with each other and the environment created for them to work in, that will ultimately affect the meaning that is made of the engagement which in turn, influences the reputation of the organisation.

5.5.3 Create capacity to ‘contain’ the processes of engagement

At an organisational level, containment may be provided by written procedures, strategies, vision and values – these are guidelines that act to contain and direct actions. Artefacts of the organisation such as building design (the physical container) and organisational structure (a mental model of authority) demonstrate transparency and accessibility to people in the organisation.

Containment may also be achieved by developing a culture that promotes accountability, self-awareness, sharing of ideas, learning and teamwork as the basis of good engagement. In essence, the organisation must first work to engage its own employees in a way that demonstrates mutual respect and trust – it must lead by example.

Individuals can be coached to develop the capacity to contain and work with a variety of stakeholders. This means learning about one’s self, and developing skills such as active listening, building rapport, and the ability to work with unknown outcomes. This may be achieved through action learning sets or group relation conferences. These methods provide a safe environment for individuals to learn about group dynamics – those invisible influences that intrude on every interaction. Individuals learn about the impact they have on each other. The ability to put one’s self into someone else’s shoes, is fundamental to engaging with someone else. To understand their point of view and be able to feel empathy with their situation, to act with authenticity and build trust, are basic stepping stones to build strong human relationships. It is these relationships that effective stakeholder engagement relies upon.

Successful engagement relies on the way people work together, how they are with each other, and how each contributes to and makes sense of the relationship. Engagement that aims to build mutuality, trust, and reputation, much like the relationship with a good friend, or the relationship between a midwife and a mother, or a (good) doctor/therapist with a patient will over time, adapt to satisfactorily meet the needs of each party. Trust is another form of containment. When trust is present, relationships are more resilient to tests of disagreement and negotiation.
Engagement can be difficult and may be perceived (particularly to technically minded people) to be risky and impractical. How much engagement is enough is frequently debated, particularly when engagement activities appear to be delaying ‘getting the job done’. Successful engagement takes time, and time boundaries can have a containing function.

Stakeholder engagement workshops can be designed to contain the anxiety of working with other people. They can be creative and productive particularly when facilitated by individuals who are capable of ‘holding’ the space, who have the ability to contain the conscious and unconscious anxieties and defenses of the people in the room, which enables the participants to do their work. An external facilitator experienced with the dynamics of groups provides an independent perspective and the capability of holding the group emotionally, to enable balanced and joint participation. In contrast, sharing information with community stakeholders about a sensitive issue (such as the building of a rubbish tip in a residential area), and using a technique in which large numbers of people stand around a hall and yell at the presenters is not effective. People become angry, comments become personalised and it feels like a battleground. Preparation for the delivery of this type of news must include designing a method that helps to contain the emotional content of the situation. Small group activities based on conversations help to do this.

Historically, Melbourne Water has been renowned and trusted for their technical and engineering expertise – an organisation reliant on a technical and engineering model. The environment is different now. Stakeholders need to be able to rely on the engineering expertise and capability, but they also need to trust that their concerns and opinions have influenced decisions Melbourne Water makes. Technical experts now need to adapt and engage with stakeholders using a non-technical, more organic, and holistic approach.

5.5.4 Enable and encourage system-wide learning
The process of engagement is an ongoing journey, where each interaction, successful or not, informs the next. Sharing this information between teams and across the organisation, builds capability, reinforces the value of stakeholder engagement and enables the organisation to become wiser through the acquisition of knowledge. Melbourne Water describes this as a continuous process (see the engagement strategy at the end of this document).
Ongoing planning of engagement activities includes not only determining the purpose of engagement, who should be involved, how it could be undertaken and an assessment of the environmental influences; it should also include learning from prior engagement activities. Undertaking a pilot, or testing out the engagement leads to review of the process. This means building in time for reflection, and designing formal and informal methods of information sharing across the internal stakeholders of an organisation. Time for reflection must be valued, rather than seen as wasting time, or not as important as ‘doing’ tasks. Reflection informs future actions which are then reviewed. For engagement to be effective all of this learning must be systematically shared across the organisation through a variety of methods and mechanisms, (such as ‘vox populi’ videos, presentations, conversations, team activities, newsletters, workshops, interactive activities and so forth). The method selected to share information, in turn develops the capability of individuals to help their colleagues learn. System wide mutual learning, across stakeholder groups, can also be achieved through providing time in projects to facilitate a review of engagement activities. Learning in this way may be undertaken in action learning teams in which organisational members representing different groups across the organisation meet on a regular basis to peer review a particular theme or issue. Learning in this way builds connections and individuals gain understanding of other perspectives, which in turn builds organisational knowledge.

5.6 Develop methods of engagement that are meaningful
When organisations devote energy, time and resources, it is prudent for them to want to see return on their investment. The board and other stakeholders traditionally feel they need tangible evidence that decisions and actions are worthwhile. In addition, the organisation has a responsibility to be accountable. However, the effectiveness of engagement activities and strategies is not aligned to conventional measurement methods. It may include simple objective quantitative data such as counting the number of activities, or how many people turned up, or the range of demographics who participated in stakeholder engagement activities. All of these quantitative measures assist to demonstrate the breadth of engagement.

Evaluating the depth and quality of engagement is more complex. The process of engaging with another to build mutual outcomes is an iterative journey that does not have readily identifiable measures. Techniques that show the depth of effectiveness of stakeholder engagement, include indicators such as perceived levels of trust, ability to work together and quality of relationships. These are expressions of feelings and
perceptions, rather than tangible data that can be weighed and measured. Organisations need to develop their own markers of success that blend the technical objectives with social and human needs.

The effectiveness of engagement from the point of view of the organisation can be interpreted by evidence of organisational learning. Signs of this may emerge through the use of qualitative tools such as stories and anecdotes about engagement activities. Sharing outcomes of engagement assists with planning and provide the organisation with feedback about its progress. Using an action learning approach, or a continuous cycle of plan, do, check, act, review, provides opportunity for progressive improvement.

For stakeholders, they want to know their ideas and viewpoints have been heard and understood, and their input has influenced decision-making. Successful engagement relies on strong relationships, which need to be nurtured for them to be successful, and measuring nurture or a sense of being nourished does not fit easily into a tick the box type evaluation.

Stewart\(^{120}\) suggests we can ask a different question:

> For consultation, it might be that we should be asking not ‘what difference did it make?’ but ‘was the process successful?’ In other words did those taking part in the process view it favourably?

Conducting any type of evaluation should include all the hallmarks of successful engagement, such as providing a range of ways for people to provide feedback, including face to face surveys and small group discussions. When interviewers conduct themselves in ways that demonstrate genuine interest in the response given by the stakeholder, they too engage successfully with their stakeholders.

### 5.7 Summary

This chapter has examined the idea of ‘stakeholders’ and ‘stake-holding’ and, how the effectiveness of engagement is influenced by the way the stakeholder is thought about. Stakeholder engagement can seem unbounded and nebulous. Management models have been developed to help contain the complexity and uncertainty of engagement. These help to make sense of who, how and why, but do not necessarily include the human dimension of engagement, such as anxiety, defensiveness and power differentials. The idea of containment helps us understand the role of the organisation to work with the stakeholder to enable new shared meanings to emerge.
The purpose of engagement directly affects which stakeholders should be involved and who should engage with them, as well as the type of engagement that will bring about the best results. The method of engagement influences the environment created for people to work together and this in turn effects the feelings stakeholders have of the engagement process and the reputation of the organisation.

Reasons for engagement have been explored. These are varied, ranging from the delivery of information, right through to joint collaboration and decision-making. All engagement requires an organisational culture that values stakeholders as groups that add value to the work of the organisation. Organisations that value learning and knowledge-sharing across teams and individuals will be more effective at engagement and consolidate their capability.

Evaluation of the effectiveness of engagement is not simple or easy to quantify using conventional measurement methods. Qualitative methods in which dialogue is used to enable people to express feelings and give examples are helpful for understanding, however, these types of evaluation are different to what is traditionally used to measure success.

In the next section I will describe more fully how Melbourne Water undertakes stakeholder engagement as told by the interviewees in the research.
Table 3: IAP2 Public Participation Spectrum

<table>
<thead>
<tr>
<th>Inform</th>
<th>Consult</th>
<th>Involve</th>
<th>Collaborate</th>
<th>Empower</th>
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</thead>
<tbody>
<tr>
<td>Public participation goal:</td>
<td>Public participation goal:</td>
<td>Public participation goal:</td>
<td>Public participation goal:</td>
<td>Public participation goal:</td>
</tr>
<tr>
<td>To provide the public with balanced and objective information to assist them in understanding their problems, alternatives, opportunities and/or solutions</td>
<td>To obtain public feedback on analysis, alternatives, and/or decisions</td>
<td>To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.</td>
<td>To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.</td>
<td>To place final decision making in the hands of the public</td>
</tr>
<tr>
<td>Promise to the public:</td>
<td>Promise to the public:</td>
<td>Promise to the public:</td>
<td>Promise to the public:</td>
<td>Promise to the public:</td>
</tr>
<tr>
<td>We will keep you informed.</td>
<td>We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.</td>
<td>We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.</td>
<td>We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.</td>
<td>We will implement what you decide.</td>
</tr>
<tr>
<td>Example techniques to consider:</td>
<td>Example techniques to consider:</td>
<td>Example techniques to consider:</td>
<td>Example techniques to consider:</td>
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<tr>
<td>Fact sheets</td>
<td>Public comment</td>
<td>Workshops</td>
<td>Citizen advisory committees</td>
<td>Citizen juries</td>
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<tr>
<td>Web sites</td>
<td>Focus groups</td>
<td>Deliberate polling</td>
<td>Consensus building</td>
<td>Ballots</td>
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<tr>
<td>Open house</td>
<td>Surveys</td>
<td>Participatory decision making</td>
<td>Delegated decisions</td>
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</tbody>
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The IAP2 principle values

- Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision making process, they are actively sought out for involvement, and their contribution will influence the decision. They will also be given information to demonstrate how their input affected the decision.
- Sustainable decisions are made by recognising and communicating the needs of all involved. Participants will have input into how they participate and will be provided with the information they need to participate in a meaningful way.

The code of ethics guides the actions of those who advocate including all affected parties in public decision making processes. These include:
- A clear purpose
- Clarity of the role of the practitioner, and defining the role of the public
• Actions are undertaken to encourage trust and credibility – these include openness, fair and equal access to the process, respect for all communities and avoiding strategies that risk polarising community interest. Commitments are made in good faith.
• Advocacy for the process and not for a particular interest or outcome.
• As an organisation they also mentor and support new practitioners and the public about the value and use of public participation.

Notes

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Section three: The Practice of Stakeholder Engagement at Melbourne Water – Outcomes and Conclusions

**Prelude**

To set the context for this section it is helpful to understand the role and tasks of Melbourne Water. The following description of ‘what we do’ is displayed on the Melbourne Water website: ‘The role of the Melbourne Water Corporation is to manage Melbourne’s water resources in a way that aims to ensure that future generations enjoy one of the best urban environments in the world. This involves a major role in the total water cycle.

- We harvest high quality water from uninhabited catchments and store water in reservoirs, often for years at a time to help purification.
- We manage an extensive network of pipes, pumping stations and water treatment plants and supply water to our retail customers.
- We build wetlands and other water sensitive features to treat or remove water pollution – litter, engine oil, and other urban runoff – before it washes into drains, rivers, creeks and bays.
- We treat sewage and industrial waste collected by our retail customers from homes and businesses.
- We protect and improve rivers and creeks by managing irrigators, stabilising beds and banks, preventing flooding, fencing off stream frontages, removing willows, and other weeds, planting native species and releasing water from reservoirs to ensure environmental flows.
- We supply recycled water for agricultural, horticultural and other businesses and to irrigate open spaces such as golf courses.
- We protect bays and oceans by building wetlands to reduce stormwater pollution, improving the quality of effluent discharged, and reducing the quantity of effluent through water conservation programs’.122
Chapter 6. Melbourne Water engaging with external stakeholders

6.1 Introduction
This chapter will explain how Melbourne Water employees, and particularly interviewees from the Waterways Group, conceptualise external stakeholders. The data for this emerges from the focus group interviews. These interviews provided a reflective space for interviewees to describe stakeholders and the variety of stakeholders that must be considered in all projects and activities, and how they can be engaged. Engagement is complex and requires different strategies, processes and interventions. Some engagement is planned whilst other activities are opportunistic. With every engagement activity comes the knowledge that Melbourne Water employees are representing the state government and they do this within a context of drought, water restrictions and an increasingly urgent need for alternative water supply sources. Such conditions are stressful for many stakeholders.

Stakeholder engagement at times is required as part of a process to meet legislative requirements. Alternative water options and reduced water supply threaten the viability of business and lifestyle. Melbourne Water as a wholesale water supplier has responsibility for ensuring many stakeholders are acting in ways that maintain a safe water supply.

Generally, the research interviewees prefer to think of engagement as a personal act, ultimately, something that occurs between two or more people, and as such it brings with it all the dynamics and emotions that are ever present when individuals interact with each other. This requires employees to have the capability of thinking on their feet while not always having to know the answer, and being able to be and work with the stakeholder in an open and transparent manner, rather than impose ideas and act dictatorially. The mature skills and capability required of individuals is more evident in the current emotive setting of drought and water restrictions mentioned previously.

Culturally, Melbourne Water is transitioning from an old way of doing things, and so must encourage learning and knowledge management internally, in order to create new innovations and remain sustainable. This requires that the lessons drawn from engagement activities are shared and learned throughout the business. At the time of the research, activities designed to encourage individual’s self-development and leadership were commencing. A common question being asked throughout the
business was ‘how can we engage better with our stakeholders?’ To restate the original hypothesis, stakeholder engagement is important however, the current strategies and activities are not fully understood across the business, and because of this, it is difficult to know if engagement is effective. The following sections focus on what employees see as working well and areas for improvement.

### 6.2. Who are the stakeholders of Melbourne Water and how are they thought about?

According to the Melbourne Water website, their stakeholders are ‘any individual or group, affected by or able to influence the work being undertaken by Melbourne Water’\(^{123}\). Therefore, stakeholders may be external to the organisation, and internal, that is, the employees of Melbourne Water, all of whom have a stake in the sustainable provision of water to their home and workplace.

At Melbourne Water, the terms ‘stakeholders’, ‘customers’ and ‘community’ are mostly used interchangeably. ‘Stakeholders’, is the term used to describe the broad community including government departments, ‘the mums and dads who are living around our project as we roll it out’,\(^{124}\) politicians, and regulators. At the water treatment plants, stakeholders are the community.

> They have a stake in what the plant does and how it works, what it looks like, how it feels and all sorts of things like that; they have a sense that they view it as if it is themselves. We are their neighbours. Historically, their brothers or sisters or fathers have worked on the site.\(^{125}\) Melbourne Water Manager

Stakeholders are also referred to generically in broad groups. Examples include schools, landowners, government agencies, councils, utility providers, agencies, customers, partners, clients, ‘Friends of’ groups, golf clubs, community groups, private landholders, other agencies, developers, ‘Vic Roads’, Department of Industry, ‘Parks Vic’, Yarra Valley Water, water retailers, Department of Sustainability and Environment, Catchment Management Authorities, consultants, and industry colleagues; and more broadly as ‘our customers and the stakeholders we work with,’\(^{126}\) ‘anyone who is interested in working on the waterways’, ‘a whole range of individuals and groups in the community’, and ‘cries for help’.

Whether a group is thought of as a customer or stakeholder appears to depend on the purpose of the engagement. The terms are used as if they mean the same thing, and for some interviewees, this is a problem.
I think there is so much confusion around who a customer is, who a stakeholder is, who the community is, and people interchange those three words and possibly have different meanings using each word.\textsuperscript{127} Melbourne Water Employee

Customers’ include service organisations and internal teams such as ‘our own internal communications group’.\textsuperscript{128}

Our customers are probably more the people who come to us for some data, such as the retail water companies.\textsuperscript{129} Melbourne Water Manager

The water authorities are stakeholders, including retail water companies and rural water authorities, as well as their customers when activities Melbourne Water undertakes affects their customers, such as customers of City West Water who use recycled water.

When undertaking work to manage water supply, stakeholders may be defined by the location of the work being planned, (or work that is already underway), such as anyone who has land along waterways (rivers and creeks); or people who have responsibility for land adjacent to the project – farmers, residents, friends and community groups.

The term ‘stakeholder’ for some individuals is impersonal and anonymous, and lacking in relationship. They prefer to describe the individuals they engage with as ‘people’, or by their given name.

Some of the people I work with are technically stakeholders but we just don’t happen to call them that – I try to refer to them by their first name.\textsuperscript{130} ‘Stakeholder can sound a bit cold…is really a nice way of saying our customers. Community includes our internal community, who are our stakeholders, many of them pay a drainage rate to Melbourne Water for the works we do – I don’t think we use that connection well enough.\textsuperscript{131} Waterways Group Manager

In summary, the definition of a stakeholder for the employees of Melbourne Water encompasses a multitude of groups and organisations. Determining the stakeholders to involve is directly related to the purpose of engagement.

6.3 How is it determined which stakeholders are engaged with, and the amount of engagement to have with each stakeholder?

Deciding which stakeholders need to be engaged for any particular activity is influenced by the work being undertaken, the purpose of the engagement with stakeholders, desired outcomes, and as prescribed by legislative requirements (for example, in order to meet the requirements of the Water Act and the Planning and Environment Act, land developer services have a key relationship with local government councils as they are the referral and responsible authority for land development).\textsuperscript{132}
Ideally, the most important stakeholders and the level of engagement required for each stakeholder are identified early in each project. This is influenced by the task the team has to achieve. For example, in the planning and development team, local government councils are a primary stakeholder ‘as they inherit the infrastructure’ and end results of planning policies. Other stakeholders are ‘developers, consultants, engineering consultants, ‘geotech consultants’, a myriad of consultants, landowners or neighbours of land that is going to be developed; government agencies, DSE (the Department of Sustainability and Environment), planning departments, growth area authorities; anyone who is going to be affected by the plan;’ Whereas, for the geographic teams, ‘landholders are more important than friends groups and Councils.’

At times determining which stakeholder to engage, is discovered through the use of internal stakeholder analysis tools devised by Melbourne Water. Their Geographic Information System is used to identify the street address of people along water frontages. Owner’s names have to be requested from the appropriate council, and councils become a stakeholder as they can influence whether or not names are released. Interviewees describe the interpretation of the law about release of names, as something that varies from person to person and dependent upon their reading of the privacy act, which in turn affects who it is that Melbourne Water engages with and the timing of the engagement. Another example is a mechanism used by the catchment management team, in which stakeholders are systematically analysed using a communication tool. Other methods relied on include ‘we talk to people. A lot of what we are doing is talking and listening to a lot of people who have local knowledge’.

Frequently, stakeholders emerge by chance, through incidental conversations, ‘you speak to a Councillor and he will know something about someone else….you hear things’. Some of the Waterways staff rely on their own, or colleague’s experience to inform them about who to engage; at times selection is ‘obvious and clear’, reliant on networking and an ability to share and learn from each other.

I ask my manager and my colleagues who put some thought into it and say who he thinks (sic.) need to be helped or who I should speak to, which is always a help.

In my role depending on the project and the type of work I am doing I need to be involved with numerous groups across Waterways – engineers, developer works, waterway planning, asset services, - you need to coordinate their response as well as everyone else’s response into one package basically – so that involves going and talking to them face to face, asking them what their advice would be.

Waterways Focus Group Interviewee
Long term employees hold valuable ‘local knowledge’ about stakeholders and engagement processes, ‘My former team leader had been in the organisation ten years, so he knew all sorts of stuff – who to speak to – local knowledge is crucial.’  

Another Waterways member determined stakeholders by his role title. ‘I see my job as stopping litter going into the Yarra. So if there is anyone who contributes to that issue, then I could pencil them in as someone to engage with as a stakeholder – the 600,000 people in the Central Business District right now – we engage with residents, businesses and local action groups whom you find from local council.’

Waterways Focus Group Interviewee

The amount and type of engagement, together with who to engage, and their level of importance is guided by having clarity about the purpose of engagement.

6.4 Clarity about the purpose of engagement, informs which stakeholders to engage

For Melbourne Water to survive and perform its primary task, stakeholder engagement is essential.

(We have to) provide good customer service, build trust and confidence so that we (Melbourne Water) survive,’ and to ‘get the project delivered, and liaise with and engage the local community to try to keep things off the front page of the newspapers (in the negative sense) and get the community to understand the positives of why it has to be done.’

Melbourne Water Manager

Engagement with external stakeholders is a business requirement, to comply with company policy and business planning commitments, as well as contractual obligations, ‘our contract with the retailer says ‘go and talk to each other’ so you are planning together more effectively’. Engagement with government and the Melbourne Water Board is done to ‘ensure correct governance and manage risk’.

Engaging with stakeholders occurs on many levels – it provides an opportunity to provide and gather information, local knowledge and perspectives; educate, test out ideas in situ, and gain incidental information, generate additional ideas, test out feasibility, as well as identify objections, obstacles, and benefits.

From my team’s perspective, going out externally as a representative of the organisation is now a two way thing – you are going out but you are also bringing information back in – anything from a technical conference to a public presentation and many more.

Melbourne Water Manager

Engagement builds relationships, and understanding of stakeholder requirements, ‘we need to know their drivers, they need to know ours and we form relationships and help
Successful engagement may lead to partnerships, project funding and shared decision making.

Funding effective projects is reliant on relationships between coordinators and local government officers in their area’, the ‘increasingly close relationship with Port Phillip and Westernport Catchment Management Authority in which we work in a joint application process, joint advertising, joint project assessment, and joint funding of all the projects – CMA and MW are running those programs together.’

Waterways Focus Group Interviewee

Stakeholder engagement builds the reputation of Melbourne Water.

Stakeholder engagement influences the successful outcome of projects and, community stakeholders are perceived to have ‘greater knowledge and expertise than we do.’

Melbourne Water used to have a reputation for ‘go out there and do what it wanted without any consultation’ whereas now from the highest levels down there has been a genuine change that that is no longer an acceptable attitude. You are much better off if you engage with people right up front…do the hard yards right up front, then the project should run more smoothly.

Waterways Focus Group Interviewee

The approach used to engage stakeholders creates the conditions that will lead to success. These conditions have a direct effect on the outcome of the engagement.

6.5 What is important for engagement to be considered a success?

Adopting approaches that ensure stakeholders feel heard and understood enhances the possibility of success and long-term impact. It is important to ‘get out and talk to people, engage with them to understand what their goals are and what they think we should be doing and then we have to be fairly transparent about what we do and make sure we are communicating’. It is important to make engagement personal, maintain good relationships and ‘put in a huge amount of effort’; and to ‘work closely with them, cajole, gently help them change their mindset – get them over the line one step at a time – it is deeply personal’.

This is especially so in a rural property that has been in the family for 3 – 4 generations and they have to do things quite differently to what their father or grandfather has
thought was the right way to do things with that property. We have to build trust and transparency and be willing to talk to them about issues they have.155

Waterways Focus Group Interviewee

It is important to develop relationships and build trust, ‘It’s got to become personalised. It is not something that can easily be built into systems and into business processes – it actually needs that personal commitment.’156 This requires each individual to recognise what it is they bring to the relationship, both as an individual and in their role at Melbourne Water, ‘It is about orientation – is the organisation here for me, or am I here for the services I can deliver to others?’157

Successful engagement requires maturity, honesty and generosity; ‘being personally able to say I don’t know and I can listen to your questions and I can respond to you by saying I don’t know.’158 Paying attention to the person should be the most important thing at that time.

Because you need to give them your devoted attention on their particular issue, regardless. Yes, you have to prioritise things in life, but when you are in that moment, they are number one, that is the reason we are here.159

Waterways Group Manager

It is helpful to know the ‘history of how things have come about and it helps to know who to go to.’160

Working one-on-one and having personal relationships..over time you build up a network and even if they move you already know the person so it is easier..you can cut through the corporate image stuff.161

Waterways Focus Group Interviewee

It is important to be clear about expectations of people in other organisations.

You go to talk to the people you know, but you may be going to them for the wrong reasons. They might be asked to do jobs or tasks for us that they just can’t do, so that person feels obliged, because he wants to help. He will try and go and influence someone else in his organisation to get what we want – and we are putting them under stress. Sometimes they just can’t do it and we get repeated ‘no’s. They are not telling you they can’t do it or why they can’t do it, they just are not doing it and deferring all the time. Is it appropriate for us to be asking? Maybe we should go get the best person in the organisation – get them to introduce you so we don’t trap them into something they cannot do.162

Waterways Focus Group Interviewee

The interviewees believe that it is important for Melbourne Water staff to be honest and ‘put themselves in someone else’s shoes’.

Look at things from the other party’s perspective, understand what they are trying to achieve, understand our objectives and try to blend the two to say how can we get a
result that is good for our customer, a good experience for ourselves and a good experience for our other stakeholders.\textsuperscript{163}

\textbf{Waterways Group Manager}

Going to the stakeholder, meeting with them on their ‘home turf’, using language that is not ‘technical jargon’, and preparation, are important to ensure that information is competent and reliable (‘good data shows we are making an effort and taking it seriously’); It is important to ‘take care about who we provide information to and how we provide information’.

We actually go out and just listen to them, talk their language, on site; we give them options and use different tools...volunteers are giving up their time and may be taking time out of their lunch or been up (milking cows) since three o clock in the morning – we have got to make sure we get out there at the right time of day and the right time of year, so they are actually available...we have to do it at times they are available, not at times that suit us.\textsuperscript{164}

\textbf{Waterways Focus Group Interviewee}

Building confidence with the stakeholder also requires a focus on managing expectations.

If a project is not going to be able to do certain things – don’t let them think that it is...you have to see things from their point of view and think like them – for example, farmers see things seasonally – give them plenty of time to plan around it.\textsuperscript{165}

\textbf{Melbourne Water Employee}

When engaging with the community it is important to know what is negotiable.

Have that clear in their mind because if you go to people and have some clear items they can have input to, they go away having had input. Turning up and saying no, or I don't know, or lying, does not set up the relationship well.\textsuperscript{166}

\textbf{Melbourne Water Employee}

Effective engagement requires showing understanding, and educating people.

Understand the different ways you can influence outcomes for people who are affected (for example, by flooding). It is not necessarily all about engineering, even though we are an engineering organisation – there is more than creating models and plotting out shapes, it is also about developing collaborative relationships with other agencies to provide education and increase people’s awareness of things.\textsuperscript{167}

\textbf{Waterways Focus Group Interviewee}

Offering stakeholders multiple opportunities and modalities for engagement is also important.

When developing strategies and policies it is important that people are given an opportunity to contribute, they feel their input is of value, and has been used – trust and relationship is central – That doesn’t mean we agree with everything that is suggested. I
think there is often confusion that consultation means agreement. It doesn’t. It is a
dialogue. For me the purpose of consultation is to understand.168

Waterways Focus Group Interviewee

6.6 What behaviours matter to Melbourne Water employees?
The way individuals conduct themselves influences engagement outcomes because ‘it
is about long term relationships’.

You are going to be going back to do more jobs – if I get something wrong at the start,
then it has totally destroyed that working relationship I need to get things done. Get
through the crap at the start when you are trying to find level common ground..keep
building the trust…if you keep helping each other, hopefully the relationship can move a
lot quicker…169

Waterways Focus Group Interviewee

Successful stakeholder engagement requires each individual to adopt a mindset that
looks for what is possible, ‘look at the positive. It is very easy to look for negatives, but
if you really focus on the positives and work on those; otherwise if you focus too much
on the negatives, then its like you are always looking back’.170 It is important to show
interest in the individual and to be productive in your conversation, ‘go out to them, find
out what they want, and not be defensive’; find informal ways of getting together such
as ‘joint morning teas, where we go round the room, talk about what we each do’.171
This is challenging and may lead employees to avoid engagement.

We are often just copping it (from stakeholders), ‘you haven’t done this, why haven’t you
done that?’ I think that can mean people can become a bit defensive and they would
rather sit at their desk engaging with their computer screens rather than being out
engaging with people.172

Waterways Group Manager

Successful engagement requires attitude that is ‘optimistic and open’, capability of
having ‘positive constructive conversations’ and a sense of humour. It requires people
who enjoy what they are doing and are able to develop clarity.

Clarity around what is expected of you. You have to be comfortable with your feelings,
be genuine and find ways to understand their perspective. You have to be willing to
participate and try different ideas and ways of doing things, like ‘into the blue’
sessions.173

Waterways Group Manager

Engaging with stakeholders is more productive when Melbourne Water employees act
with openness.

When you are building a treatment plant you have to get acceptance from the
landowners around you, purchase the land you need without aggravating anyone, and
keep the project moving; so we went out right up front and were open and honest about what we needed to do, the criteria we had to meet – we went out to community markets, set up a tent, had information about the project, people there who could talk about it – we got a better understanding of what the community feeling might be, helped us understand their issues, the community seemed to appreciate that we were taking this input, taking notice of them, addressing issues and their input was informing our decisions.  

Melbourne Water Manager

Working with stakeholders requires compassion. Individuals are acting as a conduit between the organisation and the community or stakeholder. ‘You have to actually have genuine concern for how people at the other end feel (for example, when a pipeline goes through people’s land).’ Developing an increased ability to ask questions of stakeholders also requires learning to trust them.

One of the elements of an effective stakeholder engagement process is an ability to trust stakeholders and I am not sure if you can trust through systems like email – you have got to build trust through eye-to-eye contact and more direct engagement and reciprocal learning.

Melbourne Water Manager

Individuals believe that they must display leadership and not react in a defensive way. During the research period the leadership development program was being implemented through the business to build capability, and this enabled several interviewees to value a change in their own way of behaving.

For example,

Now that I have been through the cultural change work it is sometimes painfully obvious where I was in the past..so you can see, perhaps I used to react that way, but it is unhelpful in the process..so I have shifted and perhaps are more helping the process by not adopting those mannerisms.

Melbourne Water Manager

The leadership program (undertaken across Melbourne Water since 2007) encourages a ‘blue’ culture that demonstrates behaviours described as ‘having generosity of spirit’ and ‘discussing the un-discussables’.

If people have these things at the back of their mind, they are quite helpful to draw on at times, because in situations where your heckles go up and you are in that balance where you think, crikey, I want to jump over that table and strangle this person, but you don’t because you have got generosity of spirit...instead you say to yourself..hang on..maybe if I was in his shoes I would be just as vocal because I haven’t got understanding and I have been hit with something like a water tax.

Waterways Group Manager
One non-Waterways Group manager explained this as, ‘the main thing is that people have a calm attitude and don’t get emotional about it, without coming across as a robot’.  

The leadership program appears to be influencing individuals’ capability to act collaboratively with stakeholders.

We are part of a shift in cultural and organisational values here..when if first started there was this closed shop mentality – we are going to build a pipe from here to here, and we don’t really want to open the lines for people to come and talk to us about it, we are just going to do it, that is our job…now it is the opposite. We want people to communicate to us, it has been a really big shift…but there are many people out there who still have the old view… and because we are being open now, you hear people’s gripes from previous times….in general it has changed a lot.  

Waterways Focus Group Interviewee

Being professional and personable adds to the overall sense of doing a good job - ‘It is really important that we are enjoying what we are doing, have fun – but also stay professional’ and ‘we don’t mind a bit of out of hours and are able to give and take as sometimes you have to think strategically, an evening or a Saturday morning might be the only time you can catch up with a certain group’.  

Follow-through adds credibility - ‘It is important to return calls and if you say you are going to get back to them, then follow through – let them know if you can’t’, and to ‘keep them updated even if there is nothing to update them’.

Historical employment strategies and the personal style of past employees has influenced the organisation’s stakeholder engagement reputation.

For example,

We are here to provide a service to the community, and we are very engineering focussed; we have a lot of people who come from a military background, very regimented, very authoritative.  

Melbourne Water Manager

In the past ‘stakeholder’ was thought about in terms of ‘community consultation’ and the expectation was ‘if we are going to go out and start to consult with the community then we have to know the answers to their questions, but we didn’t have the level of sophistication required for effective consultation, so we told them instead of consulting them’.  

At times this still happens.

I think in those sorts of situations the thing that causes outrage is that you are saying you are consulting with me when really you are just telling me about the decisions, telling me what you are doing, and how it is going to affect me and now you have come to smooth it over.  

Melbourne Water Manager
These ideals flow into employment strategies and the type of person currently employed by Melbourne Water, 'you need to take people who've got that set of personal values and motivations and put them in leadership positions so they can help create organisations that have the whole culture embedded.' Development programs are underway to 'get people to think about these sorts of things and to develop these behaviours and mindsets.'

The benefits of building relationships appears obvious to some, 'Its not brain surgery, it is just good business..its working out how to do it, and lots of relationship stuff involved; it is about servicing'. Stakeholder engagement relies on mature people skills and the capability to work with ambiguity. This means at times, selecting individuals to undertake engagement activity based on their personal style.

It requires each individual to be motivated and have the ability to go to the stakeholders; we can have all these systems and they help but if you haven’t got the people that are appropriately motivated you really are not going to get there; don’t put people into jobs where there is high stakeholder engagement – that is not what they want to do; with the people on our team who are like that we just sit down and be honest – ‘you like the projects, and you are great with people, so how about you take some of his load and you manage it this way’; the response is usually hallelujah because they hate dealing with people. It actually works better for everybody.

Melbourne Water Manager

6.7 How does the method of engagement influence the outcome?

There are various methods of stakeholder engagement utilised by Melbourne Water and these depend upon the strategy, purpose and the interest groups involved. The method is influenced by the task of the team - ‘the strategy team sets up focus groups or steering committees;’ ‘environmental flows team sets up ministerially appointed committees;’ ‘stormwater quality team runs programs that involve a wide range of customers including engaging local schools and using a model of a rain garden and an eco trailer which mimics a catchment and what happens when it rains and what happens when you have cows too close to the creek and all this kind of stuff;’ ‘the diversions team has two customer service committees and they have regular meetings – the Maribyrnong one is chaired by a local farmer;’ ‘the diversions management team have about two thousand customers (community, farmers, anyone who has a license to extract water) – they are the only team in Melbourne Water that have a customer charter which is audited by the essential services commission... It is a
separate ring fenced business within Melbourne water, it sets charges to cover its costs'. In general ‘we meet with councils regularly – it is time consuming to meet everybody, give presentations and help train staff', and ‘engage local communities such as all the Victoria street shopkeepers in the street or in an local restaurant'.

The method of engagement is informed by the dynamics influencing the task – ‘if there is tension because of the development and level of support we actively sit down with them and have face-to-face contact so that we can understand more than just what they are saying’. With the diversions team, the prices are actually fixed, because what people are paying for is access to common water; what they are paying for is the right to access it, they are allowed to use up to the licensed allocation and not beyond. It is an interesting customer-client relationship because it’s a bit like a police force in a way. We are accountable to the energy and water ombudsman and occasionally customers get upset with us because we have told them they’ve got to stop taking water….it is important how we get the message across; we can’t go up there with a tank and guns blazing, we’ve got to get up there and treat them with respect, …but they’ve got to understand that if they don’t abide by what is actually the law, then there are consequences.

Waterways Group Manager

When working with external stakeholders it is easier to work with people who are enthusiastic and wanting to do the work – ‘if we know surrounding land owners are keen we are more likely to do something there than go three kilometres down the road where there is not much interest'. Local stakeholders can often suggest others to come to a meeting, which broadens the level of engagement and opportunity to learn more from each other.

Changing the format and style of the information presented often helps to cater for difference in groups. The research interviewees report gauging the stakeholder’s knowledge to cater for different styles and, ‘If it is a strong community group – you go through that group; if it is a collection of individuals you might do something to help bring them together, but you will be treating them as individuals'. Changing the method of engagement provides opportunity for the loudest voices and protagonists to be diffused.

In the past few years we’ve had some cases of engaging with stakeholders through a public meeting that’s turned into a lynch mob…with a couple of people yelling out abuse or obscenities…it is probably important for us to separate out some people who might be loudest but are really stalling things and being unproductive…turning a whole group meeting into not getting any useful information, so its important to try and get those little...
We have to be politically savvy – the ones who are the loudest who put themselves out there constantly are not necessarily representative of the broader community and you have to be able to find out who are the other people, other groups, other individuals who you might have to speak to in the community... We now have an open day or an open afternoon (rather than a public lynch mob type meeting)... for example, if a new water treatment plant is being constructed, rather than having a public meeting, we will say we are going to be in the local council building between 1 and 5, so come and have a chat with us – and we encourage more one-on-one conversations.

Waterways Focus Group Interviewee

Choosing how to engage stakeholders is influenced by an individual's experience of working with stakeholders, the task to be accomplished and knowledge held by Melbourne Water individuals or teams, about the stakeholder.

For example, as a function of Waterwatch, a program that supplies funding and provides education, people come to Melbourne Water, seeking grants or wanting to be involved. In meetings with stakeholders it is important to 'be as inclusive as possible – you have to network and look and observe how community meetings are functioning. You get groups of people together, it's not just answering direct questions, it's actually watching who's talking to who and who's avoiding who'.

A flexible approach is important, 'sometimes there are formal meetings (including power-point presentations) and minutes, agendas and action items, sometimes they are just a chat. We need to be flexible'. Local government (councils) seem to be a particularly important stakeholder.

Sometimes we ask them (councils) how they want to be involved. We have contacted the heads of planning departments in the thirty-eight councils we work with and invited ourselves to come and meet with them and talk about ways we can improve the way we work together' and at times it is helpful to take other teams areas to the discussion to hear about how strategies and activities are connected. It is also useful to get their input to the meeting agenda - 'We send items to them before hand and ask them what they would like to discuss in addition and they bring a range of issues.'

Waterways Focus Group Interviewee

When developing strategies and policies it is important that people are given an opportunity to contribute.

They feel their input is of value, and has been used – trust and relationship is central – That doesn't mean we agree with everything that is suggested. I think there is often confusion that consultation means agreement. It doesn't. It is a dialogue. For me the purpose of consultation is to understand.
Several Waterways staff reflected on the (apparent) lack of desire for involvement by stakeholders.

Sometimes we go there with an idea or expectation and we want them to get involved and we open it up to community representatives and they actually don’t want to be involved. They sit there and say they are happy for us to go ahead and they just want to be informed along the way.\textsuperscript{208}

Ensuring that many different people are offered the chance of involvement, including traditionally difficult to reach groups (such as non-English speaking or people with disabilities) is also important.

We run workshops and we balance that with market research because otherwise we are only getting input from those who are interested so we try to make sure there are a wide range of mechanisms – so we tap into the wider community as well as the interested groups.\textsuperscript{209}

Others interviewees erred on the side of caution – ‘we will mail out to everyone with properties that are adjacent or parallel to the waterway (and we might only get one response).\textsuperscript{210}

The emotions evoked in individuals and community groups influence the style of engagement.

We all have different emotions attached to each project – you take a wetland project, people like to engage because it is adding beauty to their neighbourhood, improving the environment and they can’t get it quick enough’, by contrast, a northern sewer project for example, you have to physically sink a shaft and there are trucks, taking an oval away for a four year period, you have got tunnel boring machines wandering underneath all those built up suburbs – people get emotional about these things – the direct impact on them – so we have to do a lot of work to improve those relationships and minimise the impact on people.\textsuperscript{211}

Melbourne Water employees have to be aware of the context they are working in, and the history of the area, including ‘local fyfedoms, political gainsaying, threats, everybody knows everybody in the rural area, which means they know who has the capacity to control, and influence; often this is intergenerational’.\textsuperscript{212}

It is believed that large or difficult projects require people who have expertise in stakeholder engagement, such as the communications group, because ‘the
communications people understand how you actually manage these issues – these people have the expertise in stakeholder and community consultation – I don’t’. The words that are spoken and the way a message is delivered impacts on the relationship and the long term stakeholder acceptance of a project, ‘a specialist in an area will have all the technical information which can be quite alienating; to some extent almost threatening to a person who does not have that knowledge…we use communications to translate that to a more usable, digestible medium’. 

In projects that provoke a lot of emotion and outcry from stakeholders, dedicated land liaison officers may be appointed. Their role is to build face-to-face relationships. These relationships ‘contain’ the emotions triggered by the engagement process, so that the work of the project can be completed.

You have to be one-on-one with the land owners; as this is about trust and belief, integrity; they believe that you are fundamentally a good person, that you are going to try and do your best to help somebody..it is about your ethics.

Melbourne Water Employee

One engagement framework utilised by some teams in Melbourne Water is the IAP2 model of public participation (as previously discussed). An interviewee utilised the focus group to inform his colleagues of the IAP2 principles of engagement.

There is a spectrum of informing to empowerment – transferring your complete decision making to some other group –we think about what it is we are doing, what is the relationship that the community want here, what sort of involvement/participation, what do they want, what do we want – you ask all these questions then you work out what is the best type of engagement here for this project. If it is a fait accompli that has already been decided, then there is very limited consultation process, very simple, a letter or a sign..you are not asking, you are not engaging in two-way dialogue. The more dialogue you have, the greater chance for highest level of participation. We use other avenues – email, telephone etc, to public meetings and power-point presentations or focus groups and citizens juries.

Waterways Focus Group Interviewee

During this interview my sense was that the interviewee was lauding his knowledge of IAP2, as if in using this approach one could guarantee successful engagement.

Training in stakeholder engagement techniques and methods is provided on an ongoing basis at Melbourne Water.

We undertake a variety of stakeholder engagement training courses which is helpful; coming to Melbourne Water I knew we had to have a cooperative or collaborative approach – at the beginning of a project, you do a project plan and identify your
stakeholders and their level of expertise, you may go to them and get their knowledge and incorporate that into the plan. Some people need to be involved and some need to be informed – there are a number of different styles you have to use. These are sometimes planned and conscious or reactive and thinking on your feet.\textsuperscript{218}

Waterways Focus Group Interviewee

Selecting an appropriate method and adopting authentic behaviours can still result in difficult engagement with stakeholders.

6.8 What are the difficulties with external stakeholder engagement?

At times, the work Melbourne Water undertakes is considered to be contentious, and potentially causes conflict, evoking emotions from landowners and community groups. Sometimes we have to be the bearer of not good stories, delivering information they don’t always want to hear – they are hard sorts of conversations. People don’t understand what our responsibilities are, certain planning laws, and we have to communicate that while showing understanding for their point of view...often it is about communicating how we make our assessments and what we can comment on, giving them the time and listening to them, they have valued our input even though the message is not what they want to hear.\textsuperscript{219}

Waterways Focus Group Interviewee

Communication can be problematic, for example, ‘councillors may not want to pass on information to residents, because it could influence the public voting them back in to office. This behaviour in turn may slow down the project’.\textsuperscript{220} ‘Council may get a backlash from the community about things that we do. We have to illustrate to them that we will provide long term support, finance and information. You have always got to be aware that it is not always clear whose responsibility it is (Melbourne Water or Council)’.\textsuperscript{221}

Building strong relationships with council contacts is vital, ‘never assume they know who you are or how we work – develop those relationships as they are your ‘in’ to their organisation and you are their ‘in’ to Melbourne Water – you become their first point of contact (they can ring you and say who do I speak to about…and you can help them out...knowing the right people to speak to and not just ringing the reception desk – we help them and they help us’.\textsuperscript{222} Staff turnover influences engagement as it may lead to loss of these established relationships and the loss of intellectual knowledge.
The complexity of the work, and decisions about the number of stakeholders to engage, influences engagement effectiveness.

We have so many different people that we need to speak to in our processes, and our processes rely on us getting lots and lots of small tasks done in the right order at the right time...and if you forget them, or somebody down the chain forgets them, wherever they are in the link, lots of things can fall over.\textsuperscript{223}

\textbf{Waterways Focus Group Interviewee}

Effective engagement requires individuals to be resilient.

It is emotionally draining for the people on the frontline of, for example, the sugarloaf connector – there are protestors and our people need to get access to the property to build the pipeline – it takes its toll.\textsuperscript{224}

\textbf{Melbourne Water Employee}

One observer of Melbourne Water suggested that staff ‘just need to learn to be upfront and it doesn’t mean that you’re always delivering good news, sometimes it means that you’re delivering hard news. But it’s a lot harder to digest when they finally find out the truth six months down the track because they remember that you lied to them and then they want to know why so then you’ve got a whole other issue. Then when you really do need to negotiate something with them they don’t trust you that you’re going to do because you’ve already led them down the garden path once and it makes it very difficult.\textsuperscript{225}

The complexity of the work Melbourne Water has to undertake to successfully deliver a safe water supply for Melbourne can also make engagement difficult – ‘it is really hard in a population of 3.8 million to consult with the community’\textsuperscript{226}, and ‘one of the biggest issues with waterways is that every single river and creek adds value to someone; it is a complex business and a huge population...we are challenged by competing priorities.’\textsuperscript{227} It is difficult to reach groups who disagree or don’t care, ‘you know you are preaching to the converted...we know that we have to reach a lot of people who just don’t care and that is just a really difficult thing to do’.\textsuperscript{228}

The difficulties of the project influence the type of engagement.

We prefer face to face engagement rather than big community meetings when we are doing a major project like the pipeline and we are crossing people’s land and we have got to go in and say we’ve got to build this – can we come on your land – it is certainly face to face...for us it is constant and ongoing and so to develop the culture and approach that we are talking about is perhaps not seen as important for the rest of Melbourne Water as it is for Waterways Group.\textsuperscript{229}

\textbf{Waterways Group Manager}
Stakeholder engagement can be more difficult depending on what is at stake for the stakeholders. For example:

Community groups always have an interest in development, particularly around waterways because they are looking for Melbourne Water to show leadership and to ensure that no inappropriate development takes place...so quite often there will be attempts to influence us...we know where our overlays are and we know any sensitive issues around it and we know local community groups...the dilemma for us is when you do involve, you are dealing with a development, and when do you involve a community group in that area – you’re dealing with a development application that may have an impact on a community group, and the community group may say why didn’t you come and talk to us? The developer should have engaged with the community but if they haven’t there may well be an obligation for Melbourne Water depending on the circumstances.  

Waterways Group Manager

Some projects are highly emotive, such as the north-south pipeline, which was built to transfer water from the northern part of the state to the city. The project started out with very little engagement of stakeholders. The Government announced their decision and commenced the work.

The pipeline was built by Melbourne Water and its alliance partners, and travelled through land owned by families and businesses. The pipeline project is one example of government making a decision to ensure the security of water supply for Melbourne. The ethics of taking water from the country, from farmers and their stock, to supply the city of Melbourne, was heavily debated in the community and the media. Communities were split in their acceptance of this decision and there was antagonism towards Melbourne Water and threats made to Melbourne Water employees. The act of building the pipeline meant many large trucks carrying dirt along the highway for approximately two years. In some instances landowners objected to the pipeline travelling on their property. It was not just inconvenience for people, this was personal and affected the livelihood of business owners. The farmers and community felt they had not been consulted and there was a lot of anger expressed to the Minister for Water and the Premier. Melbourne Water staff at the front line were often the targets of the community’s anger. Eggs were thrown, scuffles erupted, threats were made and individual employees were taken to court by landowners to challenge their right to access private land. This was a difficult and emotionally challenging time for Melbourne Water and the community stakeholders.
At times Melbourne Water is not considered as a stakeholder by others, or may even be deliberately avoided.

Sometimes the developers and consultants are big entities and it can get a bit har

osed because quite often they forget to involve us until the last minute…all of a sudden 

and his team are standing between the completion of the development and ourselves 

and making sure we are protecting the waterway. We have been trying to get 

formation out to engage as early as possible but there are developers who will do all 

sorts of things to get their development through…it is a bit like – oh look we built this 

over your drain – and by the letter of the law we could get them to knock it down or we 
can come up with something else – another dilemma for us. 231

Waterways Group Manager

The behaviour of the stakeholder influences the success of the engagement. ‘Sometimes people get cold feet and pull out or just stop cooperating’, when meeting on-site, ‘sometimes people wander off in pairs’. On an individual level, one has to contend with difficult personalities, which is tiring and can ‘wear you down’.

Another difficulty is that data supplied by external stakeholders can be unreliable. 

Our list of landowners comes from the council – often their records are not up to date,’ 
and ‘there is high turnover of staff in councils, especially planners, they sort of work for 
one place for two years, then go to work somewhere else and they rotate a lot around 
councils – so they might have different opinions each council, of how they respond or 
react to different overlay situations…so it is really about going out and educating those 
people…it is an ongoing process. 232

Waterways Focus Group Interviewee

Dealing with the ‘wrong’ person, makes engagement difficult. 

Sometimes the person I am dealing with in Council does not have strong relationships 
with a councillor – I may not get good cooperation because I am dealing with the wrong 
stakeholder; wrong person and message does not get through’, or, because newer 
methods and concepts are not understood, ‘older (engineering) way of doing things - 
for example if the person I am dealing with does not understand WSUD (Water 
Sensitive Urban Design). 233

Waterways Focus Group Interviewee

Stakeholder engagement can be hard, and feel as if it takes a lot of time and cost, with very little to show for the effort.

It is costing us more in this design process than it normally would to build it. To get this 
across to people is hard because they think the cost should be in the building than to 
actually design it; but we are finding this consultation and engagement is taking more, in 
the long run there is benefits to it, but it is time and financially intensive. 234
The perception stakeholders have of Melbourne Water influences engagement.

Historically Melbourne Water has had a reputation for being aloof and arrogant, we know best, we will make the decisions, ‘command and control’, ‘we will tell you’; part of the reason for that is we don’t want to make life difficult for ourselves by going out and talking to the community, because they might want us to do things that are too hard so we will stick to doing stuff we are comfortable with and we can control’.  

Another difficulty relates to how external stakeholders perceive Melbourne Water employees to have behaved in the past. 'With some councils, there is a perception that Melbourne Water is a cash cow with buckets of money and abundant resources and they stand back and wait for us to sort out their problems and we have to let them know there is not money for everything. They know things take time so if we let them know it may not be until next year, they are still pleased (this is quick for them).

Sometimes employees feel they inherit the ‘baggage of Melbourne Water in the past’.

Some of our large capital projects mean we may be about to build next to somebody’s farm and these projects take years in the planning – in the past they may have had some suit from the city (Melbourne Water) come out and not appear to take on board their feedback – we just have to say – look I’m sorry, I’m not sure what’s happened in the past, I am new and I am genuinely here to listen to you and help you sort out what you need to move forward – we just try to dispel the baggage and be committed to be honest in our dealings.

There are (examples of) ex Melbourne Water employees who always acted with the best of intentions but sometimes Melbourne Water’s agenda and his own agenda get mixed up.

He sometimes mistook his desired outcomes for Melbourne Water’s desired outcomes and it was hard for external stakeholders to actually work out which was which and whether to trust him – he was very personal about it – it was very important to him to get the outcomes he wanted so he more or less railroaded people – forcefully – he didn’t get a lot of outcomes from those meetings and we inherit that. A lot of meetings stalled for many years because the people in them were not listening to one another and willing to negotiate. My approach has been to walk into the room thinking well we are here to solve some problems and what are the outcomes we want? I remember having some presentations put to me – right we are going to sit down here and start and you are going to listen to me..and they set it up with photos and things and say to me how can I argue with this as a desired outcome and I said I can’t – it is obviously stupid and everyone was in shock – they thought ok – here is a different approach.
Advice from Melbourne Water in the past, has been inconsistent and this negatively influences stakeholders who appear reluctant to believe the current message.

They are looking for consistency from us; I suppose in the past we’ve had difficulties with certain aspects, such as garages, ……Melbourne Water has the responsibility for the level of flood protection….so there was inconsistency that we went through with garages, allowing them above or below flood level…but we have straightened that out by listening to the community and how they have responded – saying it is not fair, there is no consistency – so we are trying to straighten that out.

Waterways Focus Group Interviewee

In some communities (such as Westernport catchment) there has been distrust of Melbourne Water.

This is actually not Melbourne Water at all; it comes back from the Dandenong Valley Authority days, but for them it is government so its all of us and our problem…so it’s a matter of us being open to criticism, acknowledging that we have done things badly in the past and saying well, we are here to learn, part of that is to send a trusted face, part of the main industry that we are actually targeting down there, the dairy industry – we partner with a reputable member of the community, and the community decide with us about issues such as where the water is to go. We did something similar in Devil Bend reservoir – we engaged with the community to work out what t to do with that land.

Waterways Focus Group Interviewee

The perception the stakeholder has of Melbourne Water influences communication and understanding.

You are dealing with a history of Melbourne Water over 100 years, with a reputation of difficult communication – you are not always aware of this and you are sometimes working through this (filter) – there is always someone who is not so pleased with the work you are doing….the thing I hear most from the aggrieved people is ‘why didn’t you just tell us what you were going to do?’ Too often we fail to get the point across..sometimes we need to wear it on our sleeve a bit more.

Waterways Focus Group Interviewee

Perceptions about Melbourne Water cross over into employee’s social life – ‘When I go to parties and people know I work at Melbourne Water – things change – all of a sudden I am responsible for drought, water restrictions (everything is Melbourne Water’s fault). This occurs often enough that a list of ‘barbeque stoppers’ has been developed to assist staff to avoid having to respond to questions to which they may not have answers.
The current environment of drought affects how stakeholders interact.

With the drought conditions at the moment and some of our more controversial capital works projects, that could have a good or a bad impact on the environment, there are community groups (and ex Melbourne water employees) who don’t like what we are doing and are in ‘the Age’ on a fairly regular basis saying what they are doing – some of these people end up being our stakeholders and some people would rather not have to deal with them and hope they go away – and they don’t243 and, ‘It is difficult to educate people (such as a one in a one hundred year flood) and they have never seen a flood near their house – it is basically educating them and letting them know the impact and requiring them to do certain things to their development that will benefit them and anyone else who obtains that land later on (but they find it hard to believe because they have never seen floodwaters near their house). 244

Waterways Focus Group Interviewee

Poor customer service, in particular, lack of follow-through with stakeholders, influences the effectiveness and outcomes of stakeholder engagement.

In some of our teams, particularly when we’ve engaged well with the community, the level of just basic customer service can be improved – such as following up complaints, telling someone you are going to come on to their property – that is very difficult because we don’t actually have contact numbers – so you’ve got to go to Council and find that contact number or do something (!) – drop your card in and let them know you are coming in for an inspection – please call if you don’t want me to come – something!......Calling people if you don’t turn up to a meeting you have organised to attend – someone stayed at home waiting for you because they want to meet you on site and then you don’t turn up – tell them! These sorts of things get missed a lot in some teams. Be pleasant and polite on the phone, and make sure you follow up.245

Waterways Focus Group Interviewee

Poor follow-up results in stakeholders seeking out someone else in Melbourne Water, with whom they have a reliable relationship.

Our role is to get as many people on board with Melbourne Water as possible, so we have to do it….but it is a frustration for a lot of our team members that people they work with, who they rely on to also help with the relationship with landowners (because we cannot do all the things that landowners want us to do and we have to refer to it internally) – they just don’t get followed up. It reflects on all of us….I had a woman ring the other day who is an old board member and she commented about how difficult it was for her to be able to work really well with one group in Melbourne Water and not be able to communicate to another group whatsoever’. Then she comes to us to solve her problems which is inappropriate246.

Waterways Focus Group Interviewee
Another difficulty relates to blurred boundaries of responsibility, authority and accountability—this creates confusion, as councils and Melbourne Water and the public try to work out who has authority, for specific items, for example, flooding and drainage.

There are different aspects to flooding and two different systems—there’s the Melbourne Water system we look after and there’s the council local drainage system—there can be confusion—we just try to straighten that out and help people out as much as we can. There can be a degree of uncertainty, sometimes you have to figure out who’s responsibility it is (council or ours)—there are some moderately arbitrary definitions of what, where, how Melbourne Water works, where council doesn’t, where it is council responsibility, and where it is Melbourne Water responsibility—where the boundary falls between us.

Waterways Focus Group Interviewee

Additionally, the complexity of Melbourne Water’s organisational structure creates confusion, as described by focus group interviewees, ‘there are so many parts of this business, staff movements, people are coming and going in Melbourne Water and in the agencies and in communities—it is all complex—I am sure things happen all the time,’ and, ‘It is a fiendishly complicated organisation and structure, even within the Waterways Group…there are bits of the organisation that are vastly different…we could almost be separate organisations and still function the way we do.’ Also described as ‘exasperating’ is the reorganisation(s) of the regional structure, which are described as changing frequently.

6.9 How is stakeholder engagement evaluated?

Evaluation of stakeholder engagement processes is considered to be an important priority for Melbourne Water, however, what is meant by success is difficult to quantify and therefore difficult to capture using traditional measurement methods.

The range of evaluation methods include, relying on assumptions, ‘we make an assumption—for example, one complained, we didn’t hear from the others, they must be fine’; reading of body language; intuition; verbal feedback at the time of engagement; the number of complaints received, ‘we don’t get as many angry phone calls from the public’; and the use of a Triple Bottom Line framework such as the one used in project work.

We might use the Triple Bottom Line (TBL) framework to give an indication of whether it is a good project or if the right stuff is there. Some of the work we do is quite subjective, but that is all we have really got to evaluate it, plus our own understanding of how the
project is going to work. Sometimes it is a feel, you get a feel for the people you are working with, they can cope with it, or can achieve it, or have the confidence to do it.253

Waterways Focus Group Interviewee

Feedback forms (also referred to as ‘happy sheets’254) are used at workshops and not elsewhere as ‘it takes away from the relationship.’255 One approach was ‘we don’t evaluate it because what we are doing is enforcing a statutory process – it is just something we have to do’.256

Formal and systematic evaluation processes are also used. For example, Waterwatch evaluate their grants program by ‘the percentage of return projects requesting grants as a result of our mailouts. We compare how the grant program is going this year, compared to last year’.257 They also conduct a survey of grant recipients,

> We did a participant survey and sent out 800 or so surveys – we got a 41% response rate and 98% said they were happy or happy with their project – so we do feel we have achieved success in creating a community of people who do feel they’re participating in a partnership which is important to them.258

Waterways Focus Group Interviewee

The Developer Services team has engaged an external consultant to review the services they provide,259 but the overall sense from the interviewees is reflected in the following:

> In terms of customer service or stakeholder engagement we don’t measure that very well – we currently have a KPI around the getting the work out on time but we could measure stakeholder engagement better than we do.260

Waterways Focus Group Interviewee

Evaluation of success may be based on the outcomes of the engagement, for example, ‘when council accept responsibility for the assets that will become theirs (schemes)’.261 There are many different ways individuals judge engagement success.

> The number of people attending and providing input; whether you have to chase and coerce; people say it is good; they do things without being asked; they provide us with extra things to help move the project along; there are no roadblocks or delays, and people are happy with the decision.’ If you ‘end up on the front page of the Age, then it has not worked (someone has been left out).262

Waterways Focus Group Interviewee

Customer service is reportedly formally evaluated as a requirement of the Essential Services Commission.

> We have certified quality systems through water supply and our supply of recycled water and systems of going out and getting feedback from people, we actually get audited against how well we do that.263

Waterways Focus Group Interviewee
The Communications team also undertake a community survey every ‘couple of years’.\(^{264}\)

We also have a complaints system – about two years ago the ombudsman recommended we have a system for handling complaints, and we developed now that say you must answer a letter within a certain period of time, or you answer your phone within a certain amount of rings – but they sort of imposed this on us and one of the problems is they didn’t explain it very well and they called it a complaints system – so that when you used it, you logged a thing which might actually just be an enquiry, and it was logged off and went through email, and it ended up on somebody’s desk as a complaint (so it was negative)…but you can click on a complaint or an enquiry – it probably wasn’t sold very well.\(^{265}\)

Waterways Focus Group Interviewee

**6.10 Summary**

This chapter has highlighted how Melbourne Water employees understand the complexities of determining who to engage with, how to undertake engagement and the challenges of engaging with stakeholders in an environment in which every day locals read that water reservoirs are approximately seventy-five percent empty. Water has become scarce, and the provision of a safe water supply is critical. As the water wholesaler, Melbourne Water must engage its stakeholders to protect the rivers and creeks and supply of water to Melbourne, which in effect, means that employees are constantly in a state of engagement, providing education, information and reassurance with every interaction, they have with stakeholders. At times engagement is more than this – stakeholders are partners, sharing decision-making and responsibility. It becomes vital to the continued existence of Melbourne Water, that lessons learned from the engagement processes, and the knowledge gleaned from interactions are shared across the business to sustain and enhance capability. Out of this data the hypothesis emerged that stakeholder engagement activities are undertaken at team level and information about those activities is not systematically shared, which leads to poor understanding of stakeholder engagement effectiveness across the whole organisation. Interviews were then conducted to explore how knowledge is shared and the barriers to communication. The next chapter explores how Melbourne Water employees go about the work of sharing knowledge with each other.
http://www.melbournewater.com.au/content/about_us/who_we_are/what_we_do.asp
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Chapter 7. Holding ‘in mind’ Melbourne Water teams and colleagues as stakeholders

This chapter describes research into how internal communication across teams occurs in Melbourne Water. It examines what is important within teams of the Waterways Group when engaging with other areas of Melbourne Water and the challenges of sharing information and values across different cultures within the one organisation. This became important during interviews, as participants realised they were undertaking projects that intersected, but were unaware they were dealing with similar stakeholders or hosting workshops in similar areas. Through the interviews they realised that something they had done, had impacted on other projects in a helpful way, or, had detracted from the success of a project. It became evident that if information about projects and stakeholders was shared, the process would be more efficient, there could be better outcomes, and stakeholders could be satisfied.

7.1 Introduction

When teams and individuals from Melbourne Water engage with their stakeholders, their own experience provides information about the stakeholder. The organisation can build its capacity for engagement by learning from these interactions. Learning from experience develops capability in an organisation and contributes to its ability to perform its functions and tasks effectively. This is as true for internal as for external stakeholders.

There are multiple modes of sharing information and lessons learned across Melbourne Water, formal and structured as well as informal and ‘accidental’. The Waterways Group interviewees value the incidental and seemingly unstructured way of sharing information. However, the Waterways Group and their way of doing things differs from the rest of Melbourne Water. This contributes to a sense of silos and segmentation and creates difficulties in sharing information and learning from each other. As a consequence, ways of relating across the organisation must be found.

The following chapter examines how the Waterways staff members interact with their internal stakeholders.
7.2 How do individuals determine who or which teams to engage with inside Melbourne Water?

Melbourne Water teams rely on each other to share information about current project activities. Some projects are interrelated and interdependent across many different teams, ‘and this relies not just on good communication, but on a unity and understanding that we all have to work together to the same outcome’.\(^{266}\) Involvement is hampered by ‘busyness’ and there is reluctance to impinge on the workloads of other people, ‘that is why you would have to really establish a need before you did something’.\(^{267}\)

The scope of a project and its potential impact on different teams, influences who needs to be involved, the limit of their involvement, and the appropriate method of communication. Selecting groups or persons to engage across the organisation, relies on accurate advice, an individual’s willingness to be involved, and up-to-date information on the intranet.

A great internal tool I use a lot is the intranet – if I am not sure and there is no one around to ask or I think I just haven’t covered it all, I try to work out what team it is that I want to talk to – I use the intranet to find them.\(^{268}\)

Waterways Group focus group interviewee

Formal role descriptions also assist.

Someone with broader experience such as our boss – has put in all the other teams that you will need to work with – so your role does overlap with a lot of other areas – no matter what restructure we have, I could always say my role could fit with these people as well.\(^{269}\)

Waterways Group focus group interviewee

Other reliable methods of determining who to involve, although less predictable, include, chance meetings – ‘at the café, waiting at the lift – you start chatting and you pick up a lot of information’\(^{270}\); and the reception desk staff are really helpful (‘particularly to arrange a car park and filling in on things that are happening’)\(^{271}\). Working out who to involve may be the outcome of an accidental conversation, for example, ‘If you get a bizarre phone call (and we get a few), you don’t know who it goes to, you just pop your head up and ask about it – someone might know the question or its answer’.\(^{272}\)

At times it is difficult to determine who needs to be involved and how to get their attention.

If I need the support of say the maintenance guys, who are very “hands on, go do it, if you need to speak to me, speak to my face sort of people”. If I need them to come to a meeting I need to go and see them – the worst thing I could do is send them an email
and not follow it up’ … ‘it is a matter of finding them on their own turf and speaking their language – so I guess it is a matter of working out who your audience is and how you are going to communicate to them, how you are going to get buy-in from them. But first you have to identify who it is you need to speak to – quite often I don’t know – Melbourne Water is so diverse and I haven’t moved around much in it. I have been here six years, but it takes a while to get your head around it. It is complicated.\textsuperscript{273}

Waterways Group focus group interviewee

Assumptions are made about how individuals will behave in the project team, how they feed information back to their team and the rigour of the information they bring to the project. It is expected if you are representing your team then for example, the message from project team meetings is shared with the rest of your team.

Project teams start off with - we’re going to put a team together – who do we need to consult? – you might even email general managers and ask them to nominate someone to represent the rest of the their team – the expectation is that, that representative will feed back information to his or her team about the project. But this is not a formal project step – it is still fairly intuitive and something you have to remember to do yourself – there’s no set system….if you are doing a capital works project you have to get your design done, your finances approved, your environmental checklist signed off – but there is not a formal trigger or much internal training in how to go about identifying who it is you need to talk to.\textsuperscript{274}

Waterways Group focus group interviewee

\textbf{7.3 What is important when working with other Melbourne Water teams?}

Relationships between individuals and the understanding and knowledge of functions across the business, are built by working in cross-functional project teams. The interviewees report this works well as it is kept ‘pretty informal’, which assists knowledge sharing and increases the capacity to work collaboratively. Building trust with peers, and showing respect, is important, because it enhances how teams work together.

How you are dealing with someone – it is like any relationship you have with friends and family – we try to help each other, if you say you are going to do something, keep them informed, even if it is just a general chat – just do the normal things you would like to receive yourself.\textsuperscript{275}

Waterways Group focus group interviewee

Demonstrating transparency is important.

Other teams need to feel confident we will be looking after their asset – they have to be happy with the final asset that is going to be created by the scheme.\textsuperscript{276}

Waterways Group focus group interviewee
Similarly, it is important to show ‘reliability and follow through’ otherwise people may say:

There they go again saying they will do something and not doing it. This creates suspicion. Just bring them along. Have faith. Slowly, surely. 277

Waterways Group focus group interviewee

Being honest with your colleagues is highly valued.

You have to make sure you are personally communicating, you take on a personal role of communicating and being honest with the people around you, if you have gained information it may be useful for them if you share it. 278

Melbourne Water Manager (non Waterways Group)

It is important to think about the work of other teams.

Preparing the ground a bit better for them (other Melbourne Water teams) to help them do what they have to do, to get a clear run at what they need to do – ‘laying the field’ with the stakeholders….My stake in their work is that I am going to be there after they have gone and I need to keep those relationships going. 279

Waterways Group focus group interviewee

‘Preparing the ground’ so that other teams understand the project may also involve sharing ideas with other teams via workshops.

Internal workshops for new projects, making sure we have representation from all the different internal stakeholders – we can easily have six or seven different internal groups involved in a project..we tell them what we are thinking of doing and invite their feedback. 280

Waterways Group focus group interviewee

This assists individuals and teams in their planning.

Everybody who is going to be involved in it (the project) should be there at the beginning of the program so they can make sure they have the mental space for it, let alone all the other things they’ve got to do…but often you hear about it at the last minute and get five minutes to comment on it, then it is just moving forward (sometimes that is used for avoidance) – we want this outcome and we don’t want you to stop us so we are going to do it this way. 281

Waterways Group focus group interviewee

Waterways Group staff value incidental and opportunistic communication. Informal methods appear to have value, whereas ‘formal methods appear to take a lot of work’.

There are attempts at formal mechanisms for communication…but for me it is the informal stuff that is more valuable..the coincidental stuff is what I rely on. 282

Waterways Group focus group interviewee

Although formal structures exist, spreading lessons learned from engagement is sporadic.

It depends on what you are thinking and what you remember to do at the time (what you learn from the engagement) – we do have databases we can update and people can go
back to those databases and check through that – we have our own data base – there isn’t a central organised system – it is as good as your memory on the day.283

Waterways Group focus group interviewee

There is high value placed on asking questions to gather more information.

We did some workshops off site and talked about team values and one of the things that was agreed to by everybody was they really feel they can ask stupid questions in our group – we all come from really diverse backgrounds and no one has all the knowledge – you can just stand up at your cubicle and say does anybody know about this and somebody will say yeah I do – come and I will show you – its very open and sharing and certainly knowledge is not power for an individual. Knowledge is something that is shared across the group. It has become a value to say I don’t know, rather than I am the only one that does know. The challenge to that is also not just internally, but the challenge is to say I don’t know to people externally. I don’t know, but lets find out, is a really positive thing to say. It is sort of like well I don’t know but I am happy to help you try to find out.284

Waterways Group focus group interviewee

This is also important with other teams across Melbourne Water.

Encouraging direct contact helps deal with the issue of being swamped with information – so one person in their silo and saying I am going to be consultative and send out lots of emails, to hundreds of people – well it is up to them if they don’t look at it and they don’t know about it, well I can say I sent it to them on this date and it is their fault, whereas if you ask who is it that really needs to know about this, maybe they don’t need to see a hefty document and what they really need is a five minute conversation with you about the key issues and have some input.285

Waterways Group focus group interviewee

7.4 What are the challenges of sharing information?

Formal sharing of information between teams in the Waterways Group is a requirement and occurs through a regular online newsletter (‘Operation Highlights’);286 and via presentations at other team meetings, ‘we send one representative from one team to another team when they are having their team meeting – just for input’.287 Other examples of formal documentation used for communicating outcomes of engagement activities include regular (monthly) newsletters, minutes sent to steering committee members, and workshop outcomes exhibited for internal and external stakeholders on the internet via the Melbourne Water website.288

Less structured methods of distributing information include, ‘debriefing with my team’, ‘regular team meeting’, and ‘meet with other teams/groups’. Reliance is placed on the
team manager to keep staff up to date. It was also considered important by some, to have relationships with many different individuals across the organisation.

Systems exclusive to particular Waterways teams and not shared by the whole of Waterways Group exist. We (grants programs) work in a bit of a bubble sometimes…we have a central database (privileged and private and not available to the rest of Melbourne Water) where we record if we have spoken to a landowner and the issue they have raised…we record that in the contact diary…I refer it to a regional coordinator…letting them know he needs a call.289 Focus group interviewee

Sharing information across databases is made harder by the many different unconnected stakeholder databases that exist throughout Melbourne Water. A project designed to centralise databases failed, reportedly because of lack of buy in from the users (Melbourne Water employees), and lack of time or prioritisation of data input.

Stakeholder engagement database exists and I don’t know how to use it, and nobody uses it (is what I have heard)... putting information into it is too hard – I walked away – its been around about 18 months – people have talked about what a great idea it is but just how hard it is to use, or putting data in and not being accepted, spending a lot of time and it all getting lost…..lots of data being collected in 8000 data bases but not being accessible to everybody – so you wonder why we collect it in the first place in some instances – it is a big issue and there is a lot of work going on in the waterways team to overcome that.290 Focus group interviewee

Paradoxically, lack of shared systems limits the effectiveness of stakeholder engagement.

That whole data management and tracking of actual asset sites is just critical and we don’t have that information, and it does bite us on a regular basis. There are people in the organisation who like to work as a sole identity and they know all this information in their head, they don’t use a system and have separate files. But if they got hit by a tram you know….but they find it difficult to operate in an IT way.291 Focus group interviewee

It is difficult to share information across a database without breaking the privacy laws – ‘because of privacy issues we cannot actually exchange information – for example, I have got information about private land owners that I can’t give to the water planners’292 Focus group interviewee

It is also (apparently) easy to focus on one’s own work and forget about how these tasks and the way an individual takes up his role is influencing the whole of the business ‘looking after your own stakeholders is a mindset and it very easy to get into – you’re so busy, everybody is so busy doing their own thing’.293
Attempts are made to formalise the sharing of lessons learned from the process of stakeholder engagement. Waterways Group has a risk management and legal periodic meeting where ‘they cross pollinate issues that are happening in their areas at the time’. Learning does occur, more often through conversations about poor stakeholder engagement. For example, Part of our concept work design 4 – 5 years ago involved the development of a stakeholder management plan and how we would consult with the community – a decision was made in this project not to consult until after we had finished all our concepts, shaft locations etc. Then somewhere in the transition from planning and delivery the community work started up and this created issues because it was like this thing has been planned and ‘what choice have we got now’? And this had ramifications for the project.....we (capital projects) had to learn how to understand how to deal with issues like this...we do a really good job now.

Melbourne Water Manager (non Waterways Group)

In the past, stakeholder engagement has been outsourced to external consultants, which resulted in loss of knowledge and learning. We have come to the realisation we have a lot of learning from these projects, so lets build that sort of communications experience within the business so they can learn off each other. 

Melbourne Water Manager (non Waterways Group)

Instances of teams acting independently (rather than interdependently) and not sharing information are described in the interviews. I don’t think we always get the full picture – we can be at a meeting with other Melbourne Water people there and no one says anything – you talk about what you want to do and get deathly silence…and you come back to the office and you dig around and find out there is some issue…why wasn’t that raised beforehand so we could work around it...there is no use sitting on it because we will find out about it..... This is about avoidance (of potential conflict) (and responsibility) and pride (something has gone wrong and they don’t want to talk about it).

Focus group interviewee

There are examples of rivalry between teams, for example between the Communications team and the Waterways Group. Communications are trying to micro manage the message – no matter what event or whatever is going on – and we are out there with so many things going on all the time, all day, every hour, and if they get on to one of them, not matter what it is, they want to restrict or nail down the message that is going out, or if they think the message that is going out is not right, they want to can the whole thing. It seems to be at cross purposes to what we are doing and ‘people just stop co-operating’.

Waterways Group focus group interviewee
Difficulties arise when someone is inconsistent or when teams work at cross-purposes, ‘there is sometimes confusion over who is doing what – sometimes people get uptight because that has not been clarified’. Anecdotes from the interviewees reflect teams not consulting each other and this results in confusion.

Sometimes we find out just by chance that another group (internal) is already in there scoping it up! Different groups get on with things and don’t tell other groups about it.

Focus group interviewee

Other interviewees describe Melbourne Water teams acting as if they are in silos.

It is probably more silo issues and process issues that bring us undone these days – where things fall down is where processes that we have in place are inappropriate for what we are trying to achieve – we have got silos between historical things and some people are still holding on to baggage from years back. Some people are holding on to knowledge that they have historically but it is almost like those people will rise to the top, you will see them quite clearly and everyone will know who they are.

Focus group interviewee

But it is also reported there are lots of opportunities to break down the silos that still exist as they are considered to be historical and cultural.

The idea of silos within their business – teams not cross-referencing each other or working as one part of a whole organisation – is apparently not new information to Melbourne Water employees. It was suggested some groups have bigger silo walls than others, and there are strategies underway to break these down.

It is good that has been recognised….that was one of the reasons (x department) had a major restructure and shuffling of senior personnel etc to try and open it up – I think it has worked but it is early days.

Melbourne Water Waterways Manager

Other deliberate activities are undertaken to break down barriers between teams, including the (previously described) leadership development program.

The leadership development program and the action learning projects are in a way, concocted to create a situation where managers can work with their peers, so managers can work with other managers they haven’t worked with, or they don’t normally work with on a day to day basis, and hopefully that blending of knowledge and skills will produce something for us, because we do have a lot of people we have put manager title on but we give them no training, no coaching, we probably haven’t been developing our leaders as we could be.

Melbourne Water Waterways Manager

The Waterways Group managers believe Waterways teams could improve the exchange of ideas and information with each other. They describe lack of
communication between groups within the Waterways, and with teams across Melbourne Water.

I don’t think that happens very well at the moment, internal communication is not very good, it is very siloed – relationships with other groups happen because they need to, rather than because they are good.  

Melbourne Water Waterways Manager

Managers are concerned teams within the Waterways Group do not think about the impact on the whole of Melbourne Water when engaging with stakeholders.

It’s not just about waterways and facilitating development and the objectives and targets that waterways need to meet, but we need to understand at the end of the day that we are either enhancing or building an asset that the organisation takes on.  

Melbourne Water Waterways Manager

A ‘lack of time’, and ‘being so busy’ is raised regularly by the interviewees as a barrier to effective learning across teams. Managers report they make sure they have regular catch ups with their own team members ‘otherwise there is so much going on I don’t keep up’. For some individuals, the time it takes to get things done is frustrating, ‘My time frames may not suit this organisation – to get anything done quicker than 2 weeks is a special favour’.

Ways around this include ‘limiting the time available to comment on something’. Internal consultation is reportedly not emphasised which can result in doubling up of activities.

I am currently doing some work in the same spot as another team that will be operating tunnel boring machines 24 hours a day; so to get a feel for how the local community is about removing willows at the same time, it would probably be smart to go along and have a chat with them. I ended up going to comms as they had done the communications and suggested to them we work together.

Focus group interviewee

7.5 Different cultures influence the potential for shared learning: ‘Waterways Group’ and the ‘rest of’ Melbourne Water

Themes from the data suggest different cultures exist in Melbourne Water. The many different activities being undertaken and the various processes of stakeholder engagement provides Melbourne Water with significant potential to learn about their customers, competitors and their own performance.

The Waterways Group research interviewees expressed their hope that (stakeholder engagement) informed Melbourne Water.
Because people are going out there and interacting with the community rather than operating as a technical expert, it has an abundant amount of information coming back in that is used for decision-making.  

Waterways Group focus group interviewee

It was also hoped that stakeholder engagement influenced other teams across Melbourne Water to change their approach.

I hope what we are doing influences the rest of the organisation to involve the community and how we deal with the community; without community support, getting successful outcomes is very very difficult…building the relationship is important.

Focus group interviewee

The Waterways staff doubt about whether stakeholder engagement is done well enough or whether the current tools are sufficient, or whether there are protocols about ‘how to talk to people’. There is frustration at the lack of shared understanding of the importance of stakeholder engagement.

Some people don’t see it (stakeholder engagement) as a necessary tool – ‘it is something I just don’t want to do and I don’t know how to do it’ – there are some significant barriers to external engagement, such as Melbourne Water not having access to rate databases, we don’t have any contact detail for landowners, we have to get them from Councils who may or may not give them to us……it has taken me three years of jumping up and down to my managers to get any recognition that its necessary…but it acts as a huge barrier for people who are already unsure or unwilling to do it, it is sort of like the final excuse – ‘well I couldn’t contact them so I just went and did it’ – there is a couple of sections of Melbourne Water (such as maintenance) who fall into the poo regularly because of that because they have gone out and done something – they have not told the people they are going to come and do it.

Focus group interviewee

The Waterways Group interviewees, feel the benefits of engaging with stakeholders ‘should be embraced by all Melbourne Water employees’, and know that it is a different way of working that may appear to take more time.

Working like this with stakeholders can sometimes make projects take longer, so the perceived negative impact would be the time involved in doing it and that we sometimes have people perhaps not trained or very skilled in the area participating in it and getting better at it, and with help, hopefully comes some people who are good at it….but there is still a perception that this is something I have to do, its making my project get held up and I have got capital dollars I have to spend, and now my project is behind schedule…in the long run it’ll be the better outcome but we don’t allow the necessary time to do it properly; it is not yet a central part of our planning process.

Focus group interviewee
The challenge for the Waterways Group is that they are perceived to be different to the rest of Melbourne Water. There is a strong desire to find ways to measure the engagement activities to demonstrate the value of the team’s work. From the interviews with managers from other areas in Melbourne Water a clear theme emerges about the confusion surrounding the role of the Waterways Group. This confusion leads to uncertainty about what to expect of the people working in the Waterways Group, what tasks and responsibilities they have, how their work is measured, what they do that contributes to other teams, and what they are accountable for. The communications group see the Waterways Group as a challenging client, which influences relationships between these teams.

Waterways are our most challenging client, we would like mutual respect and understanding for the role we have to play as communications people within the business. So you know, 'it is not that I am trying to make your life difficult because I know you are a professional (scientist or engineer or whatever) and earning much more than me; this is about understanding the perspective I bring to it and trying to find some common ground and a way to manage around it.'

Melbourne Water Manager (non Waterways Group)

Other teams are clear about what the Waterways Group have responsibility for, but find it hard to justify their role because they do not appear to have defined, ‘concrete', commonly understood and measurable targets.

Sometimes Melbourne Water gives an image externally, that they think they are here to save the world because we have got quite heavily into sustainability - the Waterways Group is a group that has built up quickly with people but what are they delivering? So there is confusion as to what tangibles they really are delivering. I think the retail water companies are picking up on that - but look they might be doing great stuff but it's not the perception and the way its communicated is not a clear benefit to everybody. My staff go out and say they don’t see anything different on the ground, so what is going on? What are they doing? Waterways needs to go out and educate the rest of Melbourne Water about what their role is. I know they are doing great work but there is some areas where there are issues and that tends to sort of get focussed on and then tarnish the whole of what they do.

Melbourne Water Manager (non Waterways Group)

The lack of organisation wide understanding of the role of the Waterways Group, may contribute to the sense they are segmented from the rest of the organisation.

You can create a silo simply by not having any knowledge of what is going on in the group, because you have not had any interaction with them; which is different silo to information not flowing when it needs to – I don’t think there are cases where information is purposely withheld.
The Waterways Group managers describe a perceived difference between the work of Waterways teams and the work of other teams in Melbourne Water.

Waterways has traditionally been known, and still is perceived to be the soft engineering part of the business so it is all about warm and fuzzy environmentalists. They are very passionate about what they do but it is only about one outcome, improving the environment; people are not standing back and saying yes, I’m passionate about the environment or the community and also understanding the commercial consequences of that decision.318

Melbourne Water Waterways Manager

They suggest the rest of the business trusts concrete, hard, factual data and decision-making. In comparison, the managers believe the Waterways Group tasks are seen as soft.

People say things like why are Waterways putting on more people, why don’t they have any hard targets..and when you consider other areas I mean they can’t make a mistake..for example, chlorinating a reservoir, or if we had a dam leak or if we have a sewerage spill or something - they are really serious things – so they have their targets nailed. They have their standard operating procedures nailed. Their people are well drilled – they are very efficient at what they do. It is the differences in what we do that create that – operations is the hard nosed stuff – that is one side of the world. Infrastructure say to us – how can you take so long to give us things to build, what the hell are you doing? You can understand all those things and I think what we are trying to do is have people work together in some natural way. We probably wish they were a bit more flexible than what they are and they probably wish we were a lot more tighter than what we are.319

Melbourne Water Waterways Manager

Waterways work is different to the rest of the business. In other parts of the business there are different drivers, which are regulated, and there is not a lot of room for error; risk has to be managed and this is not perceived to be what happens in the Waterways teams.

Risk management does not feature strongly in the waterways area. The risks in waterways are not immediate or obvious – compared to other parts of the business that have black and white consequences, where you have to make real time decisions on the spot and live and die by those consequences. I don’t see that element, that structure, that discipline – it is like there is no deadline (in the Waterways Group work).320

Melbourne Water (non Waterways) manager
This theme continues:

Waterways lacks a sense of urgency, it lacks the structure and discipline it needs…it lacks respect for the rest of the business….because there is a lack of awareness it is almost like ‘we are waterways’, and then there is Melbourne Water…like there are rules for one and rules for another…it has a lot of young, new people…they don’t bring the understanding, knowledge, and awareness there are rules in place, procedures for doing certain things….they don’t understand that …their passion and drive means they act on their own and it creates a lot of tension with the rest of the business.  

Melbourne Water (non Waterways) manager

The Waterways managers think that other parts of the business are confused about the role of the Waterways Group and do not understand their need for resources.

We’ve grown from 90 people to 150, 160 in the past 18 months; 50% of the people in Waterways have been here less than 2 years, so it is really hard to get a sense of what Waterways does and what it is that other bits of the business are doing.

Melbourne Water Waterways Manager

Waterways Group managers and staff, find themselves having to validate the existence of the Waterways Group to their colleagues across the business. They are asked “how does Waterways fit into Melbourne Water, and why is Waterways different?” In addition, the Waterways area is the butt of jokes, for example, ‘You know you can lose the Waterways Group; Melbourne Water will still survive because it is about water supply and sewerage’.

The Waterways Group have come from a different organisation (Parks and Waterways) and are referred to as ‘hoo-hoo’ (‘greenies’) land kind of people. During the research, my observation highlighted at least two different cultures, based on the image portrayed by different environments within the buildings of Melbourne Water. The playful, nursery type environment, with lots of laughter, colourful posters, and noise from conversations was where the Waterways Group were located. The other area observed, I thought of as the grown up area. It was much quieter, there was much less obvious activity, it seemed very professional but more serious than the other area. I thought of this as the mature part of the organisation.

The Waterways Group people feel they have to pay significant attention to the way they communicate and how they act.

We have to act very professional and communicate what we do much more effectively, how we add value – because Waterways has been the leader in changing the reputation of Melbourne Water where water supply and sewerage have not. They continue to build pipes and put outfalls and desalination in, which doesn’t necessarily win over the
community, whereas our staff are out with the community a lot more – I think we actually maintain some reputation balance.\textsuperscript{326}

\textit{Melbourne Water Waterways Manager}

There is a desire to improve organisational cohesion, ‘I’d like to see two or three things that we want to achieve collectively as an organisation. The first thing might be just to get our people together to understand each other and build this over time’.\textsuperscript{327}

The Waterways managers believe ‘there is a lot of work to be done for different parts of Melbourne Water to understand each other’s core functions; we need to spend a lot of time going out and understanding what they do’.\textsuperscript{328}

The focus on stakeholder engagement is outward looking, to external groups, and the internal stakeholders appear to have been forgotten.

We are running seminars and inviting 200 people from the community and councils but for some reason we don’t invite our own colleagues from water and sewerage. I think you could sit down with a few of them and tell them why you think they should come along, and bit by bit, just by being in the room, they’d start to see you’ve got a bunch of technical scientists standing up giving very credible, reliable data to the community who are responding with ‘yeah we love Melbourne Water’.\textsuperscript{329}

\textit{Melbourne Water Waterways Manager}

The Waterways managers suggest the rest of the business don’t understand the needs of their role.

They don’t understand the diversity and strength of our relationships with a lot of customers. They don’t have a direct face to face with the community – their relationship is pretty much with the retailers or government, whereas we have the councils, councillors, politicians, a whole suite which I think we have to draw on the benefit to them more.\textsuperscript{330}

\textit{Melbourne Water Waterways Manager}

In the past Melbourne Water, as the Melbourne and Metropolitan Board of Works was a ‘purely engineering driven organisation of “we know best”’.\textsuperscript{331} It is now transitioning into a different type of organisation, with different motivators. This requires an acceptance of, ‘we don’t know best and we’d like to engage our community – that is a bit threatening, a bit different’.\textsuperscript{332}

These are systemic organisational difficulties. The culture of the past is being challenged by new ideas and a new way of working with stakeholders, requiring innovative ways of thinking and challenges traditional approaches. It seems technologically simple, but socially complex.
I think people underestimate the power of saying, ‘we both understand and agree that these are issues and we need to work on them’. Simply standing up and saying this means that someone is prepared to acknowledge what we have all been talking about for the last five years.  

Melbourne Water Waterways Manager
The change in engagement approaches also requires certain skills that are not widely available in the organisation, as it moves from expert technical skill and capability, to a blend of technical expertise and humanistic people skills.

Other teams have a clear technical role but linked to that technical role very strongly is a community engagement focus but we haven’t got the people with the skills or the time on their mind to do it.  

Melbourne Water Waterways Manager
The Waterways Group managers believe they must lead the rest of the organisation and reach out to the rest of the business to help them understand their role, and how the Waterways Group can work in relationship with the other parts of Melbourne Water. They want to develop respect for their work across the business and with external stakeholders, and become leaders in stakeholder engagement. It would help them to be able to measure and evaluate stakeholder engagement because they feel they would then be more able to demonstrate their worth, in terms or labels acceptable to their colleagues. It seems they want to be able to show their effectiveness in a way that is understood and valued by those that do not currently value engagement activities, ‘it would be nice to know if there some real effective way of measuring how we are going apart from word of mouth stuff and the normal feedback; something you can rely on’.  

7.6 Summary
This chapter has utilised the interviewee’s data to show the challenges of working out who to engage within the business when commencing a project and undertaking stakeholder engagement. There are tools available, but overriding the tools is the value placed on personal relationships, knowing people, and knowing who knows! The behaviours expected from each other are aligned with this idea of relationship and it is expected that individuals will be honest, transparent, thoughtful, considerate, and respectful – all those humanisms we would practice if we wanted to build a long-term relationship. However, the biggest challenge is working across the differences between the different cultures within Melbourne Water. There is one culture that follows the traditional way of doing things. The experts who are technically competent, highly regarded, and familiar with concrete, measurable, observable facts. These teams are essential to Melbourne Water to provide expertise to imagine, undertake and complete complex water management projects. A different culture is emerging through the
Waterways Group. This culture is based on social and community needs, valuing people, acknowledging and working with human dynamics and capable of being in a space of not knowing, where things are not so black and white or as easily described or measured. Both approaches are necessary for the sustainability of Victoria’s water supply – engineering solutions are needed, and also needed are people to embrace new ways of doing things. The challenge for Melbourne Water is to bring these cultures together and provide leadership to the water industry. This means working more closely with their ‘cousins’, the water retailers. As part of the action research model, all of the data was taken back to the research reference group for their interpretation. One outcome of these discussions was the formation of another hypothesis. It appeared that the lack of systematic sharing of information across the business influenced the ability of Melbourne Water to have successful engagement with some key external stakeholders. The analysis of those external stakeholder interviews is detailed in the next chapter.

Notes

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267 Managers interview notes p42
268 FG interview notes p85
269 FG interview notes p86
270 FG interview notes p25
271 ibid
272 FG interview notes p84
273 ibid
274 FG interview notes p86
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Chapter 8: Perspectives of Key External Stakeholders

8.1 Introduction

This chapter explores the perceptions specific stakeholders (water retailers, the office of the Minister for Water and the Department of Sustainability and Environment (DSE)) have of their relationships with Melbourne Water. Melbourne Water and the retailers are interdependent in their responsibilities for the delivery of a safe and sustainable water supply for Melbourne. The Minister for Water makes decisions and determines policy about water supply, which impacts the tasks and decisions Melbourne Water undertakes. Melbourne Water and other agencies, including DSE, inform the Minister about the state of water supply. The retail companies buy water from Melbourne Water and sell water to residents and industry. At times the different agencies appear to compete with each other to achieve the task of supplying a safe and sustainable water supply to Victorians. Each of the agencies has their antecedents in the historical water management structure of the Melbourne and Metropolitan Board of Works (MMBW).

I have previously described how Melbourne Water and the water retailers were once a larger organisation (MMBW), split up by the government in 1994. Three water retail companies were formed and the responsibility for the bulk supply of water remained with Melbourne Water. The water retail interviewees describe how this current structure influences and at times creates difficulties in the way they work together. There is also acknowledgement that different personalities and philosophies get in the way of working together in partnership. Yet the retail companies want more than they currently have with Melbourne Water, even though they describe what they have as ‘not broken’ and anything extra as ‘icing on the cake’; they want to be treated as important customers and partner with Melbourne Water in decision making. It seems they also want Melbourne Water to take the lead and make this happen, as they have not done anything more than agree to a memorandum of understanding themselves. Melbourne Water could be described as a sibling of the retail companies, but it seems the retailers perhaps unconsciously, want it to act as an older brother or father to make things better than they are.

In the previous chapter the Waterways Group were identified as being different to the rest of Melbourne Water. The idea of subcultures within Melbourne Water is further explored by each of the retail company managing directors. They approve of the new
way of doing things as demonstrated by the Waterways Group and believe it is important for this to penetrate the rest of Melbourne Water.

8.2 Context
The interviews for this chapter came about following a train ride to the Melbourne Cricket Ground. I was on my way to see a football match, and met up with a friend who introduced me to her friend, explaining that I was researching Melbourne Water as part of a doctoral program. In the brief twelve-minute train ride, I listened to their story of Melbourne Water. It emerged this person was the managing director of a water retail company, a ‘sibling’ of Melbourne Water. We arranged an interview time, and subsequently interviews with the other managing directors of the water retailers evolved.

By way of context, there are three retail water companies and one bulk water wholesaler. The state government owns each of the water retail companies and Melbourne Water and each has a Board of Directors appointed by the government. The one female managing director has been in the position since 2002. The water company she manages is the smallest of the retail water companies. The managing director of South East Water, has been in the role since 2008\(^{336}\), and came from the role of director of Gold Coast Water since its formation in June 1995. The current managing director of Melbourne Water has been in the role since 2005 and has worked previously for the Melbourne and Metropolitan Board of Works (MMBW) and in chief executive roles in local government. The managing director of Yarra Valley Water has been in the position since 2003. He previously worked for the MMBW. The background, gender, experience and philosophy of each of the managing directors influences the way these groups work together to lead the water industry in Victoria.

8.3 The complex structure of the water industry in Melbourne influences stakeholder relationships
The history and structure of the water industry underpins relationships between the water retailers, the office of the Minister, and other government agencies including Department of Sustainability and Environment.

In 1994, when the Victorian Government announced that Melbourne Water was going to be divided into three retail water companies (Yarra Valley Water, City West Water, South East Water) and a wholesale water company (Melbourne Water),\(^ {337}\) long term employees from MMBW moved into different parts of each company, much like a family
splitting up into different other families. One water retailer manager, reports the split resulted in the development of different subcultures in each group.

All the sexy stuff was the building of the dams and merging with the other authorities; when we became retailers the executive that ended up in the retailers were often the talent; a lot of poor quality people left.  

Managing Director Water Retailer

The structure of water industry in Melbourne is described as ‘unique and difficult’. Melbourne Water is the wholesaler, and sells bulk water to the water retailers; however, Melbourne Water and each of the three retailers, all have a variety of interactions with the same stakeholders. This structure may interfere with decision-making.

I really believe Melbourne Water should not own the treatment plants; the retailers should own the treatment plants because we have a total relationship with our customers and it gives us a closed loop on water management within our catchments, within our regional areas and so every opportunity I have I try to get the industry restructured and I try to get rid of one retailer….. I try to turn it into two retailers instead of three - it badly gets up people's noses.

Managing Director Water Retailer

Some of the retailers believe that from a customer’s perspective, the water networks are completely integrated; there is no separation in role or responsibility.

They don’t differentiate between Melbourne Water’s responsibility for water quality and the retailers…and they don’t differentiate between our relationship in relation to sewage and trade waste and Melbourne Water’s responsibility for treating these items. From the customers point of view we are one organisation, yet we have different drivers and different responsibilities… the water industry in Melbourne is so integrated it is very difficult for any of the four of us to actually make a major decision without the agreement of the other three.

Managing Director Water Retailer

8.4 External stakeholder perceptions of Melbourne Water

Each of these stakeholders report that Melbourne Water is engaging effectively. The research interviews offered an opportunity to both identify specific issues and think about opportunities for the future.

Melbourne Water is important to us and I’ve been a bit critical today but the bottom line is nothing is broken. What we’ve been talking about today is the icing on the cake…it is what could take us both to a new level of performance.

Managing Director Water Retailer
However, the interviews also suggest the presence of unconscious dynamics such as rivalry, are present between the water companies and Melbourne Water. Theoretically, Melbourne Water are the ‘owner’ of the bulk water supplies and have responsibility for safe water supply to the retailers, which effectively puts them in a powerful position when making decisions about water supply, and at times Melbourne Water is described as arrogant.

At times Melbourne Water treat retailers, as incompetent, as someone who had to be told, shown the way; the conservation of water is a classic battleground between Melbourne Water and the retail water companies, and there is still people in Melbourne Water who think they know more about water conservation than we do.  

Managing Director Water Retailer

For at least one of the managing directors the attitude of Melbourne Water employees is at times annoying.

Melbourne Water sincerely believe they are environmental white knights; they think I am an environmental vandal; I get really annoyed with Melbourne Water. I reckon Melbourne Water still want to run everything; they are very paternalistic, and have an attitude which says ‘yes, but we know what the answer is.’

Managing Director Water Retailer

The dynamic between the water retailers and Melbourne Water is described as a ‘battle’, ‘we battled to secure the ground…it is sort of like a war…but it is our responsibility, we deal with the customers, they are our customers, and it is our job, to work with them to change their behaviours and embrace water conservation’.

Melbourne Water is described as acting irresponsibly in not clarifying their accountabilities.

They should take a provocative stance and get out of this space and not pretend they provide this stuff because customers ask because they are confused. It makes it a bloody mess; we have to keep a close eye on Melbourne Water because if we didn’t they would slip back into that space.

Managing Director Water Retailer

Another suggestion is that Melbourne Water has to make a fundamental shift and move away from the old paternalistic attitude.

Their attitude of ‘We will make a decision and the decision will be right’, and it will typically be more of an engineering style decision – whereas now decisions, not only for them, but for society are different..they have got to be more of whole of community decisions, and the decisions are typically a mixture of soft and hard decisions. The Waterways Group exemplifies that.

Managing Director Water Retailer
The ability of Melbourne Water to behave differently than it has done in the past is admired by the Minister’s advisor.

Melbourne Water have done a really terrific job of engaging with people at a very one to one level and that is important – you have to sit around and have a cup of tea and you have to let them vent a bit; you have to understand where they are coming from.  

Minister’s Advisor

According to this interviewee, Melbourne Water has been able to marry their technical expertise with engagement of the broader community.

The engineers attitude is - it is a pipe, digging up the ground, sticking a pipe in, it is a relatively straight forward project…once it is in the ground, bury it back in and in a few years time no one will even know it is there – that is the engineers view of the world….To some extent it is not the technical experts job to work out the psychology of the customer base, but it is the institutions job to take account of that; I think they do a pretty good job generally.

Minister’s Advisor

Melbourne Water is relied on to provide accurate and dependable advice.

Melbourne Water is pretty frank and fearless with its advice to the Minister, on tough issues, which is appropriate, but by the same token, they respect that it is the Minister’s decision not theirs, and when the Minister decides the way we’re going to go, they implement it.

Minister’s advisor

However, for some of the water retailers, Melbourne Water takes a long time to make decisions.

There are times when it is terribly difficult to find out what they actually want; they come to a meeting and agree to something but they don’t have jurisdiction over that and when they get back to Melbourne Water, the people that do have authority, say they are not prepared to do that.

Managing Director Water Retailer

This perspective is influenced by a belief that ‘Melbourne Water don’t necessarily have the right to make all the decisions anymore. We keep tripping up on roles and responsibilities and I think that is because the structure (of the water industry) just doesn’t work’.

Managing Director Water Retailer

Each of the Water Retailer managing directors suggests there are different subgroups within Melbourne Water. One subgroup (Waterways Group) is taking a holistic view of water supply and involving many different stakeholders, as they adopt a systemic approach, and the other subgroup is (in their opinion) maintaining the old way of doing things – technocratic, non consultative and paternalistic.
I get the impression there is a strong view within Melbourne Water that they are custodians of the water resource for Melbourne for the future and that I suspect has come from two areas – one is the old Melbourne water culture – paternalistic organisation, the core seems to be there from MMBW days…it has come from both the people that ran the organisation and what was expected of them; they were a go to in the old MMBW days, for anything that was a crisis of some sort to do with water; as a result they had a sort of engineering culture and were expected to give an answer and the notion of engagement and involvement with others was fairly foreign to them. That core has been joined by an altruistic sort of brigade that have come out of University with lots of aspirations about sustainability, and in a way those two things have combined to sort of entrench that notion that they are the custodians of water for Melbourne and need to be looking out for the future because they are the only ones that are doing it almost. I don’t have a problem with that, and I think it is great that they do.\textsuperscript{354}

Managing Director Water Retailer

All but one of these external stakeholders remarked on the capability of the managing director of Melbourne Water and his push to embed a new way of doing things through the leadership development program. Some doubt was expressed that the cultural change process would really change the ‘very very hard core at the centre …especially in the water and sewage area…it is as if they have to wait it out until that core is gone….I think the managing director and the board chair have done a great job, and I still think there is this core they have not cracked yet’.\textsuperscript{355} In comparison, the Waterways Group is seen as the ideal culture, ‘I find Melbourne Water a real paradox – the Waterways Group seem to be the antithesis of the hard core culture’.\textsuperscript{356}

Melbourne Water is meeting the needs of their Minister as a key stakeholder.

They have an excellent communications executive so we don’t have to micro manage their communications, like we have to with some of our other rural water authorities; he keeps us absolutely in the loop on what media they are getting and we know that he is bomb proof; he has shown us his integrity; he is very good at managing and dampening down controversial issues and background.\textsuperscript{357}

Minister’s advisor

In contrast, one perspective of Melbourne Water is that it needs to manage better, ‘every now and then we have to give Melbourne Water a bit of a smack…they get a new communications manager who says I can make a name for myself here’.\textsuperscript{358}

Managing Director Water Retailer

This view is not shared by each of the managing directors.
It could be that this idea of ‘smacking’ is an expression of rivalry by this particular managing director, and may be associated with how Melbourne Water has behaved in the past, rather than how the organisation is performing stakeholder engagement now. It is as if it is easier for this stakeholder to hold Melbourne Water in mind based on past behaviour and experiences, rather than to allow for the possibility of a new way of working. Stakeholder engagement is a two-way interaction. Stakeholders too must be able to allow for a new way of working together.

For one retailer, the memory of the past influences how Melbourne Water is thought about today. In their opinion, Melbourne Water needs to continue to change.

Melbourne Water as an entity has a long way to go; it still for me, has the persona of a big bad monopoly…it isn’t customer focused; we don’t feel like customers, apart from going to the ESC every five years to ask for a price for water, they are not really accountable to anybody. They have no competitive pressure…we feel we have no choice and we feel like we get what we get. Quite often when things happen it feels like we are second to know, or last to know…there are a lot of policy and operational things that happen which affect us as well, and quite often we don’t feel that they are including us in that process…there is a sense that Melbourne Water knows best…we are like the naughty children who left home too early.\(^{359}\)

Managing Director Water Retailer

The new way of working that Melbourne Water is adopting is supported and admired. But for one stakeholder, it appears to be important (perhaps unconsciously) to hang onto the past and keep Melbourne Water in their historical role of arrogant autocrat.

Coming from the background they have had and trying to make the transition they’re making, that ‘s a big leap of faith, they’re really exposing themselves in doing that. You know, some of the hard core people really feel very, very exposed about that and as a result they do get belted and there is lots of mistrust about what they’re trying to do and that will sort of have them retract back into their old behaviours and one of my other colleagues does not trust them at all …treats them with suspicion.\(^{360}\)

Managing Director Water Retailer

For Melbourne Water to be treated differently by these stakeholders they will have to ensure the new way of working is consistent and effective, and ripples out across all organisational members.

The difficulty of enacting a new way of working is of course very challenging when the behaviour of individuals they are interacting with externally, exhibit similar shadows and limiting behaviours.
8.5 Relationships between the water retail companies and Melbourne Water influence collaboration

In the current environment, when decisions have to be made about alternative water sources and the sustainable supply of water, relationships between individuals in these stakeholder groups are critical. These groups must work collaboratively.

What is important is the relationships and that really is the fundamental issue I think facing all of us but Melbourne Water more so. They’ve been so used to being able to make decisions by themselves and they’re now in a world where to achieve the outcomes they want to achieve they have to make decisions collaboratively and that along with a couple of other things is at the very heart of the change that they’re going through.  

Managing Director Water Retailer

Although formal agreements such as supply contracts technically define roles between the retailers and Melbourne Water, there does not appear to be an alliance type agreement or understanding or acceptance of different roles or responsibilities. The managing directors have been meeting monthly for more than a year as a group, with the intention of working together on water issues. This group reports repeated examples of conflict between specific members.

The relationship between these managing directors is ever present in the meetings and it is disruptive. It takes months for a shift of viewpoint and that is very time consuming and very unproductive; personality and style exacerbate the problems.

Managing Director Water Retailer

The group is now working with an independent facilitator, however there is still tension.

It’s got virtually nothing to do with the content and it’s not about some fundamental difference of approaching how you’re doing things. There will be some that will hold a view that say we all can’t agree with Melbourne Water on the direction with trade waste because they have one view and we have another, my personal view that’s got nothing to do with trade waste, it’s got to do with the behaviours and there’s some more deeply embedded issue there around our behaviours and our interaction that’s stopping us coming to a common ground.

Managing Director Water Retailer

One belief is the structure of the water industry makes it unworkable and contributes to poor relationships.

I reckon that if from the dams and that connection point there, if that whole relationship is owned by one entity, then that one entity would actually be able to make effective trade off decisions between reuse vs. cost vs….because one entity balances everything and comes to the right decision.

Managing Director Water Retailer
There is agreement that some decisions must be done collaboratively, ‘the really big things we have to deal with (for example, water shortages) we have to deal with together. We don’t really have any choice about it’.365

8.6 Imagining the water retailers as customers or partners

The retail water company’s managing directors each spoke about being customers of Melbourne Water and wanting to be treated with priority. For one, this was (at least) about having a car park and pleasant greetings from the reception desk and an attitude of customer service, ‘I’m suggesting that a customer service ethos needs to be embedded in every employee’s head..it is an attitudinal thing’.366 They want to be treated as a customer which means ‘having a couple of key account managers all over us, and knowing our business intimately and doing whatever it takes to service us’.367 In each interview we explored this idea of customer, instead of stakeholder, attempting to find out what would be different. It seems there is a perception that Melbourne Water ‘do not show a great deal of interest in our business, and it is not intuitive for them to think about the impact of their decisions on us, even though we are essentially their customer and we are paying their bills’.368

There is not shared understanding or agreement about who the customers are or whether customers are shared, ‘they don’t get the fact that the mums and dads out there are not their customers directly, we are their customers and the mums and dads are actually our customers’.369 This requires the retail companies to present themselves to Melbourne Water as a customer, ‘we have got to actually present ourselves as a customer and have dialogue with them as a customer. Here is our customer requirements (type of thing) and keep using that word customer so they see us in a different light’.370

There are examples of close working relationships between the managing directors of the water retailers with the managing director of Melbourne Water. Partnerships are developing and the goal is a joint approach.

As of probably only five years ago we just saw ourselves as providing a pipe into the properties and a pipe out of the properties and that was it and if a customer came along and said look can you help us a little bit with a greywater system or a rainwater tank or a storm water solution we’d just say hang on a minute, that’s not our jurisdiction. We’d pull out our terms of reference that had been handed down from the Government and read that to them and say, no, no we only do that and we don’t go beyond. So ourselves and Melbourne Water are both going through this fundamental change where we don’t – you’ve got to be a little bit schizophrenic. I mean I liken it to just not seeing the boundaries and just figuring out how you’re actually going to make the solution work and so I guess an example of what we’re trying to do in that space, we’re trying to
develop with Melbourne Water and Southern Rural Water and the Councils so there’s four generic parties there, councils are made up of many of them of course, we’re trying to develop an integrated water management strategy because what we realise is when we go out to the customers they don’t much care (who does what).

Managing Director Water Retailer

There are many meetings, committees, and other activities in which a variety of staff from each of the water companies and Melbourne Water are meeting on a regular basis.

We have an enormous amount of steering groups or steering committees or working groups with Melbourne Water across the industry. In any point in our day, ten percent of all retailers’ staff are meeting with each other because there is so many things we cannot do on our own.

Managing Director Water Retailer

From this it appears there could be better utilisation and efficiencies gained by finding some way of sharing resources.

**8.6 Interpreting the data**

Each of the external stakeholders interviewed in this research are stakeholders of each other and Melbourne Water. Relationships between them are influenced by a variety of factors including the political environment. The Minister’s office needs advice from these groups to ensure decisions made by the Minister are well supported and highly informed. If decisions the Minister makes represent the ‘right thing to do’ based on all available data he is more likely to be able to argue his case to treasury (for funding), and to the community, which is composed of voters. If an unpopular decision is made, the political party the Minister represents will find it harder to get re-elected. Therefore there is a reliance on each water retailer, and Melbourne Water to provide accurate advice. If the advice is poor, the potential risk is that the Minister may impose another restructuring of the water industry, which could result in each of the organisations being affected.

The intellect they provide the Minister comes as a result of working with individuals and groups, and understanding community issues. Melbourne Water describes such groups as community, and the water retailers appear to refer to them as customers. The different words used to describe these groups provide some insight into how stakeholders are thought about by the different groups.
My impression during the interviews was that Melbourne Water is highly regarded, and although it was not discussed, perhaps the role of Melbourne Water managing director is desired by some of those I interviewed. On the one hand, there was positive commentary about Melbourne Water’s engagement activities, and on the other, there was a desire for better customer service.

It is possible that the idea of a customer conjures up a different relationship, one that is more clearly defined than that of a stakeholder. A customer will buy, whereas a stakeholder has to be engaged. Selling water may be a clearer, more bounded task than engaging with stakeholders to take care of rivers and creeks. Engaging may require a long-term commitment, (perhaps even marriage) whereas a customer relationship may be transactional.

These groups have to work together to ensure a safe and sustainable water supply to Melbourne. While Melbourne Water is the controller of the bulk water supply, the retailers will be reliant on them to provide water for sale to their customers. If the retailers were able to source their water elsewhere (for example, interstate or through water trading), the relationship may change.

Earlier in this thesis, I wrote about the anxiety of engaging with stakeholders. If we consider this in relation to the water retailers and Melbourne Water, it is conceivable that the anxiety associated with these organisations engaging with each other, is related to the risk of being subsumed into one organisation, and losing their unique difference, and potentially becoming like the old arrogant MMBW. One interpretation may be that this is an unconscious group dynamic and is strong enough to keep the groups working at a superficial level, rather than working below the surface and discovering how they can work together whilst still maintaining their individuality.

8.7 Summary
The clear theme emerging from these interviews is that Melbourne Water is engaging with its stakeholders effectively. There is a sense of ‘sibling rivalry’ between the retailers and between the retailers, and Melbourne Water. This is compounded by the structure and history of the water industry in Victoria, and it is also political. Each company has a close relationship with government and continues to represent government in every policy and interaction they have with the customer. The companies have not yet totally, worked out how to be in alliance with each other, although it seems there is willingness for this to happen. Ego, personalities and
different philosophies intrude which reduces the capacity to act holistically and open up
the space for a new way of working together. However, at the time of the research,
facilitated meetings are happening between the managing directors with the hope this
space will be created.
Melbourne Water is taking the lead on this. It is a delicate tension, at times they are
held in the role of the past autocratic paternalistic organisation, and at the same time,
they are expected to treat the customers (the retail companies) with greater priority and
as partners. Yet, they are also expected to do this as if they are the leader, the big
brother, or the father of the industry. Melbourne Water must practice its own ‘negative
capability’ and lead the way to a co-operative and shared new way. Building
relationships is fundamental to the task of stakeholder engagement and dependent on
the way individuals conduct themselves. Individuals who practice negative capability
are more able to work in this space of ‘not knowing’.
The concept of negative capability and how it can be utilised to improve the way
Melbourne Water engages its stakeholders to create effective change will be discussed
in the next section.

Notes

336 See appendix 1.
338 Water retailer p75
339 Water retailer p3
340 Water retailer p12
341 Water retailer p3
342 Water retailer p92
343 Water retailer p76
344 Water retailer p19
345 Water retailer p12
346 Water retailer p76
347 Water retailer p77
348 Water retailer p103
349 Minister’s advisor p35
350 ibid
351 Minister’s advisor p38
352 Water retailer p14
353 Water retailer p16
354 Water retailer p98
355 Water retailer p101
356 Water retailer p102
357 ibid
358 Water retailer p74
359 Water retailer p74
360 Water retailer p105
361 Water retailer p109
362 Water retailer p82
363 Water retailer p113
364 Water retailer p18
365 Water retailer p4
366 Water retailer p86
367 Water retailer p98
368 ibid
369 ibid
370 ibid
371 Water retailer p110
372 Water retailer p10
Chapter 9. The importance of negative capability in stakeholder engagement

9.1 Introduction
In this chapter I will discuss the importance of developing the capacity for negative capability for individuals and teams across the whole of Melbourne Water. Put simply, negative capability is the ability to work on the edge of not knowing. This idea used by Keats to describe a desired situation for the poet, was developed further by Bion and applied to a desired state for the psychoanalyst to adopt when working with his patient. The concept of negative capability is explored in the context of stakeholder engagement and the difficulties associated with an urgent need to engage with other groups, all of whom have a role to play in changing the way people think about and use, water.

9.2 Complexities of ‘working together’
The Melbourne Water vision includes ‘working together to ensure a sustainable water future’. Key to this are the ideas of ‘working together’, and ‘a sustainable water future’. The organisation is near the end of a transition from the old Melbourne and Metropolitan Board of Works to a new Melbourne Water. It is no longer an authority unto itself but works closely with the Minister, who also gets advice from other groups (such as the Department of Sustainability and Environment and water retailers). To achieve a sustainable water future, groups with formal and informal authority for water related activities must bring their expertise and knowledge together.

Employees of Melbourne Water are skilled in engineering, managing waterways and maintaining a safe water and sewage system, and are developing their skills of collaboration, partnerships and alliances. They cannot ensure a sustainable water future without engaging others. Such others include water retailers, who buy water from Melbourne Water and sell it to customers; landowners who manage creeks and riverbanks and billabongs on their properties; and hundreds of community groups who tend the waterways and catchment areas, ensuring biodiversity is protected. It also includes education providers ensuring that water use and care of the waterways is important to everyone. The list goes on (councils, government agencies, developers, extractors, plumbers, other utility providers and so on).

The research presented in this thesis indicates that engaging with external stakeholders is complex and difficult. The complexity is due to a multiplicity of factors.
I. It is often difficult to know the composition of external stakeholder groups, for example, who is a stakeholder and who is not. Some stakeholders appear obvious, such as funding bodies, ministerial departments, and ratepayers. Transactions with groups like these are essential either for the organisation to remain financially viable or to comply with government policy or regulation. Other groups such as the ‘community’ seem more nebulous. It is (perhaps) desirable to engage with them, but there is no certainty about just who in the ‘community’ is to be engaged – is it a specific community member, or a defined community group, or is it all of the community, and who in the community believes they should be considered as stakeholders? And if it is the whole community, how could this ever be accomplished, given the size of the community, and the reluctance some individuals have about getting involved, and the finite resources available with which to engage.

Determining who to engage is reliant on the purpose of engagement. At times, the purpose of engagement is muddied by the need to create goodwill and build reputation but also to implement a particular activity, or apply a government decision (such as building a water pipeline). This means that at times, it is unclear how much engagement is enough, and staff can feel worn down by engagement activities with persistent stakeholders. Because engagement is considered a ‘soft’ activity, it is not awarded the value that technical activities are given. This may result in stakeholder engagement not being prioritised.

II. Ensuring engagement is occurring with the most influential person or group is reliant on the information received about stakeholders. In defined groups such as the water retailers, or government agencies, whilst the purpose of engagement is clear (that is, strong relationships will facilitate the capacity of all organisations to ensure a safe and sustainable water supply to Melbourne) just who in the organisation has the authority to make things happen is not always obvious. Role title may indicate formal authority, but, as is the case of Melbourne Water, informal authority and influential power, resides in individuals who have been around the organisation long enough to know who to go to, and how to get things done. Obtaining this information relies on strong relationships with individuals in external groups. The stakeholders and the organisation depend on each other to provide accurate information. If the relationship between groups is poor, information may not be forthcoming or it may be limited by mistrust.
III. Prioritisation of stakeholders enables effective engagement, particularly in situations of limited resource. It takes time to work out who stakeholders are, and once that forms, decisions need to be made about how much time, effort and other resources are invested into the engagement. This becomes a prioritisation of stakeholders; the seemingly most important stakeholder, because they are considered important (for a variety of reasons), gets more time and resources than a stakeholder deemed less important. How importance is determined is another complicating factor. Importance may be because the stakeholder group is considered powerful, perhaps because they have the potential to block work activities, or their importance may arise from owning something that is about to be disrupted, such as the case of entrenching a large water pipe into someone’s private property. They may be important because of their potential to attract media attention. As a result the Minister will perhaps receive poor publicity and then the relationship between Melbourne Water and the Minister can become difficult. This may encourage Melbourne Water to revert to old habits, and take a command and control, authoritative approach in their behaviour.

IV. Stakeholder importance is relative to the purpose of engagement, and the value of engaging is not always easily demonstrated, even within the organisation. The engagement may be about developing relationships and improving company reputation – something that is experienced rather than seen, where perhaps benefits are not immediate and not easily measured, qualified or evaluated. Because they are not so obvious or so easily described, it is harder to prove the worth of activities based on this intent. In turn, it is difficult for work teams whose task is to improve relationships with stakeholders, to be seen as valid, particularly by groups who are undertaking tasks that are easily demonstrable, such as those undertaking technical aspects of the work, for example, financial analysis or technical specifications for construction.

V. Finally, having made the decision about who to engage, the difficulty then, is to design engagement activities that facilitate each person’s participation, with the knowledge that there is a variety of preferred participation and learning styles in every stakeholder group. Working in small groups of seven to ten participants, using dialogue, and a model of self management in which one person acts as
the discussion leader, another acts as the recorder, and another acts as the reporter, whilst all members contribute to the conversation, enables everyone to have a say, and to be heard. However, some participants prefer technology, and perhaps to listen rather than speak, or maybe to have diagrams with flow charts showing where connections are occurring. Furthermore, other participants prefer a hands-on approach, handling models and tools, and possibly having the opportunity to have one-on-one conversations. There are other differences in the attendees of engagement activities. Some individuals in the community present themselves at stakeholder engagement workshops, and use the opportunity to politick, to promote themselves and their opinion. These types of individuals are often more reluctant to listen to others’ ideas.

At other times, it seems that stakeholder engagement activities with the community, provide some community members, the opportunity to be noticed, to show their importance, and they participate in a disruptive manner: ‘grandstanding’, loudly proclaiming their opinion and hijacking the engagement activities. This may happen in city hall type engagement activities, where large groups are fed didactic presentations. All of these interventions require capable and effective facilitation, and in particular, the experience and capability of working with group dynamics. Therefore the organisation has to be strong in its facilitative capability. This may require the engagement of external stakeholders (facilitators) to ensure stakeholder engagement interventions are managed effectively. Engagement becomes circular, as the organisation has to engage good stakeholders to be able to engage other stakeholders.

VI. The environment of the engagement activity also influences the design of the event. For example, when the engagement purpose is to inform stakeholders about an increase in water rates, emotions may be high as stakeholders fear increasing financial costs. A highly emotive environment is infectious, and can lead to argumentative and hostile workshops. The host organisation’s employees leave the engagement activity, feeling bruised and battered by the hostility shown by the community, and reluctant to face stakeholder engagement situations. Other situations seem simple and relaxed yet can unexpectedly become difficult, such as when Melbourne Water staff (as described in the interviews) have to defend the actions of Melbourne Water, at a social event, such as a barbecue. Even on these social occasions, staff members are expected by the public, to be able to comment on water supply,
the drought, water costs and so on. Employees want to maintain the reputation of Melbourne Water, and they also know they are ‘on their own time’, but they have to wear ‘two hats’ and act, even in social situations, as if they are in the Melbourne Water role. This has happened often enough for the Melbourne Water communications department to develop a series of ‘barbecue stoppers’ – standard answers to be used when difficult questions are asked. These ‘stoppers’ are designed to protect the employee.

The complex and chaotic nature of stakeholder engagement, and an awareness that engagement can occur at any time, anywhere, coupled with the knowledge that activities may become emotionally difficult, and group dynamics suddenly change, can lead to an individual experiencing wariness about undertaking engagement. For them, it would probably be easier to leave this work for someone else to do, someone who likes that sort of work, perhaps as demonstrated in this case study, the people who work in communications. However, the employees of Melbourne Water cannot totally offload the act of engagement to someone else, because they are at all times, at varying levels, engaging with the public and simultaneously acting as a representative of Melbourne Water. This seems to be the norm in current organisational life. We ‘are’ our jobs. In addition, the organisation has to adapt to the changing relationships it has with stakeholders. Each organisational member must be given opportunities to develop skills and capability to improve, and learn to be available and curious to what they may hear and learn from stakeholders. They need to develop the capacity of negative capability, and in turn, the organisation will continue to develop its capacity to successfully engage stakeholders.

9.2 Negative capability

In 1817, after attending a Christmas pantomime, the poet Keats in a letter to his brother used the words ‘negative capability’ to describe a state in which a poet’s imagination is ‘capable of being in uncertainties, Mysteries, doubts, without irritable reaching after fact and reason’. Bion, utilising this concept, related it to the state of mind required by the psychoanalyst to facilitate an analysand’s understanding, suggesting the analyst should retain ‘patience without ‘irritable reaching after fact and reason’ until a pattern ‘evolves’. In other words, the psychoanalyst should bring to the analysis an open and mindful space between knowing and not knowing, and allow the emergence of new thoughts or perceptions. The psychoanalyst using negative capability would assume an approach that enabled him to ‘refrain from memory or desire’ and to listen without
assuming or jumping to a pre-formed answer, being able to think in the here and now, with what was present, without escaping to preconceived certainty or answers.

In the engagement between the analysand and analyst each person has his own expectations. The person seeking analysis either consciously or unconsciously projects his hope for ‘truth’ and certainty to the analyst, as if the analyst knows all there is to know. The analyst feels the pressure of hope and the possibility of providing expert advice for the client. Bion’s theory suggests that holding to a particular point of view and restricting one’s thinking to come from a place of knowing (or being certain or correct) is a defense against the feeling of anxiety that comes with not knowing. When we don’t know we experience the limits of our knowledge and the feelings associated with ignorance, such as embarrassment, anxiety and discomfort, particularly if we are in a role in which we are expected to know or it is assumed we will have the ‘right’ answer. The analytic scenario, at a simple or normative level implies that the therapist will know more than the analysand and can provide answers, which in turn will assist the analysand to better understand him or herself. Betts draws attention to the language used in clinical situations, for example when working with a patient, the clinician may say ‘what you really mean is…’ rather than opening up and allowing a new thought which could occur with words such as, ‘you probably know what you are talking about, but perhaps there is further meaning to meanings to what you are conveying’. This approach often opens the dialogue and allows something new to evolve, rather than the analysand constructing an answer to validate the analyst’s assumptive and ‘know-all’ approach.

The analyst able to search for new thoughts might work at the ‘edge of knowing’; able to suspend judgement and engage with the situation as it is in the present, rather than ‘fly into activity and telling’. The analyst who is able to hold this frame of mind, and able to contain his or her own anxiety creates a container for the anxiety of the analysand, which enables the work done between them to be more effective.

Handy, writing about individuals' developing their potential, applies the meaning of negative capability to ‘include the capacity to live with uncertainty … to live with mistakes and failures without being downhearted or dismayed...Getting it wrong is part of getting it right…negative capability is an attitude of mind which learners need to cultivate, to help them write off their mistakes as experience’. French extends the concept further to individuals and organisations and describes negative capability as the capacity to tolerate ambiguity and paradox.
To engage in a non-defensive way with change (rather than react), to integrate emotional and mental states (rather than dissociate), adapt, shift and adjust as necessary, allowing (their) minds to be changed for the sake of the task. Negative capability can help us stick with the stark and at times frightening reality that in conditions of change we simply do not know.\textsuperscript{382}

French, Simpson and Harvey\textsuperscript{383} argue that Negative Capability is the key to creative leadership.

Whereas, positive capabilities direct leaders and followers toward particular forms rooted in knowing, Negative Capability is the ability to resist dispersing into inappropriate knowing and action.

I have earlier described the idea of containment and now link it to the concept of negative capability. Each of us has the potential to hold or contain emotion of one’s self and also on behalf of another. Some have greater capacity than others. Winnicott (in Simpson)\textsuperscript{384} suggests this capacity evolves as a result of the ‘facilitating environment’ created by the child’s relationship to his parents or carers. A nurturing environment is provided usually through the mother, who seems almost to be able to predict what is required for the child to be comfortable, as if she can read his needs or think his thoughts for him, increasing the ability of the child to tolerate frustration. The mother by providing a ‘good enough’ facilitative environment, contains on behalf of the child, what he cannot tolerate, and is unable to hold for himself. Similarly, an effective analyst is able to contain his or her own emotions and desires for results, and stay in the present while tolerating ambiguity, practicing negative capability and containing the emotions of the analysand, to enable the work of the analysis to evolve.

The idea of negative capability is extended to coaching individuals and consulting to organisations. Mersky\textsuperscript{385} uses the concepts of containment and holding in her role as an organisational consultant and argues the consultant role includes the task of holding and the ability to create a non-threatening container for the client’s projections. She draws on Bion’s concept of working without ‘memory and desire’. These capabilities, of containment, holding, and negative capability, are all important for the successful engagement of stakeholders.

Engagement with stakeholders is an intentional act to create greater potential, the symbiosis of two or more individuals or groups, working together, in relationship, to build mutuality. I propose that effective stakeholder engagement requires the host (Melbourne Water) individual (employee) to be able to work at the edge of certainty and
uncertainty, to be both knowing and unknowing, and to be able to hold and contain what is happening in any particular moment. This I describe as negative capability.

In terms of stakeholder engagement, negative capability can be thought of as the ability of organisational members to ‘contain’ anxieties; to have the capacity to ‘hold’ to role in situations of ambiguity, where there is lack of clarity, and to be able to tolerate frustration when it seems they are at the edge of their knowing. By ‘hold’, I mean the capacity for an individual to access all their knowledge, expertise and skills, and bring this together with the (traditionally described) ‘softer’ skills of patience, active listening, and, hold the capability of not reacting, not ‘doing’. Being available to this way of working with stakeholders allows something new to evolve. For the staff of Melbourne Water, this means developing the capacity to engage in a non-defensive way, to put themselves in the stakeholder’s shoes, and not respond to pressure to react. Individuals who have developed in this way are self-aware and capable of empathy, they are able to resist having to know the ‘right’ answer, and resist having to achieve preconceived outcomes. The individual acts with humility, can tolerate uncertainty and has faith in stakeholder engagement to create new possibilities in the working relationship. For example, in a situation where the immediate mental response is ‘no way - impossible’, the alternative ‘negatively capable’ response is, ‘what is possible’? This is not to suggest that regulations are ignored or organisational values are compromised or manipulated, rather, the individual will combine all of this with the capability of staying with the mental challenge of not knowing; staying curious, willing to learn and know more, through effective engagement with the stakeholder.

This idea of negative capability and engaging stakeholders may be confusing, as we are used to thinking about positive attributes as strengths, rather than developing a negative ability. A useful analogy may be to imagine the construction of a water reservoir. The walls and base form a structure to hold an enormous amount of water; the drawings, construction and effort are mechanical, technical and clearly detailed; yet, the reservoir is not complete until water has been captured and contained. The water and the walls together are the ‘whole’ reservoir. When engaging with stakeholders the walls of the reservoir are, figuratively, all the planning, preparation, and steps taken to involve stakeholders. The water, which metaphorically forms the ‘whole’ of engagement, is that aspect of the engagement process reliant on how the organisational member behaves, and her ability to work with uncertainty, and stay at the edge of not knowing, to be able to work with emergent information. Together, these aspects contribute to strengthened stakeholder engagement.
If we were to observe an individual demonstrating negative capability whilst engaging with stakeholders, we would experience behaviours such as listening with intent, rather than interrupting or responding with a preformed response. The individual is able to tolerate periods of quiet without interjecting to relieve her discomfort. Someone who does not have negative capability is continuously responding with an answer or defending her response, she is unable to tolerate the frustration of not knowing, or being at the end of her knowledge. To feel as if we do not know, is akin to feeling incompetent, which is uncomfortable and provokes feelings of anxiety. A person who has developed negative capability is able to rest with her own anxiety when unsure, rather than becoming defensive and arguing a point. Working in this way, requires learning about one’s self rather than following a prescription or using a set of prearranged responses. This capability is the ability to rest with the knowledge that one has reached the end of their knowing, and is now in the place of ‘not knowing’. Developing negative capability is about learning through mistakes, and learning from the experience. Mistakes provide opportunity for a new thought or way or working. Just as music is more than what emanates from the quavers and beats on the manuscript, negative capability is more than a prescribed way of saying things or behaving. It is a way of being, and is influenced by personal ability, the behaviour of other people in the engagement and the organisational environment where the engagement occurs.

By way of example, during the research I presented data to the reference group for their interpretation. In one of these meetings, the idea that every member of the Waterways leadership group may not be prioritising stakeholder engagement was raised. For some interviewees it seemed that stakeholder engagement was something that had to be done, but this was because the board dictated it rather than each leader believing stakeholders were potential collaborators. One member of the research reference group suggested this issue was because the rest of the organisation did not understand the role of the Waterways Group and therefore couldn’t grasp what was occurring. Another member responded with an alternative view, suggesting that if engagement was being undertaken in the best way it could be, the question was, what could it look like for this group, and what would they be doing to engage other teams across Melbourne Water? This intervention moved the group to imagine ways of working together, with their colleagues, rather than projecting blame out to an anonymous group somewhere else in the organisation. In contrast, when I presented a report of the research to the leadership group of Melbourne Water, one individual persisted in locating blame in the behaviour of external stakeholders. In this meeting,
he was not held to account for these unhelpful comments. However, two other leaders used his comments to provide an alternative view. They asked facilitative type questions, such as, what are the actions we could take, and how could we behave to get greater understanding of those stakeholders? These two leaders were displaying negative capability. They did not join in the blame conversation. Instead, they showed courage to propose a different opinion amongst their group of peers. This action was courageous because they decided not to take the easier option of locating blame externally, rather, they owned the situation and identified that Melbourne Water had a greater chance of success by changing the way it worked, rather than expecting an external group to behave differently.

Tolerating not knowing is uncomfortable, and it is also difficult to resist the pressure of reacting. This pressure is clearly evident during the planning and enactment of stakeholder engagement at Melbourne Water. For some individuals there is an expectation that they are experts, they ‘should’ know and it would be embarrassing not to know. Developing an understanding of one’s valency to always have an answer (flying away from resting with unknowing) provides the individual with a first step toward the development of negative capability.

9.3 Building organisational negative capability

The emphasis with stakeholders has changed from ‘just tell them’, to ‘working together’. This may be interpreted as, ‘when I work with you, I have to find out what your needs are, how I can assist you, what you need from me, what your drivers are, and whether our values can facilitate us working together’. To do this effectively, members of Melbourne Water, have to come to a space of ‘us working together’. This requires a spirit of generosity; an approach that is genuine and a common understanding to believe in each other and develop relationships. Such an approach requires an individual to acknowledge they know some things, but do not know all; that there are new possibilities that will emerge when working in relationship with another. Not knowing the outcome, not predetermining what will happen, or how it will happen, or forcing others to think in exactly the same way is part of negative capability. They have to be prepared to work with the unknown and at times chaotic, uncontrolled, ambiguous dynamics to strengthen associations and connect with each other. Over time, through meetings and learning about each other’s needs, the relationship is strengthened, trust is built and belief in each other accumulates.

Working together across the organisation and sharing experiences of engagement provides opportunity for new thoughts, learning, imaginings, and creates possibilities for
strengthened engagement processes. It also provides the space to talk about mistakes, how engagement activities didn’t work, and the problems experienced and how their actions contributed to these difficult situations.

The people at Melbourne Water have many informal ways of sharing information across teams however, this is sporadic and ad-hoc, which leads to gaps in knowledge about stakeholders. They can improve their capacity to learn about stakeholders and create opportunities to build negative capability in individuals and teams. The use of action-learning groups provides an organisation with improved networks of information sharing. Groups such as these, have ‘whole of system’ representation, and are composed of representatives from teams working in different areas of the business and across different projects. Each small action learning group (seven to ten people) meet regularly (in normal working hours) to share dialogue about experiences working with internal and external stakeholders. These groups are designed to be reflective and also focus on each individual’s development. In these groups, a safe space is created for members to disclose challenging issues or confusing reactions, and work together in dialogue with other members of the group to develop better ways of responding. Action learning groups can report their learning to the whole of the business in a regular exposition of stakeholder engagement. One outcome of learning in this way is greater knowledge-sharing across the business and individuals improve their ability to be reflective. Increasing this capacity will flow on to the way stakeholders are thought about and should strengthen the capacity for engagement. A reflective way of working encourages people to resist the pressure to react, is more creative, flexible and adaptive. In this way, the organisation builds its negative capability.

Coaching and supervision are other reflective methods that provide opportunities for one-on-one or group development. Organisational mentoring also provides one-on-one time for individuals to share concerns with others in the organisation who have mature wisdom and can offer guidance. Experiential learning approaches may include organisational role analysis (Newton, Long, Sievers 2006) or coaching using a systems-psychodynamic model (Brunning 2006) or participating in group relations training conferences, such as those facilitated by Group Relations Australia. Additional reflective learning methods include the use of a journal to document situations, experiences and personal thoughts.

Organisational leadership models that demonstrate negative capability are important. Organisational stakeholders, both internal and external, observe and learn about the organisation through the behaviour of the leaders. The leader who acts with generosity
and who risks transforming an organisation into a service model rather than an arrogant authoritarian institution shows courage, and displays values that demonstrate the value of people working together. Individuals who remain arrogant, who don’t develop capacity to be patient, and work together, should be encouraged to move out of the organisation. Negatively capable leaders are able to tolerate and work with the emotionality of their work, and bring it into awareness; sharing the risk of doing something different, thinking a new thought, requires negative capability.

I recognise that in this discussion I take a proactive view of the development of negative capability in helping the organisation to develop its stakeholder engagement strategies. This is because I can see the improvements that such a change might bring and have found in my research many instances of difficulties in not listening to stakeholders. However, to remain consistent with the ethos of the idea of negative capability, I cannot be certain that organisational capacity in this area is the answer to all issues in stakeholder engagement.

1. In the first place not all members of the organisation will be able to think or work in this way.

2. Second, organisations often require members who can act as experts and retain some certainty about what they do. This may give stakeholders a feeling of trust in expertise and belief in decisions made by the organisation. If everyone lives in uncertainty and takes on the role of exploring what the stakeholder thinks, then a public image of an organisation that ‘doesn’t know what it is doing’ might emerge.

3. It may be that people with a mixture of capabilities is most progressive. Entrepreneurs, for example, tend to combine curiosity and openness to new ideas with a stubborn doggedness about what they think is right.

4. Finally, listening to stakeholders usually involves listening to their most vocal members or to a limited group of representatives. The ‘silent majority’ may be missed. In the end, organisation members have to employ good judgement about their decisions.

9.4 Summary

Melbourne Water is one of several organisations that need to work together to ensure Melbourne has a safe and sustainable water supply. To achieve this goal a holistic system-wide approach is needed and this means people have to work together.
Traditional authoritarian approaches will not bring outcomes that see everyone involved in conserving and protecting the water supply, therefore new ways of working together, as one community, with a variety of expertise, need to be developed. Melbourne Water is undertaking a cultural transformation program, and utilising action-learning teams, to develop senior staff to be more reflective and less reactive in their management style.

The leadership of Melbourne Water is working with other leaders in the water industry to facilitate transformational change in the way Melbourne people think about and use water. This relies on the capacity of the leaders to work at the edge of not knowing, and allows a new idea to emerge alongside their more traditional expertise. This is the ability to demonstrate negative capability.

Notes

373 Bion W. 1970 Attention and Interpretation
374 http://www.melbournewater.com.au/content/about_us/about_us.asp
376 Bion W. 1970 Attention And Interpretation p124 - 125
377 Bion W. 1970 Attention And Interpretation p31
380 Handy C. 1995. The Age of Unreason. p 56
382 ibid p 482
385 Mersky R. 2001 ‘Falling From Grace’ – when Consultants Go Out of Role: Enactment in the Service of Organisational Consultancy. p 38
386 for more information see http://www.grouprelations.org.au/
Chapter 10. Concluding comments

This thesis has described the conditions required, and activities undertaken, to engage stakeholders at Melbourne Water, to create effective change.

The initial hypothesis proposed that whilst stakeholder engagement was fundamental to achieving a safe and sustainable water supply, the many different stakeholder engagement activities being undertaken by a range of individuals and teams across the organisation were not fully understood within the organisation. This led to questions about whether the activities were effective.

Another aspect of this hypothesis was that if effective processes were taking place, they should be measurable, and therefore might provide concrete evidence that Melbourne Water is effective at stakeholder engagement. Key stakeholders surveyed through interviews in 2004, had suggested Melbourne Water was arrogant and non-consultative, and needed to improve relationships with stakeholders. Subsequently it became important to clearly demonstrate to the ombudsman and the board, that stakeholder engagement was better than it had been in the past.

The research structure utilised the Waterways leadership group as a reference group. This provided a reflective space for all the data obtained through focus groups and individual interviews to be interpreted. Decisions were made in the reference group about how to address indications emergent from the data. Reference group members' input and advice guided the research journey.

Following the interviews of Waterways staff, it became evident that technical methods of sharing information about stakeholder engagement outcomes, for example, the computerised stakeholder management system, had been rejected, and many of the staff of Melbourne Water acted as if they preferred to share conversations about stakeholder engagement activities in a random and ad-hoc way. This meant that some of the rich information about stakeholders was not being shared. It was being lost, because the conversations about stakeholders were not happening in any strategic or structured way. Instead, conversations occurred in random places, for example, at the elevator, over a coffee, or in the kitchen. Paradoxically, conversations, when they occurred were very useful, and allowed connections to be made, which then benefitted various interdependent projects.

The affirmation that data was randomly shared, validated the idea that there was poor understanding of the effectiveness of stakeholder engagement across the organisation.
Additional data and anecdotal reports from the broader Melbourne Water staff, provided information suggesting that some stakeholders experienced Melbourne Water, at times, as internally non-communicative, ‘the left hand doesn’t know what the right hand is doing’. It was likely that because teams were not sharing information, the overall ability of the organisation to have effective stakeholder relationships was not reaching its potential.

In a random, synchronistic fashion, I was provided with one view of Melbourne Water from an external stakeholder (a managing director of a water retail company), who had direct interaction with Melbourne Water on a regular basis. This prompted further interviews involving each of the three water retailer’s managing directors, and other key external stakeholders including the Minister for Water’s department. Through these interviews, the overall message was that Melbourne Water was doing a good job of stakeholder engagement. Any suggestions these interviewers added, they believed, would be ‘icing on the cake’.

The Melbourne Water interviewees have described many activities, and provided creative suggestions for improvements. Moreover, the key external stakeholders had affirmed, that in their opinion stakeholder engagement with Melbourne Water was effective.

This raises the question of how do you know what you don’t know? Without the feedback provided by all the interviewees, how could staff members of Melbourne Water feel confident that stakeholder engagement was being undertaken effectively?

I have been working as a consultant to Melbourne Water since 2006, and my involvement has been focussed on facilitating stakeholder engagement activities. The research was completed in 2009. My observation is that many of the suggestions made by the interviewees have been heard by Melbourne Water leadership and are being implemented. Some of the initiatives are described below.

1. A transformational culture change program, which started in 2007, has been implemented at most levels of the organisation, and a new language is being adopted as a result. Individuals talk about acting more ‘blue’ rather than ‘red’. The colours\(^{387}\) denote behaviours; blue behaviours are desirable, red behaviours should be minimal. Blue style culture includes constructive behaviours related to achievement (exploring alternatives before acting and
learning from mistakes); self-actualising (realisation of one’s potential); humanistic-encouraging (high positive regard for others and their needs); and affiliative, (develop and sustain pleasant relationships) behaviours. Red style culture describes: behaviour related to aggressive and defensive styles; oppositional (critical, cynical and blaming); power seeking (controlling others); competitive (never appearing to lose); and perfectionist (avoiding failure). Anecdotally, individuals have reported to me their concerns this language may ‘whitewash’ (or ‘bluewash’) unacceptable behaviours. Their fear is that red behaviours are only just below the surface and will re-emerge in challenging situations. This remains to be seen.

2. There have been a variety of different approaches utilised to enable employees to make connections with each other to share information and better understand roles and responsibilities, in both work and social environments.

A leadership development program using action learning and reflection has enrolled senior and middle level management. There is potential for this to involve all staff members, however, at the time of the research, there was also some reluctance to take the program across the organisation. This may be related to resource implications, but I have no evidence of this.

I was engaged to facilitate organisation wide Open Space Technology (Owen 1997) workshops at the end of 2009, and these workshops were principally designed for individuals to make connections about common areas of interest across the business. There have been other internal making connections events, which provide opportunities to link with common ideas and share stories.

3. Mechanisms and strategies have been implemented to improve engagement processes. These include the 2009 – 2012 Stakeholder Engagement Strategy, (included in the appendix). This was the outcome of many interviews, a spreadsheet survey, a vox pop doorstop survey, and information from the engagement strategy reference group. My company was engaged to facilitate the development of this strategy and although it coincided with the research activities, the research process remained separate from this work. The research themes informed the development of the strategy. The strategy has a number of key activities over various timelines and is being implemented (right now) across the organisation, through a project officer and the community relations team.
Melbourne Water partnerships and alliances have established mechanisms to determine how they will work together and they tell me this is fundamental to their success. The community relations group host an innovation series of workshops, which are open to all staff. These include workshops on facilitation and other areas of self-development.

4. Some key projects, such as the north-south pipeline have challenged the reputation of Melbourne Water. In my role as the chairperson of the Regional Benefits Advisory Committee, I see different individuals constantly working with community members in difficult circumstances. They have been chosen for these roles and are remarkable in their patient and generous behaviour in difficult and emotional situations. This suggests that Melbourne Water is implementing an employment practice of selecting people that display behaviours consistent with their vision of ‘working together to ensure a sustainable water future’.

5. A key factor of all these enhancements is stable leadership. The general manager of Melbourne Water has been in the role now for five years and consistently conducts himself with confidence and humility. He is genuinely interested in every person he engages with and continuously models excellence in stakeholder engagement. The chair of the board of Melbourne Water made herself available throughout the research and she is proud of her reputation in strong effective stakeholder engagement. There is no doubt in my mind that she has contributed to the reputation Melbourne Water now has. However, she has recently resigned and there is now a different chairperson. It remains to be seen what affect this has on stakeholders and how they experience engagement with Melbourne Water.

6. There is more work to be done to continue to establish a collaborative and partnering relationship between Melbourne Water and the water retailers. One approach may be to devise a memorandum of understanding about roles and responsibilities between the parties, and to continue to meet regularly, both formally and informally to build more trusting relationships.

In February 2009, Victoria experienced its worst bushfire season, many lives were lost and properties damaged, in land near the north-south pipeline and other catchment areas. Melbourne Water employees fought with other volunteer fire fighters and
experienced losses themselves. The commitment showed by Melbourne Water positively influenced relationships with landowners and other key stakeholders. This event was obviously unpredictable but it showed that Melbourne Water is an organisation that employs generous human beings. The point of this is that at times, it is something unpredictable that shows whether stakeholders are truly considered to be important (or otherwise). It also suggests that people will unite against a common enemy. In this instance the enemy was the bushfire, perhaps the other enemy, less visible, but just as urgent, is climate change.

In terms of future research, the question now is how can Melbourne Water continue to engage stakeholders effectively, and how will it know it is effective? All the mechanisms that have been put in place over the period of the research will need to be continuously evaluated to provide evidence that stakeholders feel engaged and they are all working together.

There remains the question of effectiveness of engagement with stakeholders who did not participate in this research, for example, landowners, community groups, council staff and ratepayers. Effectiveness will be simple to evaluate with some groups, such as grant recipients; if the recipients comply with grant conditions, they are likely to continue to receive funds, and they will appreciate Melbourne Water’s beneficence.

However, for some others, working with Melbourne Water is challenging. Recently, the boundaries of Melbourne Water catchment area were extended, and (reportedly) landowners are being charged a water tax, even though they may not receive water from Melbourne Water. This tax, again reportedly, is about raising revenue to maintain the rivers and creeks that flow to the Melbourne Water supply. These people do not consider themselves stakeholders of Melbourne Water, but Melbourne Water are charging them as if they are customers and they are treated as stakeholders. I use the term ‘reportedly’ here because I have heard about this on radio, and read about it in the newspaper, and that is the limit of reliability of this evidence. However, this suggests that stakeholder engagement in this instance has been ineffective because the complaint has received media coverage as a bad news story. If stakeholder engagement had been effective, Melbourne Water would have worked out ways to engage these people to help them understand and live with the purpose of the tax.

It is possible the groups represented, or not represented, in the research process bias the data and interpretations emerging from this research. Further research of the many
and varied stakeholder groups is important to determine whether or not the actions
detailed in the engagement strategy and as described by the interviewees, are
actualising or simply espoused.

Evaluation remains a complicated issue. Some of the aspects of engagement are
difficult to describe, hard to see, almost ethereal. It is like trying to describe a flavour to
someone who has not tasted the meal. This reminds me of a meeting I had with a
winemaker near Beechworth about ten years ago. He has an international reputation
as a vigneron and as I was in the area, I was keen to buy some of his wine. I travelled
off-road and found him in his shed, surrounded by large tubs and other bits and pieces
that appeared to be tools of wine making. Although he did not sell wine from his farm,
he generously provided me with a tasting. As I drank he told me the story of another
bushfire, and how the smoke had infiltrated and damaged the grapes. They were
picked anyway and used to make wine. During the squashing of the grapes, people
(locals and travellers) in their bare feet, danced in the tubs, and told stories of the
bushfire and other stories of their adventures overseas. It was a time of loss and grief
and a time for newness and celebration. All of this was in his story. When I remarked
on the wine he had provided for my tasting, (which seemed to me to be manna) he told
me this was the wine, made from the grapes, smoked in the bushfire. The taste was
something very special, but I find hard to describe to you, the reader. It is as if you
have to be there, to get your own experience.

I think ‘knowing’ that engagement with stakeholders is effective is similar to the wine
tasting. All the mechanical, systematic, easily describable actions are in place at
Melbourne Water, and when used consistently, these will improve the effectiveness of
engagement. What is harder to measure is the attitude and personal conduct of each
member of staff, and how their personal style influences relationships with
stakeholders. Even in writing this dissertation I have found it very difficult and at times
frustrating (at the edge of my knowing) to demonstrate that all of this work has added
value. It is hard to describe something that is not just the object, but is both the object
and its shadow.389

In an attempt to get a better understanding of whether I have engaged my stakeholder
(Melbourne Water) effectively, I have shown some early chapters of the research to key
people in the Waterways leadership group; but that was some months ago, and I have
not heard back from them. On the one hand I am anxious that I may not have achieved
what they wanted from this research. On the other hand, I am hopeful the research into
stakeholder engagement has been of use to them as they plan activities with their stakeholders. It was conducted in parallel with all the other activities they were undertaking at the time, and as such, was more alive, especially to me. It remains alive now inside the organisation, as the strategy continues to be implemented and action-learning teams focussed on stakeholder engagement keep on meeting. My researcher role is complete, and again using the midwifery metaphor, I have handed the baby (all the data and interpretations) over to the parents (Melbourne Water) to guide its development.

Notes


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Appendix

STAKEHOLDER ENGAGEMENT STRATEGY
2009 – 2012
WHAT IS A STAKEHOLDER?
A STAKEHOLDER IS ANY INDIVIDUAL OR GROUP WHICH IS AFFECTED BY, CAN AFFECT OR INFLUENCE OUR WORK. THEY HAVE A STAKE IN WHAT WE DO.

AT MELBOURNE WATER, WE USE A RANGE OF TERMS TO DESCRIBE OUR DIFFERENT STAKEHOLDERS. THESE INCLUDE KEY STAKEHOLDERS, AGENCIES, COMMUNITY GROUPS, NEIGHBOURS, RATEPAYERS, CUSTOMERS, DIVERTERS AND OUR EMPLOYEES.

REGARDLESS OF HOW WE REFER TO THEM, THEY ARE ALL STAKEHOLDERS.
One of the major challenges we face at Melbourne Water is meeting the expectations and requirements of a diverse group of stakeholders.

At times we do this well. At other times we know that we could do better.

We want to be consistently recognised by our stakeholders as a reliable and trustworthy organisation that is willing to listen, work collaboratively and deliver on its promises.

This intent is consistent throughout Melbourne Water – from our employees to our Board.

As an organisation, we have been on a journey of continuous improvement to learn from our experiences and become better at engaging. Our commitment has led us to develop this Stakeholder Engagement Strategy – a whole-of-business approach to managing our relationships with both internal and external stakeholders.

Melbourne Water today is an organisation that embraces collaboration. It enjoys a culture which supports constructive behaviour and offers all employees the opportunity to be part of the solution.

The development of this Strategy has reinforced the fact that excellence in stakeholder engagement begins at home – with our own people. The respect we extend to our colleagues at Melbourne Water should be no more or less than that which we show to all stakeholders.

We need to keep each other informed and involved, and support one another in our endeavours. By sharing our experiences we can achieve a level of knowledge that enables us to improve our ability to form working relationships that will be beneficial to all.

For Melbourne Water, stakeholder engagement is about a process of continuous improvement – from identifying the purpose of the engagement and deciding who needs to be involved, to determining the level of engagement required, creating a stakeholder engagement plan, and evaluating the process and sharing this information to improve organisational capability.

With a commitment by all at Melbourne Water to practise great engagement, and a formal strategy in place to support our employees’ professional development in this area, we will be in a position to establish positive working relationships with all of our stakeholders, which will further enable us to deliver our vision of a sustainable water future.

Rob Skinner  
Managing Director
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OUR COMMITMENT TO STAKEHOLDER ENGAGEMENT

Our vision at Melbourne Water is to work together to ensure a sustainable water future. This is a future in which our water supply is secure and high quality, our waterways and bays are healthy, biodiversity is improved and stormwater and treated wastewater is recycled or beneficially used.

Our business involves the management of Melbourne’s water supply catchments, the treatment and supply of drinking and recycled water, and the treatment and removal of most of Melbourne’s sewage. We also manage the waterways and major drainage systems throughout the Port Phillip and Westernport region. Everything we do involves providing a service to the community.

To achieve our vision and business objectives we need to work collaboratively with our stakeholders. Our stakeholders are our customers, government departments and agencies, regulators and other water authorities, land developers, the community, suppliers, our alliance colleagues, and research organisations – to name just a few.

Melbourne Water’s commitment to stakeholder engagement is demonstrated by its prominence in both our Strategic Framework and Corporate Plan.

Our stated intent in the Strategic Framework is to –
"Be recognised as a reliable and trustworthy organisation, willing to listen, work collaboratively and deliver on our promises."

In our Corporate Plan, we commit to continuing to build partnerships and relationships with key stakeholders, as well as inform and educate the broader community.

Our success in terms of stakeholder engagement will be determined by –

- Positive feedback on our performance and relationships received from our key stakeholders.
- Effective community consultation and education programs leading to a well-informed, environmentally aware and engaged community.
- Suppliers and strategic partners demonstrating best practice in meeting sustainability criteria.
- Cultural heritage values being acknowledged and preserved.
WHY THIS STRATEGY WAS DEVELOPED

The Stakeholder Engagement Strategy has been developed to detail our intentions and actions relating to the way we work with others. As a business, there is also a need to understand the effectiveness of our current stakeholder engagement activities, and to identify what could be improved.

The result is the 2009 Stakeholder Engagement Strategy – a document which brings together the experiences, aspirations and recommendations of Melbourne Water’s employees and Board.

Over a period of approximately twelve months, our employees took part in interviews, focus groups, surveys and workshops, all designed to examine what works well in relation to stakeholder engagement at Melbourne Water.

The key strategies included in this document are the result of their contributions and ideas.

Through the adoption of this Strategy, Melbourne Water will set a benchmark for excellence in stakeholder engagement and relationship building. We are working towards the day when every stakeholder describes their dealings with Melbourne Water positively and enjoys working with us. This is what we aspire to.

We will undertake stakeholder engagement with openness and honesty, learn from our stakeholder interactions and work together to achieve better outcomes for all involved.

This document sets out the principles and strategies we will apply to our relationship building, and the actions we will take to ensure that appropriate engagement with our stakeholders is a priority.

“Excellence in stakeholder engagement will become part of our culture and integrated into everything we do – it is the way we do things.”

Rob Skinner
Managing Director
WHY WE ENGAGE

Our primary task at Melbourne Water is to provide the community with essential water, sewage and waterway services that is consistent with government policy and best practices. To successfully achieve this, we need to work together with many different individuals, organisations and agencies. These are our stakeholders.

We engage to establish trust and build relationships with our stakeholders.

It is an intentional activity in which we listen, influence, inform, consult, involve and collaborate.

When we engage, we act with integrity, in an open and honest manner, with the objective of establishing long-term relationships with those who have an interest in the outcome of the project, program or activity.

“We can achieve so much working together; we can achieve a tenth of that on our own.”

Cheryl Batagol
Chairman 2004-2009


HOW WE ENGAGE

Our approach to stakeholder engagement not only demonstrates the high value we place on our stakeholders, but also our commitment to strengthening those relationships.

Our principles

These principles have been developed to guide and influence how we engage with our stakeholders and make decisions about our stakeholder relationships.
- We will work collaboratively with our stakeholders and treat them with respect.
- We will engage with our stakeholders early and act in an honest and open manner to build trusting relationships.
- We will listen to our stakeholders’ perspective and understand their individual needs.
- We will determine at the outset what we want from our stakeholders, and understand what it is that they want from us.
- We will look to understand our stakeholders’ issues and concerns and work co-operatively to solve problems.
- We will keep our stakeholders informed and deliver on our promises.
- We will continuously improve our approach to stakeholder engagement by sharing our learning with colleagues.

The adoption of these principles is fundamental to the success of Melbourne Water’s stakeholder engagement activities.

Our goals from our Strategic Framework

In terms of how we engage, our goals are to –
- Understand, manage and meet or exceed customer expectations.
- Work collaboratively with stakeholders and strengthen relationships.
- Listen to and engage the community to seek support for our projects and priorities.
- Ensure our suppliers and partners apply sustainable business practices.
- Support a culture of information and knowledge sharing.
- Preserve and promote cultural heritage.

Keys to Success

Key to the success of any stakeholder activity is planning.

By clearly understanding the purpose of the engagement and the outcomes to be achieved, a detailed stakeholder engagement plan can be developed at the outset of each project or program. This plan will determine the approach of the engagement, identify who needs to be involved, and detail the information flow during the activity itself.

Ongoing evaluation also influences the way we engage with our stakeholders.

By reviewing the outcomes of our activities and the satisfaction levels of those involved, we can continue to improve the engagement process and enhance our relationships.

Lessons learnt from our stakeholder activities will be shared widely within Melbourne Water.

This sharing of information and knowledge will lead to a greater understanding of the key elements associated with the process of stakeholder engagement, and reinforce our commitment to our stakeholders.
1. Purpose:
- Why are we engaging with stakeholders? What is the outcome we are seeking?
- What is the level of engagement required? What role do we want them to play?

2. Planning:
- Is there a stakeholder engagement, communications or management plan? Who (in MW) needs to be included?
- Who needs to be involved externally?
- Where are the ‘touchpoints’ in each organisation? Who should talk to whom?

3. Evaluation and Continuous Improvement:
- How will we evaluate this engagement process?
- How can we enhance the relationship?

4. Knowledge Sharing:
- What steps are in place to ensure the whole of Melbourne Water learns from this experience?
- How do we promote our success/learnings?
**OUR STAKEHOLDERS**

At Melbourne Water, the term “stakeholder” is used to describe a diverse range of individuals, groups, organisations and agencies with whom we engage. Despite their diversity, the one thing that all of our stakeholders have in common is an interest in the outcome of the work that we do.

To achieve our vision of a sustainable water future, it is imperative that we develop open and honest relationships with our stakeholders – which starts with our own employees.

Working together will better enable us to deliver our business objectives, and establish our reputation as a reliable and trustworthy organisation, one that is willing to listen, work collaboratively and deliver on its promises.

Melbourne Water’s stakeholders can be categorised into the following groups –

**Internal**
- Employees
- Alliance partners
- Contractors

**External**
- Suppliers
- Waterways and drainage customers
- The retail water businesses
- Government agencies and departments including, but not limited to: Department of Planning and Community Development, Department of Sustainability and Environment, Department of Treasury and Finance, Department of Primary Industry, Sustainability Victoria and the State Emergency Services
- Regulators such as the Essential Services Commission, Department of Human Services and Environment Protection Authority, Victoria
- All levels of government (Federal, State and Local)
- Community groups
- Other groups including the Country Fire Authority, media, unions, special interest groups, and our neighbours.

A comprehensive list of our stakeholders by group is detailed in Appendix 2.
KEY STRATEGIES

While the Stakeholder Engagement Strategy provides us with a corporate and ethical framework by which to engage, specific strategies are required to ensure that stakeholder relationships are managed properly.

Four key activities have been developed to direct Melbourne Water’s stakeholder engagement activities.

Through the adoption of these individual activities we will –

Establish and Embed
Implement stakeholder engagement as a core value.

Enhance
Understand the purpose of the engagement, plan our approach, and initiate early to ensure the best possible outcome.

Educate
Create opportunities to share our learning – both within and beyond the business.

Evaluate
Assess the engagement process and continuously improve.

Each key activity will be implemented using a set of related actions which are outlined in the following sections. These actions will in turn be supported by a comprehensive Action Plan (see Appendix 1).

By integrating these key activities into the day to day operation of the business, we will develop the skills, knowledge and understanding needed to enhance Melbourne Water’s reputation as a leader in stakeholder engagement.
Establish and Embed

Through the adoption and implementation of this Strategy and its principles, Melbourne Water will be recognised for its stakeholder engagement activities.

Our aim is for all employees to understand – and take responsibility for – their role in building and managing stakeholder relationships, and for our external stakeholders to be aware of Melbourne Water’s commitment to building strong and open partnerships.

Melbourne Water has been on a cultural journey to develop constructive behaviours and mindsets which will enhance our ability to engage with each other and with our external stakeholders. We are dedicated to developing the ‘people skills’ that our employees need to effectively engage internal and external stakeholders – through leadership development training and the use of action learning teams, and by providing an organisational culture that offers the time to engage, listen, seek clarity, and reflect.

Through a network of stakeholder engagement champions, we will support staff across the whole business to practise excellence in stakeholder engagement.

Champions will be mentored by senior team members to understand specific stakeholder needs for their business product, and will be supported by experienced practitioners within the Communications and Community Relations team. Stakeholder champions will report at team meetings about the engagement activities taking place within the organisation. The ‘Champions Network’ will also meet on a regular basis to share information, and further develop organisational knowledge and capability.

The induction and orientation of new staff will focus on the importance of building relationships with our stakeholders. Recruitment of staff and position descriptions will include a key performance indicator relating to stakeholder engagement and interpersonal skills.

Our suppliers will also be made aware of this Strategy, and Melbourne Water’s commitment to stakeholder engagement.

Actions:

1. Establish the Stakeholder Engagement Strategy.
2. Promote acceptance of the Strategy and its principles.
3. Make stakeholder engagement a measurable process.
Enhance

We recognise that stakeholder engagement can take place on a number of different levels. It may be informal, opportunistic or planned. Regardless of the type of engagement, for it to be effective those involved must be clear about its purpose, as well as the outcomes to be achieved.

Formal processes to assist employees with the various levels of stakeholder engagement will be introduced. From providing information, consulting and involving stakeholders, to working together in collaboration or partnership, each type of engagement will have specific requirements designed to assist in identifying who should be involved, what techniques could be used and the resources and expertise required.

Who needs to be involved?

As part of the planning process, we will adopt a variety of engagement approaches including the International Association of Public Participation (IAP2) framework, values and ethics, and will continue to build this capability across Melbourne Water by providing further IAP2 training.

To effectively manage the multiple ‘touch-points’ created within our stakeholder organisations, we will introduce processes that enable information from these individual relationships to be made available company wide.

Actions:

4. Continue to provide training on stakeholder engagement.
5. Develop a suite of stakeholder relationship management resources.
6. Improve our ability to identify who within the business is engaging with stakeholders.
Educate

During the development of this Strategy examples of excellence in stakeholder engagement emerged from across the business.

From the Making Connections team using events to strengthen relationships with the community, to the integration by Capital Delivery of communication and engagement specialists into their projects and alliances to ensure the effective delivery of those functions – Melbourne Water has some great stakeholder relationship stories to tell.

We will create opportunities to formally, and informally, communicate these stories and experiences. This will not only lead to a greater knowledge and understanding of who our stakeholders are, but provide our employees with real examples of what does and doesn’t work in terms of stakeholder engagement.

One means of information sharing will be through a series of stakeholder education forums.

These sessions will focus on a range of different topics – from the various methods of stakeholder management to evaluating the effectiveness of the relationship itself – and will form a calendar of events which will be promoted within the business.

We will also look to communicate our learnings beyond Melbourne Water.

Sharing our experiences at relevant forums and conferences will not only underline our commitment to stakeholder engagement, but position Melbourne Water to learn from the methods and processes of others.

Actions:

7. Organise learning events.
8. Develop broad awareness within the business.
9. Promote our work to external audiences.
Evaluate

Assessment of the effectiveness of our stakeholder engagement activities is currently based largely on intuition, informal feedback and anecdotal reporting. In instances where formal evaluation is undertaken, the results are not always shared beyond the teams involved.

Our aim is to better understand the effectiveness of our relationships, as well as to have a clearer picture of our stakeholder network.

The formal evaluation of stakeholder satisfaction will enable us to identify the strengths and weaknesses of our existing engagement process – providing us with an insight into what needs to be improved as well as the support tools that need to be developed to better assist our employees.

Evaluation results will be shared widely within the business and used to increase awareness and understanding of what constitutes effective stakeholder engagement.

We will also use feedback from our stakeholders to review this Strategy.

Committed to a process of continuous improvement, evaluation results will be considered as part of the annual review of the key strategies and action plan contained in this Strategy.

Actions:

10. Review external stakeholder relationships.

11. Evaluate the effectiveness of our engagement activities.

# APPENDIX 1: ACTION PLAN

## Key strategy: Establish and Embed

### 1. Establish the Stakeholder Engagement Strategy.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Launch the Strategy to internal and external stakeholders.</td>
<td>P&amp;S/C&amp;CR</td>
<td>October 2009 – ongoing</td>
</tr>
<tr>
<td>2</td>
<td>Include a budget line in all future projects and programs to support stakeholder engagement activities.</td>
<td>Leadership Team</td>
<td>December 2010</td>
</tr>
</tbody>
</table>

### 2. Promote acceptance of the Strategy and its principles.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nominate stakeholder engagement champions in each group.</td>
<td>GM</td>
<td>December 2009</td>
</tr>
<tr>
<td>1</td>
<td>Facilitate a regular champions forum.</td>
<td>C&amp;CR</td>
<td>November 2009 – ongoing</td>
</tr>
<tr>
<td>1</td>
<td>Ensure all preferred suppliers are aware of our commitment to stakeholder engagement and the existence of the Strategy.</td>
<td>C&amp;CR/BS</td>
<td>November 2009</td>
</tr>
</tbody>
</table>

### 3. Make stakeholder engagement a measurable process.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Include stakeholder engagement and relationship management as a KPI within relevant performance plans.</td>
<td>P&amp;S</td>
<td>June 2010</td>
</tr>
<tr>
<td>2</td>
<td>Include stakeholder engagement in relevant position descriptions.</td>
<td>P&amp;S</td>
<td>July 2010</td>
</tr>
<tr>
<td>3</td>
<td>Incorporate stakeholder engagement performance measures into all sections of the MW Corporate Plan.</td>
<td>SP</td>
<td>July 2011</td>
</tr>
</tbody>
</table>

* Year 1: July 2009 – June 2010  
Year 2: July 2010 – June 2011  
Year 3: July 2011 – June 2012  

BS – Business Services  
C&CR – Communications and Community Relations  
GM – General Managers  
P&S – People and Safety  
SP – Strategic Planning
Key strategy: Enhance

### 4. Continue to provide training on stakeholder engagement.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify appropriate external stakeholder engagement and relationship management training opportunities and include them in the Melbourne Water Training Guide.</td>
<td>P&amp;S/C&amp;CR</td>
<td>January 2010</td>
</tr>
<tr>
<td>1</td>
<td>Provide internal capacity building opportunities through programs such as the Engagement and Innovation series.</td>
<td>C&amp;CR</td>
<td>Ongoing</td>
</tr>
<tr>
<td>1</td>
<td>Develop an internal campaign to encourage participation in internal and external stakeholder engagement development opportunities and see that they are included within individual development plans.</td>
<td>P&amp;S/C&amp;CR</td>
<td>December 2009</td>
</tr>
</tbody>
</table>

### 5. Develop a suite of stakeholder relationship management resources.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Incorporate stakeholder engagement and relationship management resources onto the Brand Hub, including SEPs, policies and procedures, case studies, checklists, and engagement preferences for key stakeholders (briefings/bulletins).</td>
<td>C&amp;CR</td>
<td>October 2009</td>
</tr>
<tr>
<td>2</td>
<td>Review the Community, Environmental, Public Health Assessment checklist to enhance stakeholder engagement or communication outcomes for projects and programs.</td>
<td>SP/C&amp;CR</td>
<td>July 2010</td>
</tr>
</tbody>
</table>

### 6. Improve our ability to identify who within the business is engaging with stakeholders.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop a campaign to require staff to update their intranet personal profile and stakeholder tab.</td>
<td>C&amp;CR/P&amp;S</td>
<td>February 2010</td>
</tr>
<tr>
<td>1</td>
<td>Revise the model plans, clarify internal ownership, and promote the existence of Stakeholder Engagement Plans.</td>
<td>C&amp;CR/ all MW groups</td>
<td>February 2010</td>
</tr>
<tr>
<td>2</td>
<td>Establish relationship management processes with key stakeholders.</td>
<td>C&amp;CR</td>
<td>July 2010</td>
</tr>
</tbody>
</table>

* Year 1: July 2009 – June 2010  
Year 2: July 2010 – June 2011  
Year 3: July 2011 – June 2012  
BS – Business Services  
C&CR – Communications and Community Relations  
GM – General Managers  
P&S – People and Safety  
SP – Strategic Planning
**APPENDIX 1: ACTION PLAN** CONTINUED

**Key strategy: Educate**

### 7. Organise learning events.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Create a calendar of stakeholder engagement education activities.</td>
<td>C&amp;CR</td>
<td>November 2009</td>
</tr>
</tbody>
</table>

### 8. Develop broad awareness within the business.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Promote stakeholder engagement at internal and external forums where appropriate (eg Engagement and Innovation workshops Series, Community Liaison Committee meetings).</td>
<td>C&amp;CR</td>
<td>Ongoing</td>
</tr>
<tr>
<td>All</td>
<td>Develop formal and informal mechanisms to help staff collect and share and learn about stakeholder engagement experiences (eg Ontap newsletter, debriefings, Café conversations, Tours).</td>
<td>C&amp;CR/P&amp;S</td>
<td>Ongoing</td>
</tr>
<tr>
<td>1</td>
<td>Provide an on-hold voiceover to describe our stakeholder engagement aspirations.</td>
<td>C&amp;CR</td>
<td>October 2009</td>
</tr>
<tr>
<td>2</td>
<td>Create a real time visual mechanism (ie a kiosk in the foyer) for staff to learn more about stakeholder engagement.</td>
<td>C&amp;CR</td>
<td>July 2010</td>
</tr>
<tr>
<td>2</td>
<td>Develop a mechanism that introduces stakeholder engagement to new staff.</td>
<td>P&amp;S/C&amp;CR</td>
<td>July 2010</td>
</tr>
<tr>
<td>2</td>
<td>Review existing induction tours and consider new opportunities to include commentary on stakeholder perspectives (eg Tour of Edithvale-Seaford Wetlands Discovery Centre).</td>
<td>C&amp;CR/P&amp;S</td>
<td>July 2010</td>
</tr>
</tbody>
</table>

### 9. Promote our work to external audiences.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Include examples of effective stakeholder engagement outcomes within Melbourne Water’s external affairs strategies.</td>
<td>C&amp;CR</td>
<td>Ongoing</td>
</tr>
<tr>
<td>All</td>
<td>Encourage staff to participate in and include stakeholder engagement in their presentations to conferences such as Municipal Association of Victoria, Vic Water and Oz Water annual conferences.</td>
<td>C&amp;CR/P&amp;S</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2</td>
<td>Create an annual Melbourne Water conference to showcase examples of stakeholder engagement activity with opportunities to share internal and external experiences.</td>
<td>C&amp;CR</td>
<td>March 2011 and ongoing</td>
</tr>
</tbody>
</table>

* Year 1: July 2009 – June 2010  
* Year 2: July 2010 – June 2011  
* Year 3: July 2011 – June 2012

BS – Business Services  
C&CR – Communications and Community Relations  
CM – General Managers  
P&S – People and Safety  
SP – Strategic Planning
**Key strategy: Evaluate**

### 10. Review external stakeholder relationships.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>To better understand our participation in existing external networks, audit the participation of Melbourne Water staff and share this with the organisation. Identify new engagement opportunities.</td>
<td>C&amp;C CR</td>
<td>July 2010</td>
</tr>
</tbody>
</table>

### 11. Evaluate the effectiveness of our engagement activities.

<table>
<thead>
<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Build evaluation phases into major projects to demonstrate the effectiveness of stakeholder engagement.</td>
<td>C&amp;C CR</td>
<td>Ongoing</td>
</tr>
<tr>
<td>1</td>
<td>Develop and implement a mechanism to measure community and stakeholder satisfaction with our engagement processes.</td>
<td>C&amp;C CR</td>
<td>June 2010</td>
</tr>
<tr>
<td>2</td>
<td>Establish a process to review our performance around stakeholder engagement.</td>
<td>C&amp;C CR</td>
<td>July 2010</td>
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<table>
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<tr>
<th>Year*</th>
<th>Activity</th>
<th>Owner</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Update the Strategy based on results from evaluation processes across the business (e.g. major projects, market research, outcomes from stakeholder surveys, internal feedback)</td>
<td>C&amp;C CR</td>
<td>Annually</td>
</tr>
</tbody>
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---

* Year 1: July 2009 – June 2010  
Year 2: July 2010 – June 2011  
Year 3: July 2011 – June 2012  
BS — Business Services  
C&C — Communications and Community Relations  
GM — General Managers  
P&S — People and Safety  
SP — Strategic Planning
## APPENDIX 2: STAKEHOLDER LIST

The following list details the majority of our stakeholders by group as well as specific organisations

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Organisation</th>
</tr>
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<tbody>
<tr>
<td><strong>Alliance Partners</strong></td>
<td>Baulderstone Hornibrook</td>
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<td>Beca</td>
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<td></td>
<td>Becker</td>
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<td>Ecodymanics</td>
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<td></td>
<td>Fulton Hogan P/L</td>
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<td>GHD</td>
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<td></td>
<td>Jacobs Associates</td>
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<td></td>
<td>Jaydo Constructions P/L</td>
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<td></td>
<td>John Holland</td>
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<td></td>
<td>MWH Australia</td>
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<td></td>
<td>SKM</td>
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<td>SMEC</td>
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<td>Thiess Environmental Services</td>
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<td></td>
<td>Transfield Services</td>
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<td></td>
<td>United Group Infrastructure</td>
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<tr>
<td><strong>Catchment Management Authorities</strong></td>
<td>Corangamite Catchment Management Authority</td>
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<td>Glenelg-Hopkins Catchment Management Authority</td>
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<td>Land users (leasees)</td>
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<td>Residents and residents groups</td>
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<td>Neighbours</td>
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<td>Deloitte</td>
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<td>GHD</td>
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<td></td>
<td>Ivana Gillard</td>
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<td>James Ford</td>
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<td>Stakeholder Group</td>
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<td>Education (schools/universities)</td>
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## APPENDIX 2: STAKEHOLDER LIST CONTINUED

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<td>Victorian Striped Legless Lizard Working Group</td>
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<th>Others</th>
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<td>Unions</td>
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<table>
<thead>
<tr>
<th>Our own employees</th>
<th>Including our alliance partners and contractors</th>
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<tr>
<th>Partners</th>
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<td>National Gallery of Victoria</td>
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<td>Stakeholder Group</td>
<td>Organisation</td>
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</table>
| **Regional Water Authorities** | Barwon Water  
                          Central Highlands Water  
                          Coliban Water  
                          East Gippsland Water  
                          Gippsland Water  
                          Goulburn Murray Water  
                          Goulburn Valley Water  
                          Grampians Wimmera Mallee Water  
                          North East Water  
                          South Gippsland Water  
                          Southern Rural Water  
                          Western Water  
                          Westernport Water |
| **Research Institutes**        | Advanced Water Management Centre, UQ  
                          Amphibian Research Centre  
                          Arthur Rylah Institute for Environmental Research  
                          Australian Platypus Conservancy  
                          Bushfire Cooperative Research Centre  
                          Centre for Environmental Stress and Adaptation Research  
                          Centre for Water and Waste, UNSW  
                          Centre for Water Research, UWA  
                          Cities as Catchments Research Program, Monash University  
                          Civil Engineering, UNSW  
                          CSIRO Water for a Healthy Country Flagship  
                          Department of Forest and Ecosystem Science, University of Melbourne  
                          DPI Weed Sciences  
                          Ecowise Environmental Pty Ltd  
                          eWater Cooperative Research Centre  
                          Institute of Sustainable Water Resources  
                          Institute of Sustainability and Innovation, VU  
                          International Water Centre  
                          Laboratories  
                          Marine Biology, Deakin, Warrnambool  
                          National Research Centre for Environmental Toxicology, UQ  
                          RMIT School of Civil and Chemical Engineering  
                          School of Biological Sciences, Monash University  
                          School of Land and Environment, Uni of Melbourne  
                          Smart Water Lab  
                          Sustainable Gardening Australia  
                          Sydney Water  
                          Uniwater  
                          Water Division, Bureau of Meteorology  
                          Water Futures |
## APPENDIX 2: STAKEHOLDER LIST CONTINUED

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<th>Organisation</th>
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<td>Department of Planning and Community Development</td>
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<td>Department of Premier and Cabinet</td>
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<td>Department of Sustainability and Environment</td>
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<td>Department of Treasury and Finance</td>
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APPENDIX 3: CONTRIBUTORS

We are grateful for all the contributions and time given by Melbourne Water employees to this Strategy.

The Stakeholder Engagement Reference Group (SERG):

<table>
<thead>
<tr>
<th>Rob Catchlove</th>
<th>David Hill</th>
<th>Peter Nilon</th>
<th>Anne Randall</th>
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<tr>
<td>Dennis Corbett</td>
<td>George Judkins</td>
<td>Kitty Niven</td>
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<tr>
<td>Tony Crapper</td>
<td>Nicole Latham</td>
<td>Charmaine Quick</td>
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Interviewees:

<table>
<thead>
<tr>
<th>Cheryl Batagol</th>
<th>Luke Dykes</th>
<th>Brad McLean</th>
<th>David Taylor</th>
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<tr>
<td>Marg Burge</td>
<td>Rob Fisher</td>
<td>Peter Nilon</td>
<td>Doug Tipping</td>
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<tr>
<td>Rod Clifford</td>
<td>Mark Hay</td>
<td>Maria O’Sullivan</td>
<td>Gerard Thorburn</td>
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<td>Darren Coughlan</td>
<td>Kevin Hillier</td>
<td>Phil Pearman</td>
<td>Jim Tite</td>
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<td>Rob Cranston</td>
<td>Steve Hosking</td>
<td>Rob Skinner</td>
<td>Melissa Wallace</td>
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<td>Tony Crapper</td>
<td>Merran Kelsall</td>
<td>Nick Somes</td>
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<tr>
<td>Dom De Fazio</td>
<td>Nicole Latham</td>
<td>Will Stasiak</td>
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<tr>
<td>Peter Dowling</td>
<td>Andrew Mcginnes</td>
<td>Will Steele</td>
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The people who responded to our survey requesting examples of engagement:

<table>
<thead>
<tr>
<th>Jane Bateson</th>
<th>Erin Davie</th>
<th>Nicole Latham</th>
<th>Paul Rasmussen</th>
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<tr>
<td>Nicole Biscan</td>
<td>Jaana Dielenberg</td>
<td>Sarah Lamshed</td>
<td>Graham Rooney</td>
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<td>Michael Brown</td>
<td>Claire Garth</td>
<td>Kirsten Lingard</td>
<td>Peter Scott</td>
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<td>Susan Burns</td>
<td>Joanne Greenwood</td>
<td>Gordon McFarlane</td>
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<td>Keysha Milenkovic</td>
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<tr>
<td>Sarah Crinall</td>
<td>Erin Kurth</td>
<td>Amy Paraman</td>
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Open Space Workshop Participants:

<table>
<thead>
<tr>
<th>Paul Balasonne</th>
<th>Lisa Deppeler</th>
<th>Andrew Lawrie</th>
<th>Howard Rose</th>
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<tr>
<td>Julia Becker</td>
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<td>Alistair McDonald</td>
<td>Stuart Smith</td>
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<td>Karen Campisano</td>
<td>David Hill</td>
<td>Bradley McLean</td>
<td>Aaron Swight</td>
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<td>Kirsty Carolso</td>
<td>Melanie Holmes</td>
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<tr>
<td>John DeGrazia</td>
<td>Tony Lapila</td>
<td>Anne Randall</td>
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</tr>
<tr>
<td>Imogen Derby</td>
<td>Nicole Latham</td>
<td>Michelle Riley</td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX 3: CONTRIBUTORS CONTINUED

#### Others who advised and assisted

<table>
<thead>
<tr>
<th>Melbourne Water Leadership team</th>
<th>All volunteers who participated in the stakeholder engagement research (Joy Humphreys Prof. Doc. Research, 2007-2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waterways management team</td>
<td>Melinda Croker and Carlee Whitmore at the reception desk</td>
</tr>
<tr>
<td>All the people who participated in our door stop interviews</td>
<td></td>
</tr>
</tbody>
</table>

#### Project team:

<table>
<thead>
<tr>
<th>Nicole Biscan</th>
<th>David Hill</th>
<th>Rob Catchlove</th>
<th>Michael Keough</th>
<th>Joy Humphreys (thehumphreysgroup)</th>
<th>Anne Randall</th>
</tr>
</thead>
</table>
APPENDIX 4: CASE STUDIES

Case studies are an ideal way to demonstrate examples of our stakeholder engagement activities.

The case studies will come from across the business and range from large projects, to education programs and internal initiatives. The studies will be used to inform, educate, and provide an insight into our learning.

Some case studies will illustrate success in relationship building, while others will show that we still have lessons to learn. All will demonstrate Melbourne Water’s commitment to engagement and continuous improvement of skills in this area.

Each case study developed will follow a consistent structure –

**Title**
Words in the title will highlight both the project and type of engagement

**Context**
Provides background information on the project and highlights relevant issues/sensitivities

**Approach and methods**
Describes how the stakeholder engagement aspects of the project were managed and the specific methods of engagement used.

**Outcomes and impacts**
Details the outcome of the project/program in terms of engagement and any impacts that resulted from the approach/methods used

**Insights and lessons**
Explores what we have learnt from the project in terms of stakeholder engagement – what worked, what we could have done better and how we will do things differently next time.

**Conclusion**
Summarises what we this case study has demonstrated in terms of engagement.

Melbourne Water already has a wealth of engagement stories to tell. The first two case studies to be developed will be the Engagement and Innovation Series and the Western Treatment Plant.
APPENDIX 4: CASE STUDY 1

ENGAGEMENT AND INNOVATION SERIES – SHARING TECHNIQUES TO BUILD STRONGER STAKEHOLDER RELATIONSHIPS

Context

The Engagement and Innovation Series was launched in November 2007 by the Making Connections team for the Waterways Group. Since mid 2008, the Series has been offered to all Melbourne Water staff and Alliance partners.

The Series offers workshops on cutting edge and innovative engagement techniques that can be applied to both internal and external stakeholder engagement. The sessions also provide an opportunity for attendees to network with co-workers.

Eleven separate sessions have been held to date – on topics ranging from Building Relationships and Facilitation, to Dealing with Passionate People and Left Brain, Right Brain.

The Series has also been used to showcase study tours and specific approaches to stakeholder management such as the IAP2 Spectrum.

The Engagement and Innovation Series demonstrates the importance that Melbourne Water places on building the engagement skills of its employees, as well as its commitment to a culture of information and knowledge sharing.

Approach and methods

The Engagement and Innovation Series is designed to encourage and support innovation in stakeholder engagement and provides a forum for attendees to meet and share their stories with colleagues.

Workshops are held every six weeks, with each session running for approximately two hours. The structure of each session is designed to support the topic of the day. Some sessions use external facilitators and feature interactive discussions and case studies, while others are run by Melbourne Water employees and focus on learning from the experiences of others.

The use of external organisations to present or facilitate a session provides the opportunity to integrate new skills and engagement methodologies into the workplace, while Melbourne Water led workshops provide a platform for the presenter to demonstrate their achievements and knowledge to their colleagues.

Workshops are often held off site to allow attendees to practice their skills in a comfortable learning environment – away from the workplace.

Attendees leave each session equipped with new techniques and supporting resources which they are encouraged to apply to their engagement activities.

Outcomes and impacts

The Engagement and Innovation Series has better enabled those who have attended to manage stakeholder relationships and more effectively deal with specific engagement issues.

Attendees are genuinely excited about learning new engagement techniques and eager to put them into practice. They are also keen to share their learning with others in the business – which has resulted in an increased demand for workshop sessions.

The interactive sessions have resulted in employees being more comfortable to share their experiences and stories with others in the room, and have provided people with the opportunity to meet others within the business – thereby strengthening the internal stakeholder network at Melbourne Water.

While the Engagement and Innovation Series represents only one example of Melbourne Water’s commitment to stakeholder engagement, there is no doubt that this initiative has contributed to the positive feedback received from stakeholders in terms of the change in the company’s engagement style.

Insights and lessons

While the sessions to date have been extremely well received, feedback received from those who have participated has led to some planned enhancements to the Series.

Participants will be encouraged to interact more with external facilitators in future sessions, while workshops based on American principles will be reworked to support Australian business principles. There will also be more of a focus on sharing the learning of Melbourne Water employees as these skills can be more easily applied within the business.
While Engagement and Innovation Series sessions are currently only run in and around the East Melbourne office, in the future workshops will be offered more widely across the business – with sessions held at sites such as Western Treatment Plant – thereby making the series more accessible to employees.

**Conclusion**

The Engagement and Innovations Series is a great example of how Melbourne Water has been working to build the capacity of its staff across the business to actively learn how best to engage with stakeholders. The ultimate goal of the program is to encourage and support strong stakeholder relationships.

This ongoing series of workshops on cutting edge and innovative engagement techniques equips Melbourne Water employees to learn from and apply their experiences in engagement to future stakeholder engagement activities to achieve better outcomes.

These workshops are also a great way for staff from across the business to meet new people and get to know each other, thereby building the internal stakeholder network at Melbourne Water.
APPENDIX 4: CASE STUDY 2
THE WESTERN TREATMENT PLANT – MANAGING MULTIPLE STAKEHOLDER INTERESTS WITH PROACTIVE ENGAGEMENT

Context
The Western Treatment Plant (WTP) occupies approximately 11,000 hectares on the western side of Port Phillip Bay. In area, it is the largest sewage treatment facility in Australia and treats approximately 52% of Melbourne’s sewage in compliance with EPA Victoria license.

The site was first established over 100 years ago. Initially land based processes were used for treatment, then lagoons augmented this and now today they provide the sole method of treatment. A portion of the site continues to be utilised for treatment purposes with the remainder of the land used for agriculture or reserved for conservation purposes.

The Werribee Agriculture Group, a separate business unit of Melbourne Water, carries out agricultural land management at the plant. The group manages the grazing of 15,000 cattle and 40,000 sheep on over 8,500 hectares of land.

The WTP is a site of enormous ecological significance because of the large number of wetlands associated with sewage treatment, its relative seclusion, its location on Port Phillip Bay, and the presence of a number of nationally and/or state threatened species. The site is a declared sanctuary and has been listed as a wetland of international importance under the Ramsar Convention.

The WTP Biodiversity Conservation Program monitors the significant species, undertakes research and conducts habitat maintenance and enhancement. Access to the plant is provided for bird watching and is by permit only.

Management of the WTP is not only about balancing the sewerage, farming and habitat aspects of the business, but effectively engaging with the multiple stakeholders that come with running such a complex operation.

Stakeholders include regulators, government (local, state and federal), customers (City West Water and Southern Rural Water), neighbouring landholders, the local community, Parks Victoria, and visitors to the site such as registered bird watchers, fishing enthusiasts and schools... just to name a few.

Approach and methods
Key to the success of WTP’s management is its proactive and transparent engagement style. A commitment to developing open and honest relationships with its stakeholders by taking the time to help them understand the complexities of the business has benefited all involved.

This approach has developed over time, as successfully balancing the various aspects of the business and the interests of those involved became a key priority.

An example of this occurred in the mid 1990s. Following a study of Port Phillip Bay, the EPA set lower nitrogen limits. Bird experts were concerned about ongoing reductions and the impact on wading bird populations that feed on the mudflat areas enriched by nutrients from the adjacent discharges. The solution was to determine the level to which nitrogen outputs could be reduced without affecting the surrounding habitat. Since that time, WTP has worked closely with both state and federal regulators and the bird community to balance the interests of all involved.

Over time, exercises such as this have resulted in the engineering side of the WTP business recognising the environmental aspects of the business and the value of the surrounding wetlands. This shift coincided with changing community values in terms of environmental issues and also a new focus on stakeholder engagement within Melbourne Water.

The proactive approach used by the WTP to manage its many and varied stakeholders has resulted in the establishment of a number of committees including the Community Liaison Committee and the Biodiversity Conservation Committee which provides technical advice on the wetland areas. Meetings are also regularly held with City West Water and Southern Rural Water to discuss issues in relation to the supply of WTP recycled water.

WTP’s philosophy in terms of engaging with its stakeholders is to operate transparently and keep them informed of any changes that may impact their interests.
An example of operating transparently came recently when WTP advised the bird watching community that restrictions would be placed on their permits in terms of access to the site. Rather than just advising of the new restrictions, WTP took the time to explain that the changes have been made to minimise the risk that a visitor on site wander into a dangerous area where they could be injured. If a visitor was injured, a possible outcome might be the revoking of all permits which would mean no future bird watching on the WTP site. The time taken to explain the changes resulted in the bird watchers appreciating that the restrictions would ensure ongoing access to the site.

Outcomes and impacts
WTP’s approach to engagement has resulted in collaborative relationships being established with its stakeholders which benefit the business in terms of its day to day operation.

For example, the EPA Victoria accredited licence for the WTP is less prescriptive than a standard licence. It reflects Melbourne Water’s commitment to environmental responsibility and pro-active initiatives to improve treatment processes. It is a simple performance based licence, subject to a number of checks and requirements and accreditation must be re-established every five years. The accreditation is based on Melbourne Water’s ability to demonstrate a high level of environmental performance and an ongoing capacity to maintain and improve performance. It requires Melbourne Water to have an effective Environment Management System, Environment Improvement Plan, an Environment Audit Program and regular consultation with the community.

Insights and lessons
WTP’s approach to stakeholder engagement demonstrates that taking the time to build solid working relationships and operating transparently delivers benefits to the business on all levels. The complex nature of the WTP business in terms of the sewage treatment/agriculture/conservation mix brings with it a diverse group of parties who all have very different – and at times potentially conflicting – interests in the site. While the primary focus of sewage treatment should never be compromised, WTP is successfully balancing that interest with the agriculture and conservation sides of the business – as well as managing the expectations of a diverse group of stakeholders.

Conclusion
WTP provides us with an example of how to effectively manage multiple stakeholders who all have very different interests in the site. Melbourne Water’s role at WTP goes well beyond managing sewage treatment. It extends to liaising with owners and managers of neighbouring land regarding odour and vermin control, negotiating boundaries and access with Parks Victoria, protecting cultural heritage and keeping neighbouring residents informed of activities that might impact on them. Add to that managing the security of assets, access and safety for 7500 visitors a year on organised tours, and about 500 registered bird watchers and fishing enthusiasts – there is little doubt that this is a complex and very successful stakeholder engagement story.
APPENDIX 5: HOW THIS STRATEGY WAS DEVELOPED

This Strategy is the outcome of an extensive literature review, and a series of interviews, observations, focus groups, surveys, and conversations.

Our intention at the outset was to learn what engagement meant for us.

A review of worldwide stakeholder engagement and public participation literature suggested that according to best practice, our initial questions and understanding should come from our own staff.

As the interviews with our staff commenced, we were told repeatedly that “this was not just about engagement, but more about building relationships to protect our reputation, and that of our stakeholders.”

Our own people told us that they aspired to be better at stakeholder engagement, to lose their historical way of approaching by command and control, and to be more relationship oriented.

Reflecting the culture that is Melbourne Water today, the key theme that emerged from all our conversations was – by working with our stakeholders we would be better positioned to deliver a safe and sustainable water supply.

One of the many strengths of Melbourne Water is the ability of its staff to share information in an informal way.

The approach used in the development of this Strategy capitalised on that strength – using face to face, small dialogic and recorded interviews across the business. From Brooklyn, 181 Victoria Parade and East Melbourne, and Winneke Treatment Plant, to Healesville Works Station, Sugarloaf Pipeline Alliance, Eastern Treatment Plant and Western Treatment Plant. In total more than thirty interviews were conducted, each of one hour or longer.

We developed a two minute ‘door stop’ interview. We sent an email to every staff member asking them to share their experiences of stakeholder engagement. We also facilitated an open space meeting for approximately forty-five participants and asked them to create their own agenda for conversations about stakeholder engagement.

In developing this strategy, we have focussed on the knowledge our staff have of their stakeholders externally, and the feedback we have received from our alliance partners, and their recommendations for areas for improvement.