

Developing Workplace Critical Thinking (DWC) BMSK5001

Week 8 Stakeholders Analysis

Definition

“...any group or individual who can affect or is affected by the achievement of an organisation’s objectives.” (Freeman, 1984)

- A stakeholder is any group or individual with an interest or a stake in the operations of a company or organisation - anyone who can affect or be affected by its activities.

Stakeholder Analysis

- Stakeholder analysis is the process of identifying an organisation's stakeholders and assessing their influence, or how they are impacted, so as to manage relationships with them.
- The aim of stakeholder analysis is to provide decision makers with information about the individuals and groups that may affect the achievement or otherwise of their goals.
- This makes it easier to anticipate problems, gain the support of the most influential stakeholders, and improve what the organisation offers to different groups and individuals and how it communicates with them.

Stakeholder Analysis

1. Gather information

Involve people from across your organisation to ensure that you get a full picture of all stakeholders. Relevant information can be gathered through brainstorming sessions, interviews and literature or Internet searches.

2. Identify stakeholder groups

Stakeholders can be **internal** – employees, managers, trade union members or departments, for example, or **external** such as customers or suppliers. A distinction can also be drawn between primary and secondary stakeholders.

Primary stakeholders define the business and are vital to its continued existence. For example, the following are normally considered primary stakeholder groups:

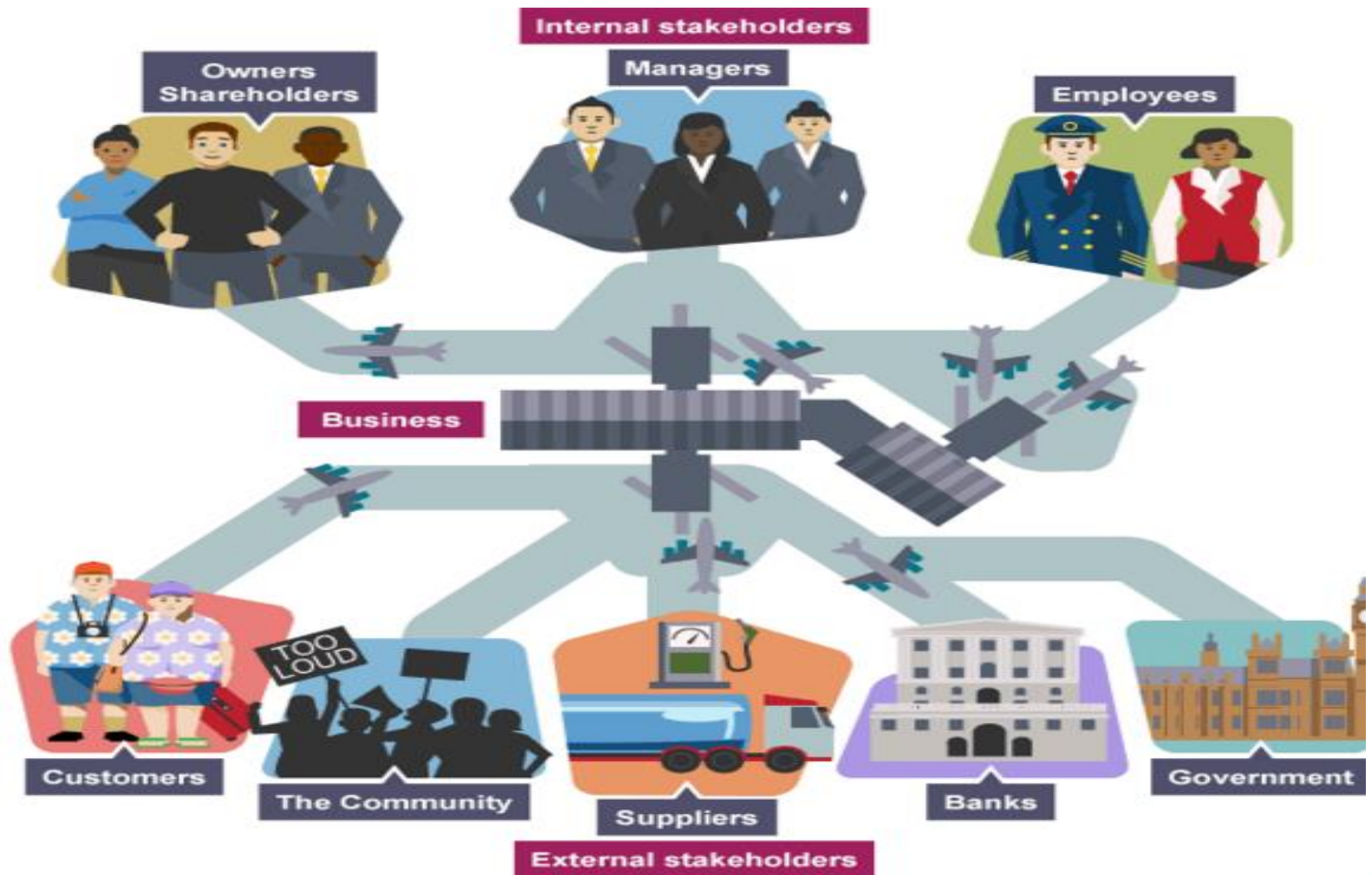
- Customers
- Suppliers
- Employees
- Shareholders and/or investors
- The community.

Secondary stakeholders are those who may affect relationships with primary stakeholders. For example, an environmental pressure group may influence customers by suggesting that your products fail to meet eco-standards.

The list of secondary stakeholders may be long and include:

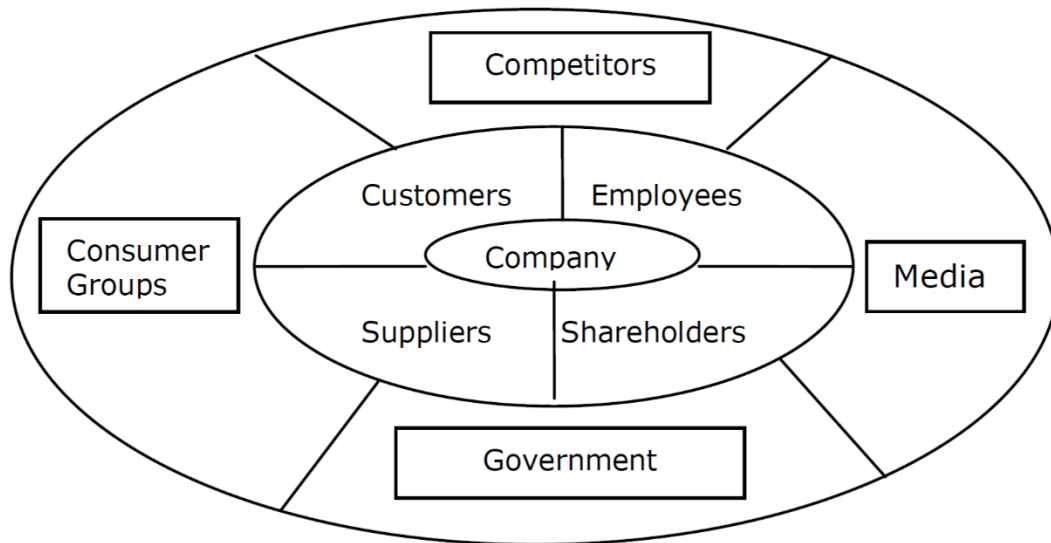
- business partners
- inspectors and regulators
- government – central or local government bodies
- various media
- trade unions
- landlords.
- competitors
- consumer groups
- pressure groups
- community groups

Stakeholder groups will vary enormously according to the nature of the business. A public sector contractor, for example, might list central or local government as a primary, rather than a secondary stakeholder. A train company or media company may list its industry regulator as a primary stakeholder.



3. Map your stakeholders

One way to map stakeholders is to construct a diagram with the organisation at the centre, show primary stakeholders round it, and secondary stakeholders in a second tier:



4. Be specific

At this stage, it's important to think about exactly who the stakeholders are and to name specific groups and individuals. Segment the groups where necessary. For example list specific customer segments or divide your customers into retailers, distributors and end-users.

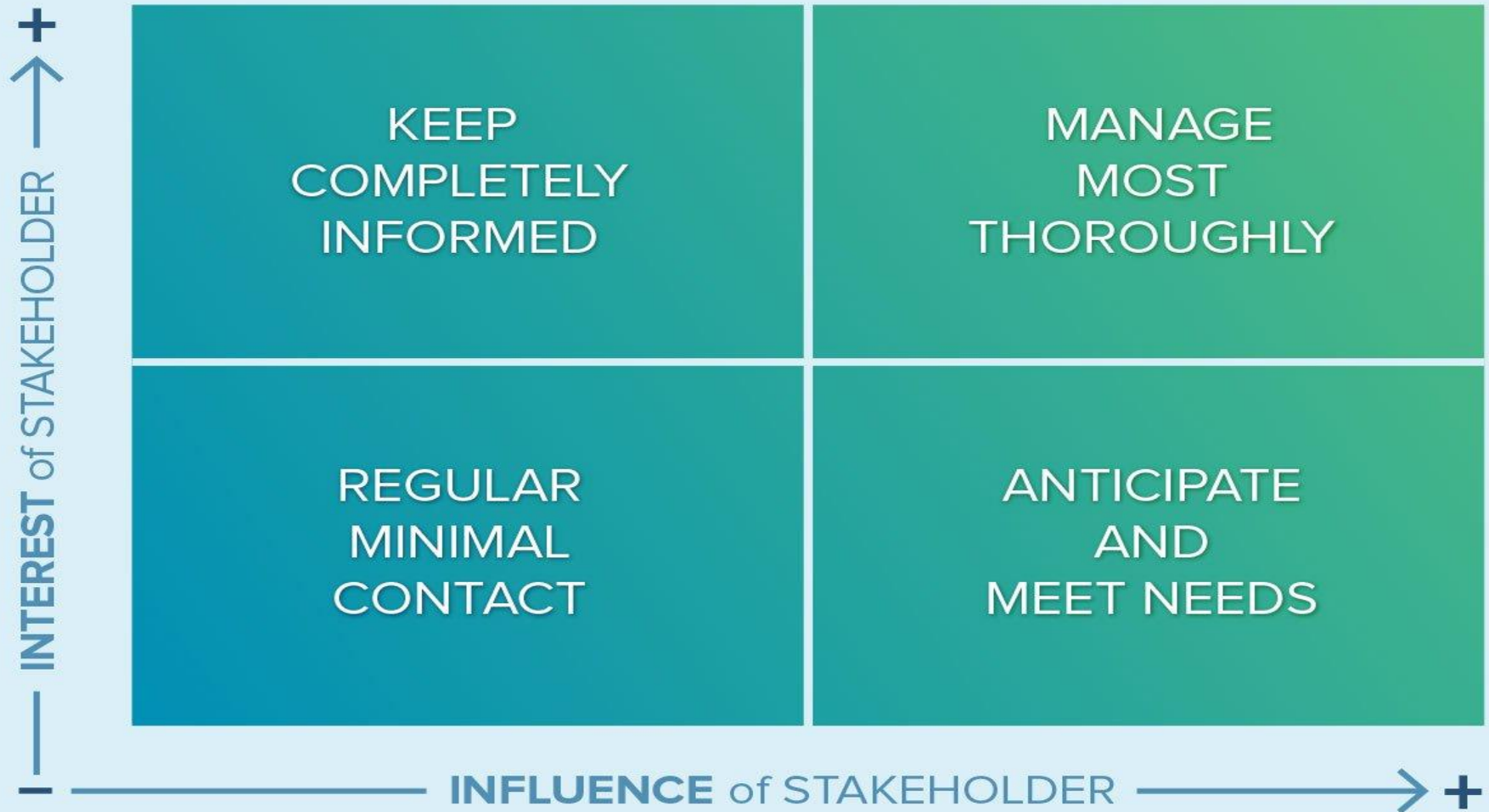
5. Prioritise your stakeholders

A power/interest grid can be used to map the level of interest different stakeholders have in the operations of your organisation and their power to affect or be affected by it.

This will help you to decide where you need to invest your stakeholder management efforts. Clearly, you will need to engage fully with those who have both a high level of interest and a high level of power and take great care over relationships with these groups.

You will want to keep those who have power but less interest satisfied, but not overwhelm them with too much information. Those with high interest but little power should be kept informed, but you won't need to pay so much attention to those with little interest and little influence.

Stakeholder Map: Who Needs What?



Stakeholder Analysis

6. Understand your stakeholders

Put yourself in the place of each stakeholder and ask yourself what their perspective of your business may be. What are their needs and concerns? What affects or influences them? What do they believe? What motivates them? What potential threats or opportunities do they represent?

Consider what you know about their actual and previous behaviour and what underlies it. It can be helpful to draw up a table listing each stakeholder and showing the level of priority you have assigned to them, the relationship you have with them and how they are impacted by your organisation.

7. Develop strategies for action

Once you have decided which stakeholders you most need to influence and have begun to understand what motivates them, you will be in a position to consider the way forward. Here are a few questions to consider:

- How can you improve the products and services you offer to customers?
- Do you need to tailor your offering to different customer segments?
- How can you cooperate more effectively with suppliers?
- What will enhance the morale of your employees?
- What internal issues need to be resolved?
- What might encourage external stakeholders to be more cooperative?
- How can you change public perceptions of your organisation?
- Which policies or actions might run the risk of alienating them or increasing the threat they pose to your business?
- Which areas should you focus on?

Stakeholder Analysis

7. Develop strategies for action (continued...)

Evaluate the impact of any proposals, considering how easy they will be to implement, taking any costs or cost savings into account and bearing the impact on other stakeholders in mind.

Over time the interests of stakeholders go together, so it is important to find creative solutions that satisfy the interests of multiple stakeholders.

8. Communicate and develop relationships with stakeholders

- A 'public relations' approach to stakeholders – that is, one way communication - can be used to put the company viewpoint across, but will only be effective if the assumptions on which it is based are accurate.
- Two-way communication, involving dialogue and negotiation with stakeholders may be more difficult, but can lead to a better understanding of stakeholder perspectives.
- Monitor the feedback you get from stakeholders and use it as a basis for further discussion and action. Stakeholder management is a two step process; the second being to develop a proactive communication plan aimed at supporting business strategy and seeking to move stakeholders towards supportive positions and away from positions that threaten business success. Moving stakeholders progressively in the right direction on the power/interest matrix should be the aim.

Stakeholder Analysis

9. Monitor and review

The environment within which a company operates is not static. The power and interests of stakeholder groups will change over time, so a regular review of stakeholder relationships is essential.

Stakeholder Communication Plan Template



STAKEHOLDER COMMUNICATION PLAN					
STAKEHOLDER	POWER/INTEREST	KEY INTEREST & ISSUES	COMMUNICATION VEHICLE	FREQUENCY	COMMENTS