

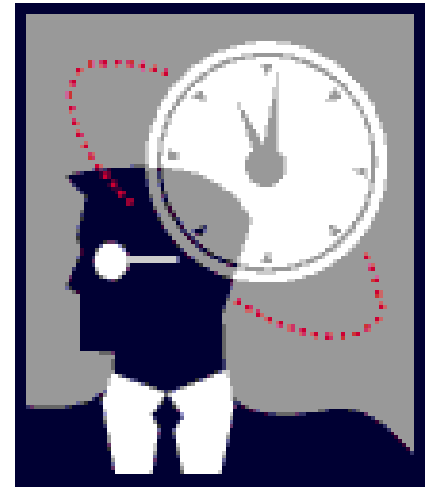
MBA Change modules 2021

Tutorial:
Analysing Stakeholders
Assignment Q&A

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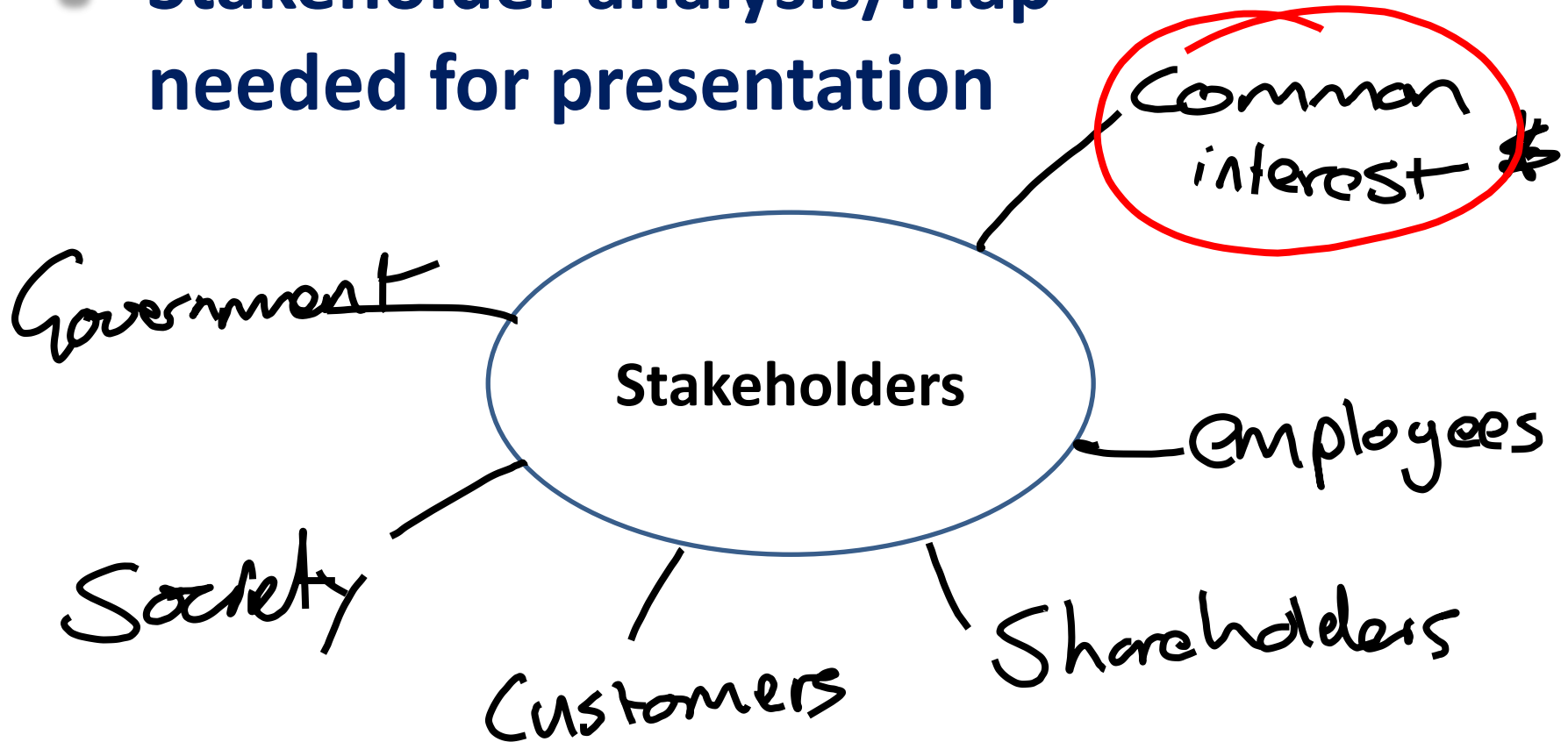




Reminder:

**Stakeholder analysis/map
needed for presentation**

5





What are Stakeholders?



Stakeholders

Stakeholders are any individuals or groups who can affect or will be affected by the outcome of a change.

Definitions

Any group or individual who can affect or is affected by the achievement of an organisation's objectives

(Freeman, 1984:46)

A person or group having a vested interest in the organisation's functioning and objectives

(Cummings & Worley, 2015:791)

Influences on strategic purpose

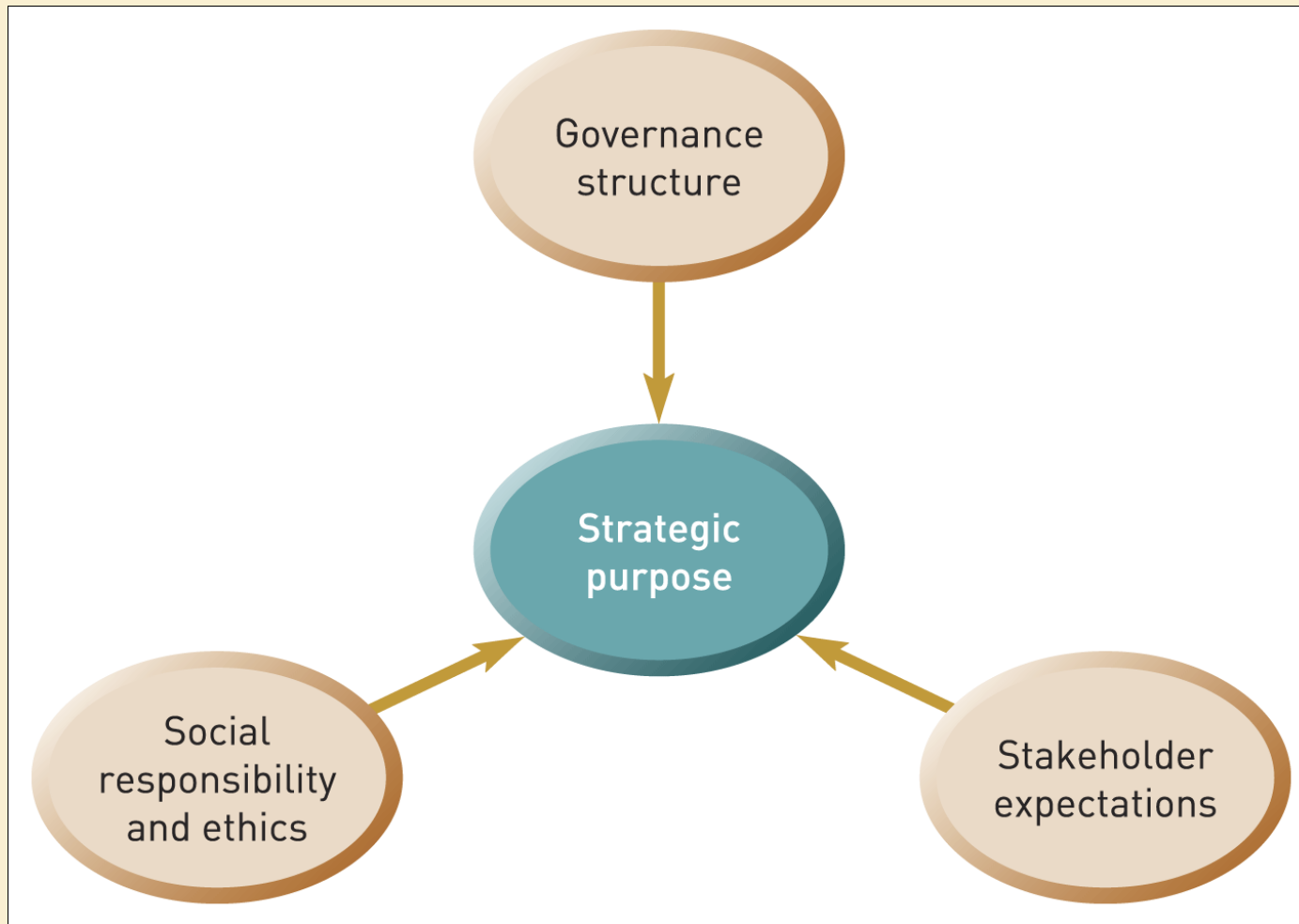


Figure 4.1 Influences on strategic purpose



Meeting stakeholder needs

To do so needs consideration of three general questions about stakeholders:

- Who are they? (their attributes)
- What do they want/expect? (their ends)
- How are they going to try to achieve it? (their means)

2 key concepts:

their power and their interest



So.....

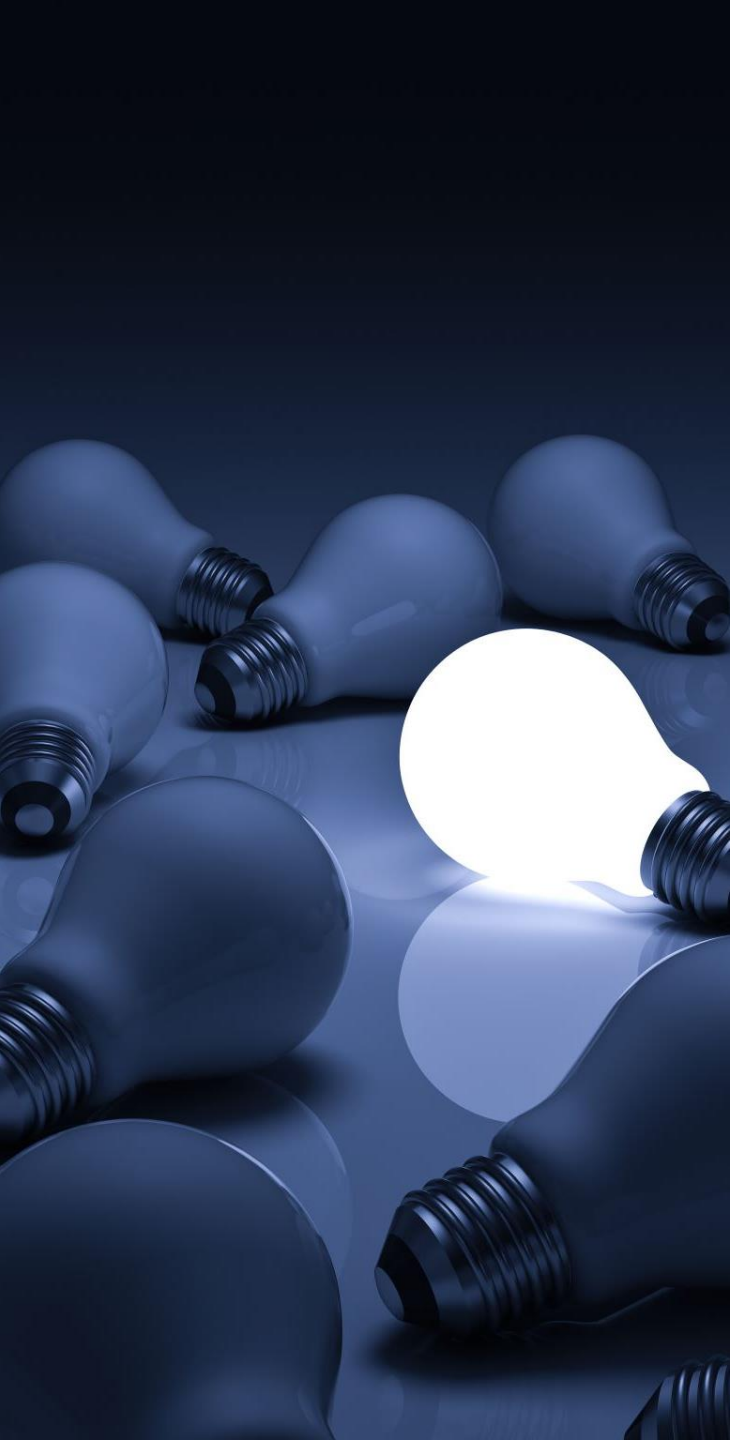
Stakeholder power:

- their ability to influence the organisation

Stakeholder interest:

- their willingness to influence the organisation

The extent to which they care about what the organisation does

A photograph of several incandescent light bulbs scattered on a dark, reflective surface. One bulb in the center is turned on, emitting a bright white light that creates a strong reflection on the surface below it. The other bulbs are unlit and appear as dark shapes against the dark background.

Stakeholder influence

= power x interest

Key questions

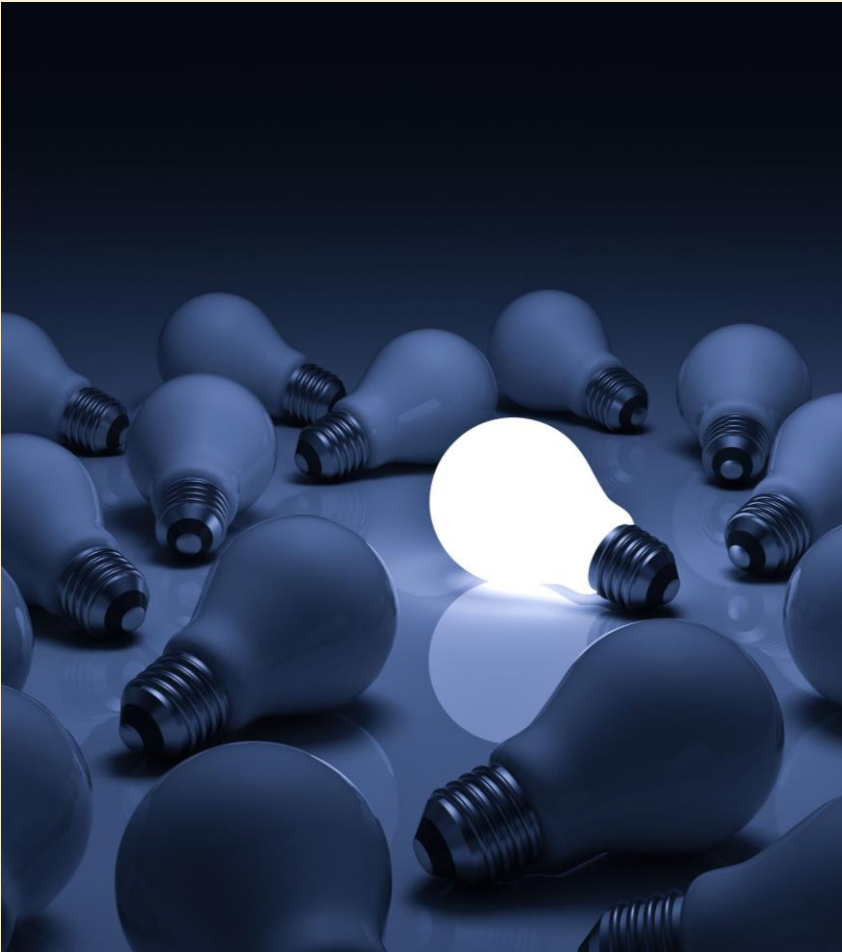


WHO STANDS TO LOSE/GAIN
FROM THE CHANGES?



= STAKEHOLDER MAPPING

Power



Power is the ability of individuals or groups to persuade, induce or coerce others into following certain courses of action.

Sources of power

Sources of power	
Within organisations	For external stakeholders
• Hierarchy (formal power), e.g. autocratic decision-making • Influence (informal power), e.g. charismatic leadership • Control of strategic resources, e.g. strategic products • Possession of knowledge and skills, e.g. computer specialists • Control of the human environment, e.g. negotiating skills • Involvement in strategy implementation, e.g. by exercising discretion	• Control of strategic resources, e.g. materials, labour, money • Involvement in strategy implementation, e.g. distribution outlets, agents • Possession of knowledge or skills, e.g. subcontractors, partners • Through internal links, e.g. informal influence

Table 4.5 Sources and indicators of power

Indicators of power

Indicators of power	
Within organisations	For external stakeholders
• Status • Claim on resources • Representation • Symbols	• Status • Resource dependence • Negotiating arrangements • Symbols

Table 4.5 Sources and indicators of power (Continued)

Exercise

Identifying stakeholders

Consider the following questions

- Who are the people/units in your organisation that change will affect?

Notes



?

**Should change managers
take account of all**

or

**only selected groups of
stakeholders?**

Which stakeholders are most important?

➤ *Normative theories.*

- According to normative or ethics-based theories of stakeholder management the interests of all stakeholders have intrinsic value and should be taken into account when planning and implementing change.

➤ *Instrumental theories.*

- managers will only attend to the interests of stakeholders to the extent that those stakeholders can affect their interests.
- Managers are selective in who they attend to and are not motivated by a concern for the welfare of stakeholders in general.

Jawahare and McLaughlin's stakeholder theory

- At any given life cycle stage certain stakeholders become more important than others because of their potential to satisfy critical organisational needs,
- It is possible to identify which stakeholders are likely to be more or less important at each stage of the life cycle.
- The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.

A life cycle approach to stakeholder management

- different pressures threats at different stages in its life cycle.
- Over time, certain stakeholders become more important than others because of their ability to satisfy critical organisational needs.

The contribution of resource dependence theory

- Change managers pay most attention to those stakeholder groups who **control resources critical to the organisation's survival.**
- It is possible to identify four ways of attending to stakeholders:
 - Proactive
 - Accommodating
 - Defending
 - Ignoring

The contribution of organisational life cycle models

- Resource requirements will vary
- interact proactively with those who control the critical resources.
- ... and ignore or act in a defensive mode towards other stakeholders
- When the flow of resources is not threatened, pursue a risk-averse strategy, and actively address the concerns of all stakeholders.

Managing stakeholders

Key steps are:

- a stakeholder analysis to identify important stakeholders
- the development of a strategy for persuading influential stakeholders to support the change.

Stakeholders of a large organisation



Figure 4.3 Stakeholders of a large organisation

Source: Adapted from R.E. Freeman, *Strategic Management: A Stakeholder Approach*, Pitman, 1984. Copyright 1984 by R. Edward Freeman.

Stakeholder conflicts of expectations

- | |
|---|
| <ul style="list-style-type: none">• In order to grow, short-term profitability, cash flow and pay levels may need to be sacrificed. |
| <ul style="list-style-type: none">• 'Short-termism' may suit managerial career aspirations but preclude investment in long-term projects. |
| <ul style="list-style-type: none">• When family businesses grow, the owners may lose control if they need to appoint professional managers. |
| <ul style="list-style-type: none">• New developments may require additional funding through share issue or loans. In either case, financial independence may be sacrificed. |
| <ul style="list-style-type: none">• Public ownership of shares will require more openness and accountability from the management. |
| <ul style="list-style-type: none">• Cost efficiency through capital investment can mean job losses. |
| <ul style="list-style-type: none">• Extending into mass markets may require a reduction in quality standards. |
| <ul style="list-style-type: none">• In public services, a common conflict is between mass provision and specialist services (e.g. preventative dentistry or heart transplants). |
| <ul style="list-style-type: none">• In large multinational organisations, conflict can result because of a division's responsibilities to the company and also to its host country. |

Table 4.4 Some common conflicts of expectations

Stakeholder mapping

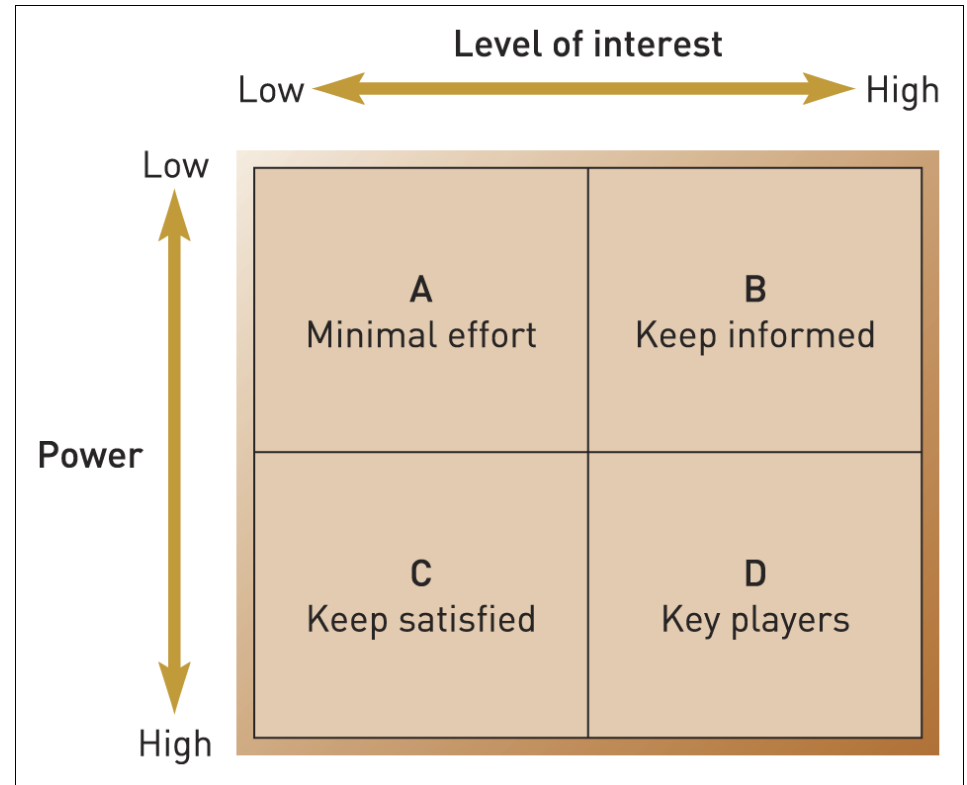


Stakeholder mapping identifies stakeholder expectations and power and helps in understanding political priorities.

Stakeholder mapping: the power/interest matrix

Stakeholder mapping: the power/interest matrix

- Source: Adapted from A. Mendelow, *Proceedings of the Second International Conference on Information Systems*, Cambridge, MA, 1986



Stakeholder mapping issues

Determining purpose and strategy – whose expectations need to be prioritised?

Do the actual levels of interest and power reflect the corporate governance framework?

Who are the key blockers and facilitators of strategy?

Is it desirable to try to reposition certain stakeholders?

Can the level of interest or power of key stakeholders be maintained?

Will stakeholder positions shift according to the issue/strategy being considered.

Exercise

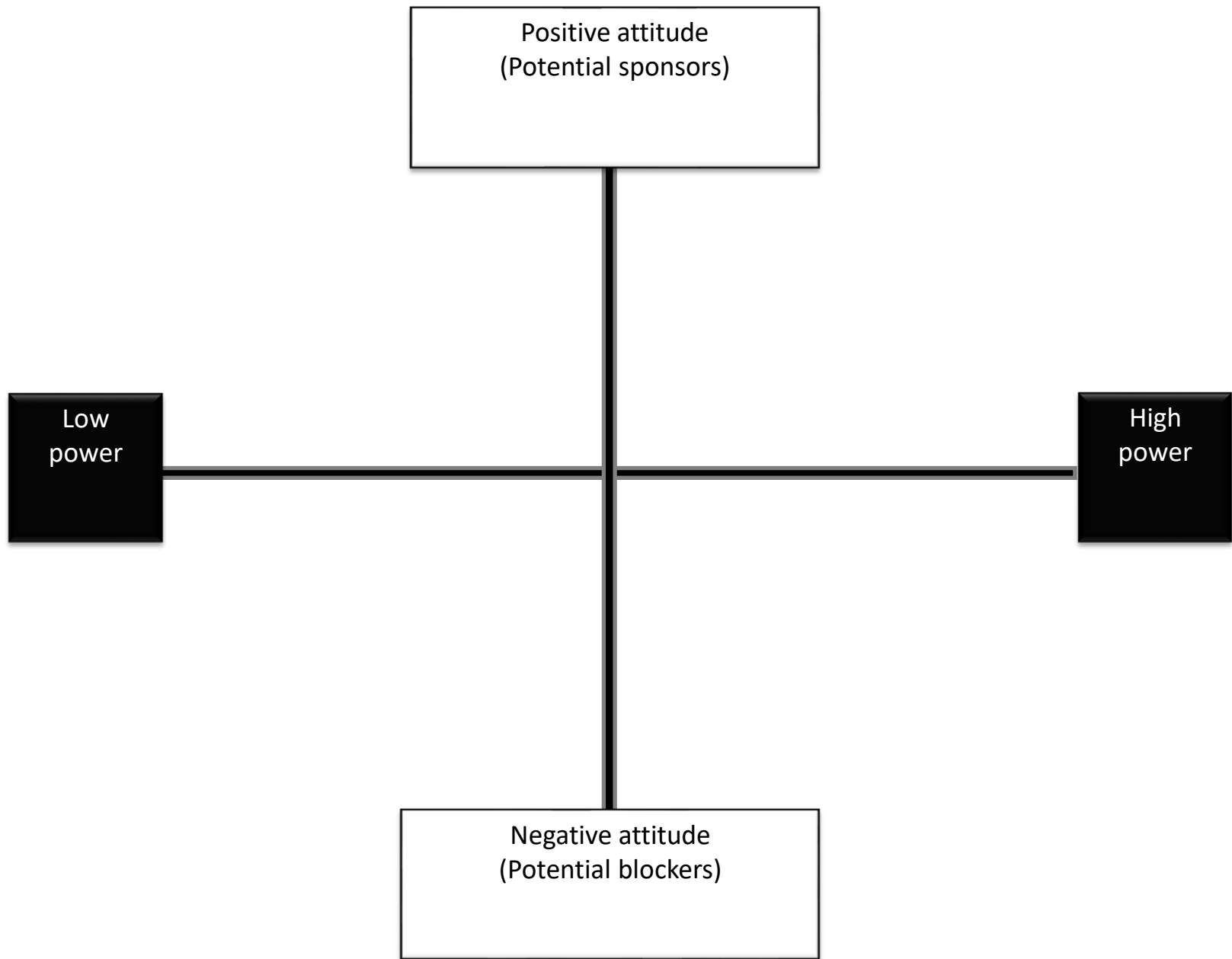
Identifying the Sources of Power

Consider the following questions

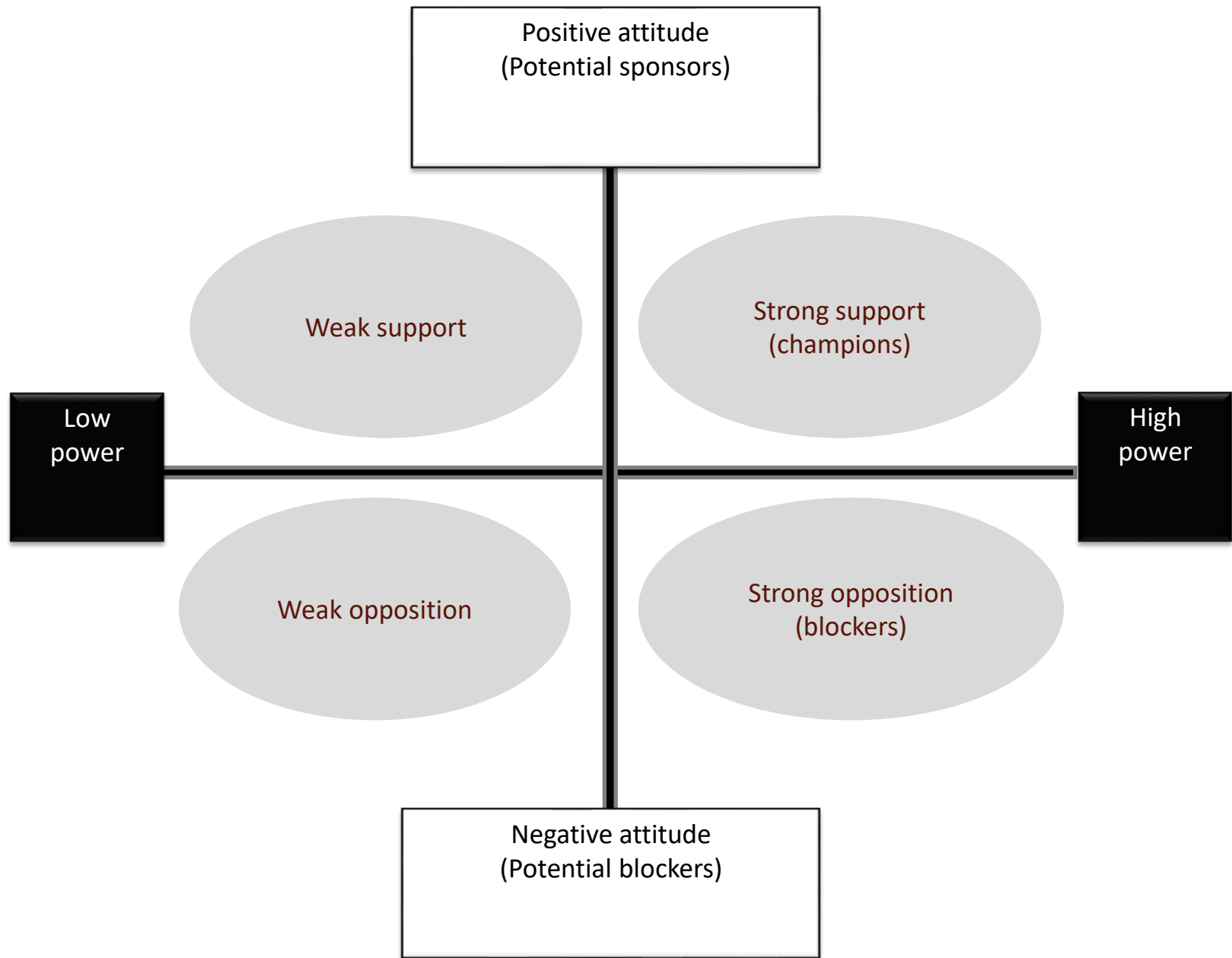
Who are the most powerful people/units in your organisation?

Why what is the basis of their power?

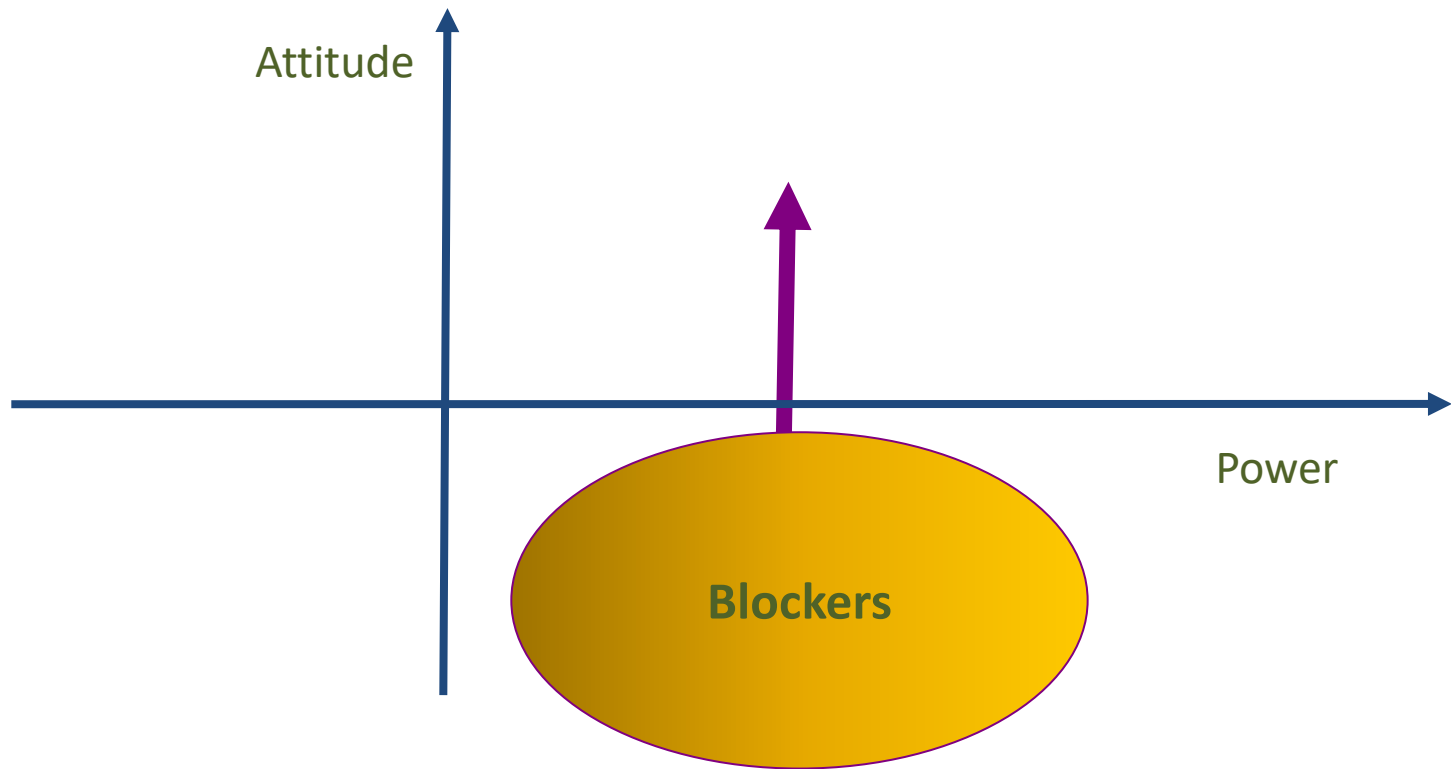
Notes



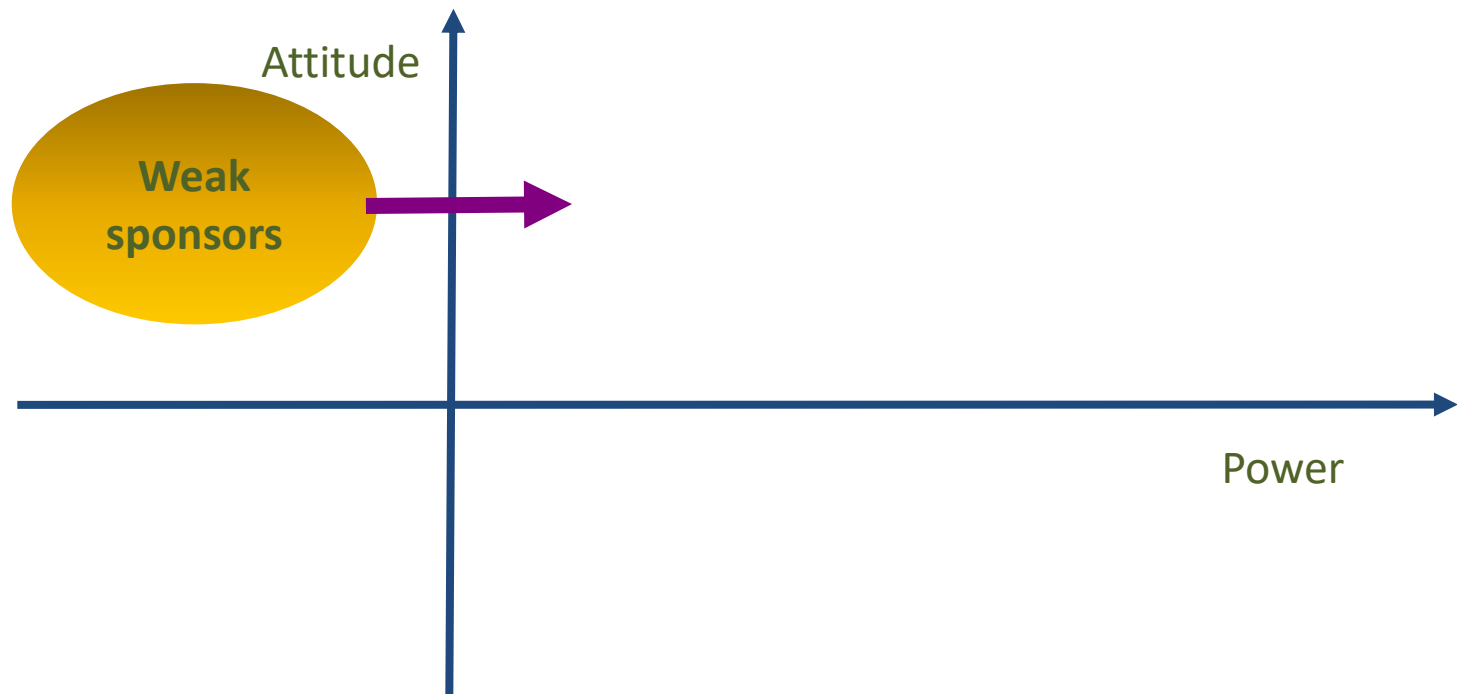
Stakeholder Map



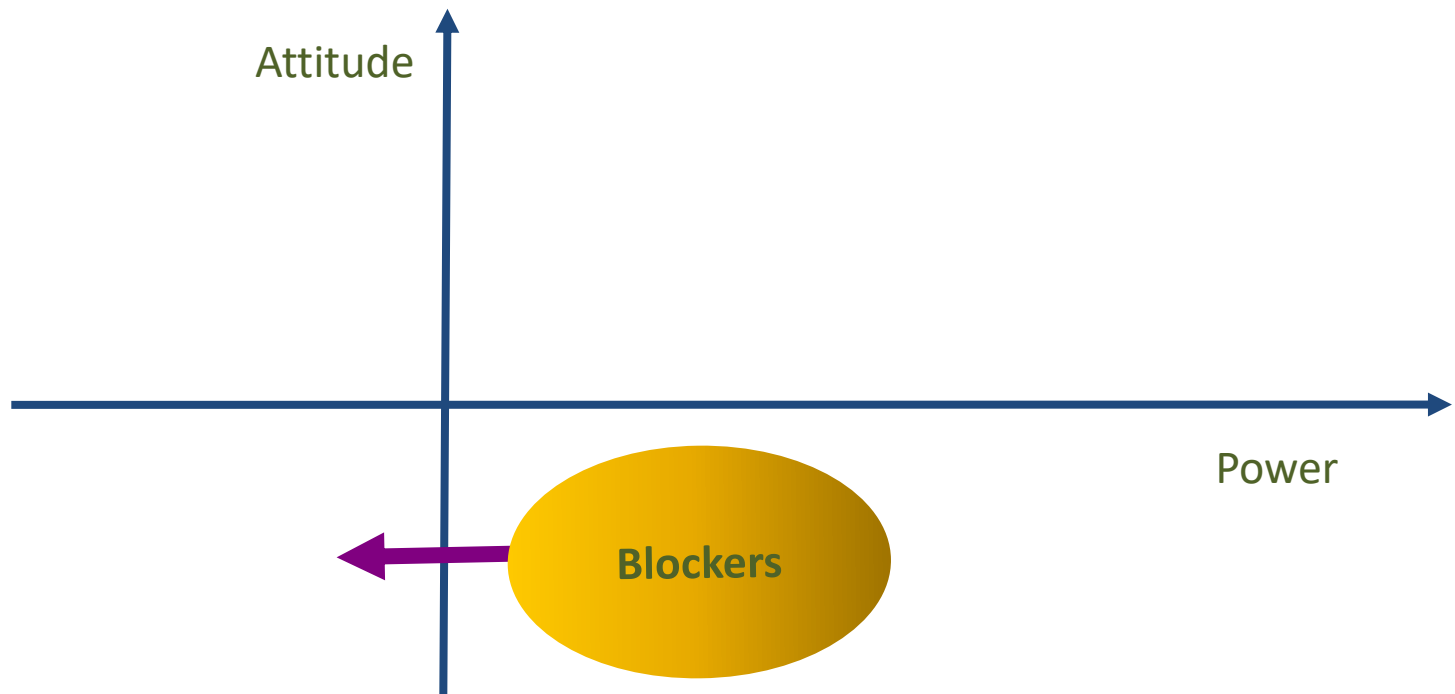
Winning the support of those who oppose the change
and who have the power to influence the outcome



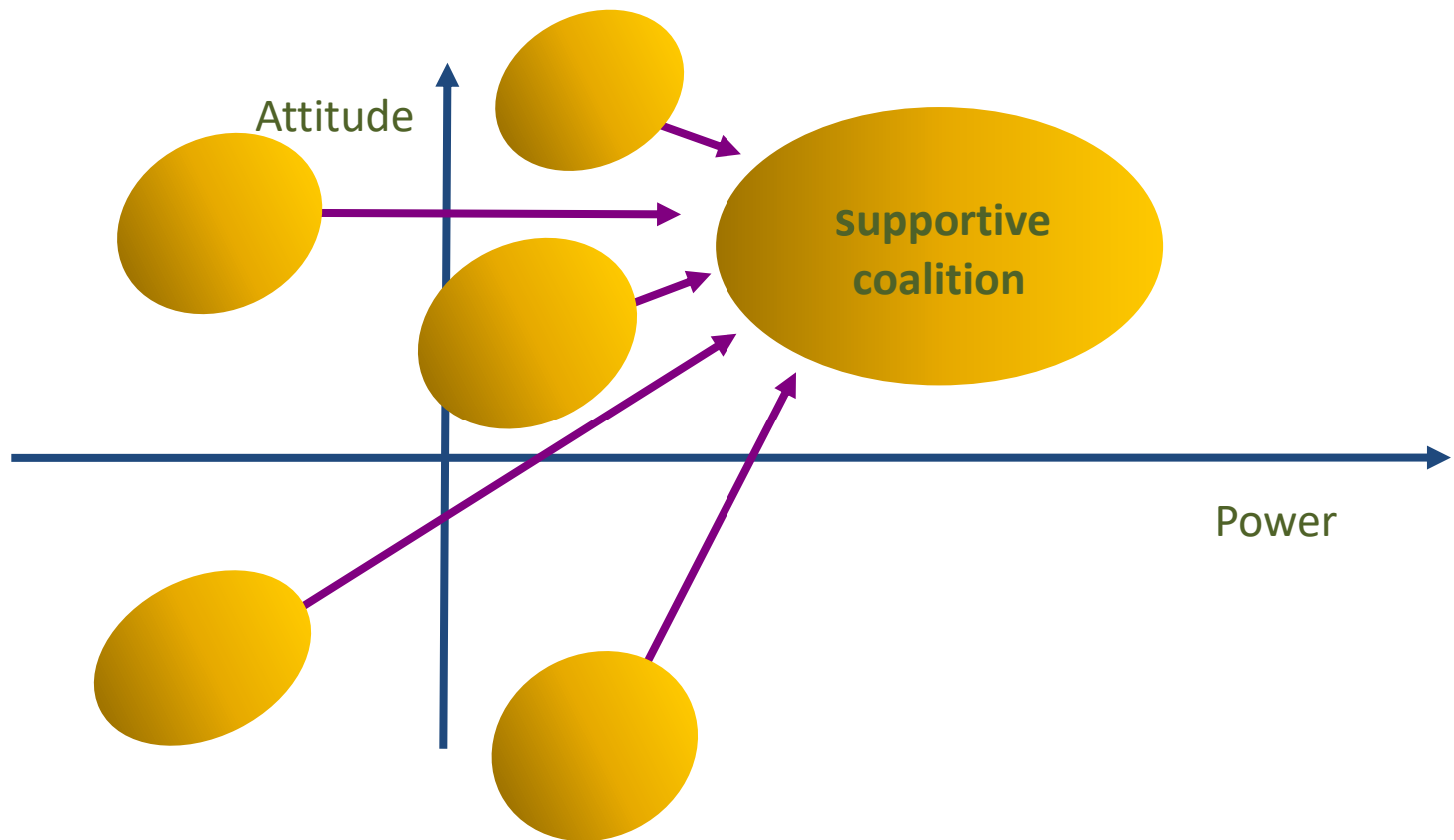
Increasing the influence of those stakeholders who are already supportive



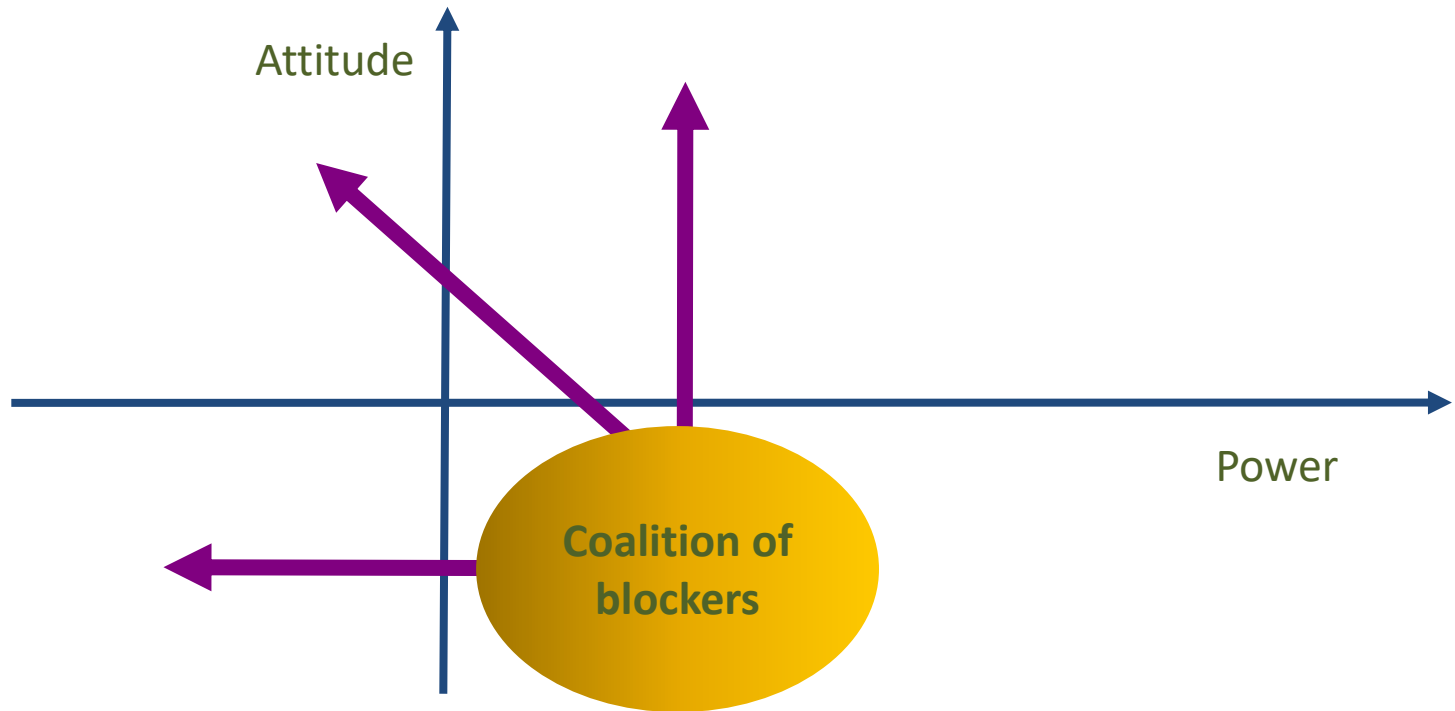
Reducing the influence of powerful blockers



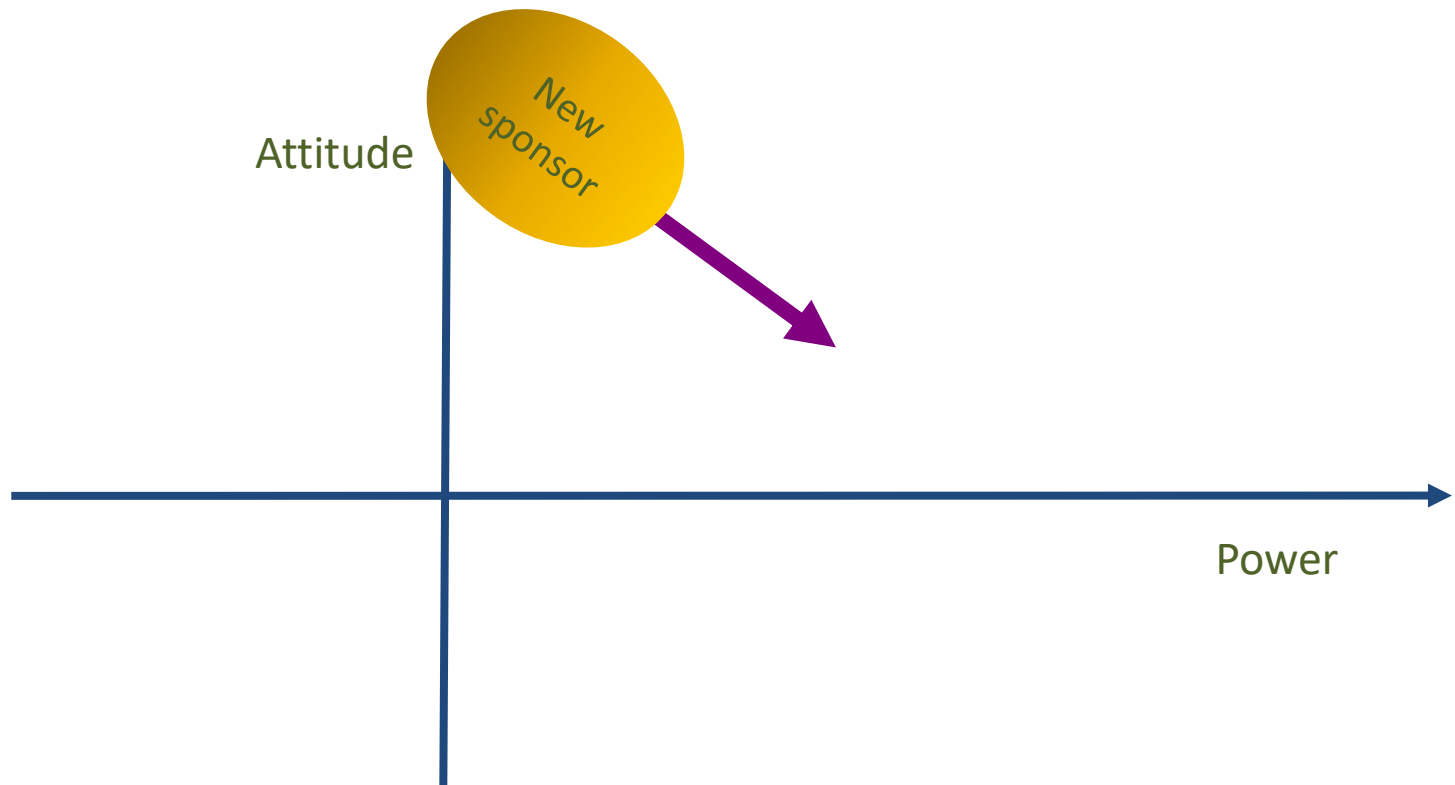
Building a coalition of supportive stakeholders who will be prepared to work together to support the change



Fragmenting existing coalitions who are antagonistic towards the change



Bringing new sponsors or champions into play





Changes over time

- An Important point to remember is that as a change project unfolds and as circumstances change **the identity of key stakeholders may also change.**



Stakeholder mapping issues

Determining purpose and strategy – whose expectations need to be prioritised?

Do the actual levels of interest and power reflect the corporate governance framework?

Who are the key blockers and facilitators of strategy?

Is it desirable to try to reposition certain stakeholders?

Can the level of interest or power of key stakeholders be maintained?

Will stakeholder positions shift according to the issue/strategy being considered.

Summary

At any given stage in a change project certain stakeholders emerge as more important than others because of their potential to satisfy critical organisational needs,

It is possible to identify which stakeholders are likely to be more or less important at each stage.



Summary

The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.

The stakeholder grid was introduced as a useful tool for identifying the power of stakeholders and their predisposition to support or oppose the change.





Relevant TED Talks

- https://www.ted.com/talks/yves_morieux_as_work_gets_more_complex_6_rules_to_simplify/transcript?language=en
- https://www.ted.com/talks/dame_vivian_hunt_how_businesses_can_serve_everyone_not_just_shareholders?utm_campaign=tedsread&utm_medium=referral&utm_source=tedcomshare



Q & A

- Choice of case
- Key themes
- Presentation structure
- Module so far