

# Salvation army: stakeholder analysis



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## **EXECUTIVE SUMMARY**

This essay is basically about the stakeholders of the Salvation Army case study written by Alex Murdock. It involves a breakdown of the work of the Salvation Army and the different stakeholders involved in the organisation.

The first section is an introduction on the works of the Salvation Army and then moves on to discuss the different stakeholders of the Salvation Army in terms of their interest and power in the organisation.

The next section discusses the major stakeholders and what they expect from the Salvation Army in terms of how they handle things.

The last section presents a critical review on the importance of stakeholder management to any organisation and how to maintain an effective stakeholder relationship.

## **THE SALVATION ARMY, A GLOBAL NOT-FOR-PROFIT ORGANISATION**

### **INTRODUCTION**

The Salvation Army can be described as an international movement and as an evangelical part of the universal Christian Church. It is also seen as a global non-profit organisation which was founded by William Booth and his wife Catherine in 1865 in London and has spread to other parts of the world.

The primary aim of the organisation is to preach the good news about Jesus Christ and persuade people to become his followers. The Salvation Army shows care and concern for the needs of people despite their sex, age, race, status or colour.

## The mission statement of the Salvation Army (2004)

The Salvation Army, an international movement, is an evangelical part of the universal church. Its message is based on the Bible. Its ministry is motivated by love for God. Its mission is to preach the gospel of Jesus Christ and meet human needs in his name without discrimination.

The movement works in 109 countries and provides services in 175 different languages. The army also has some distinctive characteristics which set it apart from other Christian organisations one of which is its adoption of a quasi-military structure which is derived from ‘ spiritual warfare’ and reflects in the use of ranks, uniforms and flags. The actual work of the Salvation Army is not just evangelistic but is deeply focused on the relief of poverty and the provision of practical, cost-effective and skilled services. The Salvation Army provides a variety of programme-based services worldwide and their social service has become very important to the extent that the UK annual report affirmed that it was the second largest provider of social service after the government. One of the major services they provide is the residential service which is widely provided in different forms and the largest form is the facility for homeless people. They also provide residential accommodation for every possible individual ranging from mother and baby to elderly and disabled and in 2003, there were altogether over 600 separate facilities with a total capacity of nearly 32, 000. Mostly for the elderly people, they provide remand homes and day care for the little ones. Due to the army’s focus on addiction dependency, lots of residential and day care resources have been developed to help extensively in addiction problems. The Salvation Army has been very helpful in a lot of other aspects apart from <https://assignbuster.com/salvation-army-stakeholder-analysis/>

providing structures there provided counselling services for clients whom other agencies are reluctant to assist such as alcoholics, drug addicts. In especially the UK, the Salvation Army has been fully involved in the missing person services.

The Salvation Army is a holiness movement and says that Salvationists should:

Earnestly strive to become wholly devoted and obedient to God, strong and upright, true, pure, kind, loving and humble in one word, holy, like Jesus.

Salvation Army (2009)

## **IDENTIFY ALL STAKEHOLDERS AND CONSTRUCT A POWER/ INTEREST MATRIX**

A stakeholder is any entity, internal or external, who could directly or indirectly affect your organization or be affected by your organisation (Romeo 2008). This means any person or organisation that can positively or negatively impact the actions of a company, government or organisations. They are people that have shares or interest in an organisation and are also involved in the control and decision making of the organisation. There different types of stakeholders are:

- Primary Stakeholders – these are people that are ultimately affected either positively or negatively by an organisation's actions.
- Secondary Stakeholders – these are intermediaries i. e. those indirectly affected by the organisation's actions.

- Key Stakeholders – people that have significant influence within the organisation and there can belong to the two groups above.

The stakeholders of the Salvation Army are listed below:

Employees, Government, Volunteers, Donors, Board Members, Other Non Profit Organisations, Funders, Church and Members, Media, Armed Forces, UK National Lottery, The Public, Competitors, Clients/ Consumers, Non Governmental Organisations (NGOs), Religious Groups, Individual Government bodies, The Councils.

When looking at the stakeholder analysis, we need to consider the level of interest and the level of power the stakeholders have. Power depends on how much the stakeholder can bring to promote the army and Interest depends on how important the stakeholder sees the army. A “ stakeholder analysis is a process of systematically gathering and analyzing qualitative information to determine whose interests should be taken into account when developing and implementing a policy or program” (Best 2007: 2). It is useful in identifying key actors and assessing their knowledge, interests and power in relation to the organisation. These stakeholders or “ interested parties” can usually be grouped into the following categories: international, public, national political, commercial/private, nongovernmental organization (NGO)/civil society, labour, and users/ consumers” (Schmeer, 2000 cited in Best 2007: 2).

## **STAKEHOLDER POWER/INTEREST MATRIX**

A matrix is used to organise or classify the stakeholder data. It provides a short analysis of which stakeholder will gain or lose from the organisation.

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Low Level of Interest High

B

Keep Informed

A

Minimal EffortLow

D

Key Players

C

Keep Satisfiedpower

High

This map is divided into four sections: low interest/low power, high interest/low power, high power/low interest and high power/high interest.

Group A- low power and low interest in the Salvation Army so there require little or no effort and attention e. g. people, UK national lottery which has no interest or power in the organisation.

Group B- low power and high interest in the organisation so there need to be kept informed by the Salvation Army because there have high interest but little power to control what goes on in the organisation e. g. volunteers, armed forces

Group C- high power and low interest so the Salvation Army has to keep them informed on a regular basis and satisfied e. g. NGOs, media

Group D- high power and high interest in the Salvation Army so there require loads of attention and effort because of their importance e. g. government, councils. The Salvation Army needs to be aware of a key player with a strong opposition.

The analysis consists of the identified stakeholders being arranged in a table according to the extent and level of power and interest they have in the organisation. According to Johnson and Scholes (2002: 208), power/interest matrix 'imply the political priorities for managing stakeholder's relationships by assessing the level of interest and power for each stakeholder'.

## **ASSESS THE EXPECTATIONS OF EACH GROUP OF STAKEHOLDERS**

Non profit organisations are often thought of as seeking effectiveness and efficiency in equal measure (Drucker 1990). The donors, public agencies funding these organisations, employees and managers who work for these organisations often have high expectations about their ability to make an impact on the areas in which they are involved. The extent to which they provide services and affect community issues is an important measure of the effectiveness of these organisations. There are difficulties when trying to identify stakeholder expectations in not-for-profit organisations (Fletcher et al 2003). The decisions about the purpose and strategy of an organisation are influenced by the expectations of stakeholders (Johnson, Scholes and Whittington 2008). This could be a challenge because of the possibility of

many stakeholders having different expectations which could lead to conflict especially in a large organisation like the Salvation Army.

## **MAJOR STAKEHOLDERS AND THEIR EXPECTATIONS**

In this Salvation Army case, the major stakeholders are mostly those with high interest and high power which are: the church, donors, the government, army officers (uniformed and non- uniformed), media, individual government bodies, the high council, the generals' consultative council, the international management council.

Church –The church could be seen as the major stakeholder because as the founder of the Salvation Army, they are in charge of most of the activities and services that the Salvation Army does.

Media –The media highlighted the government's views and added to the banning of the Salvation Army e. g. the press made attempts by the government to ban Salvation Army in Russia.

Donors –the Salvation Army is a non-profit organisation so it depends largely on donations and grants. The resourcing needs of the salvation army will likely increase as the demands increase so the donors support the organisation by making donations and there expect it to be put to good use e. g. Joan Kroc made a donation of 1. 5billion dollars which was the world's largest single charity donation. This donation however raised some questions and caused a bit of conflict between the donor and the organisation on the limits of acceptability.



Government –The government has supported the organisation and has attempted to support its needs. They have major expectations there want to see manifested in the Salvation Army. The government have high power and high interest because they are in charge of certain standards, and if these standards are not met, they carry out their penalties.

Individual Government Bodies –The government assists the Salvation Army in their fund raising campaigns. Some of these individual government bodies include social services like the Red Cross and various health organisations and they provide assistance when the Salvation Army needs it. This group of people are key stakeholders that can influence and affect the work of the organisation so it is important that their expectations are met. In the case study, the government body in Russia had the power to ban the Salvation Army from their country because they did not like the way things were going on and this brought about some problems. In the UK and USA, the Salvation Army is recognised and strongly supported which allows them to operate much easier. The individual government bodies have a certain ways things are done in their countries and expect the Salvation Army to adhere to it or it could lead to lack of support from the body which could hinder the work of the organisation.

Army Officers –These are employees of the organisation (professionals and non-professionals) who are paid very little for the work there do. There are expected to be very dedicated to the organisation and achieve their objectives.

The High Council: The High Council consists of all active territorial commissioners and their major responsibility was to elect a new general when the present one who is the head of the army is unfit to continue. The second in command who is the chief executive has the responsibility of executing the policy decisions of the general and produce a relationship between departments. They meet anywhere convenient for them in the UK.

The Generals' Consultative Council: This council is made up of qualified people responsible for making sure policies are consistent on a national scale and advice on the mission, strategy and policies of the Salvation Army. They meet regularly and work electronically through the use of lotus notes, emails.

The International Management Council: this council focuses on how effective and efficient the international headquarters operates and usually meet monthly.

The council's expectations are somewhat the same and even though the headquarters of the Salvation Army is in London, there is autonomy in each territory and no interference from each of them. Regardless of this, there always put the mission of the Salvation Army first before they make their decisions.

## **WHY IS STAKEHOLDER MANAGEMENT SO CRUCIAL TO ANY ORGANISATION?**

A stakeholder is basically an individual or a group of people that has one or more different kinds of stakes in the organisation and this makes their management very important (Carroll and Buchholtz 2009). Managers have

recognised that different stakeholder groups in an organisation have to be satisfied in order to meet their goals (Carroll and Buchholtz 2009).

Stakeholder management has long been recognised as an essential part of the effectiveness of an organisation whether public/private sector or profit making/non-profit making. It involves building and maintaining the active support and commitment of the stakeholders to facilitate the timely implementation of change in an organisation (OGC 2005). The important functions of stakeholder management are to describe, to analyze, to understand and finally to manage (Carroll and Buchholtz 2009).

Preston and Donaldson (1999) argue that ' stakeholder management can enhance organizational wealth and that economic benefits can be generated by positive relationships between an organization and its stakeholders. OGC (2005) is of the opinion that stakeholder management includes four things: stakeholder assessment and stakeholder mapping, identification of key concerns, risks and mitigating actions, monitoring stakeholder plan and using output of stakeholder mapping for communications and other interventions. It enables managers to ensure that the strategic and operational direction of an organization addresses stakeholder perceptions (Fletcher 2003). Stakeholder Management is very crucial to any organisation because it helps us to understand the important role of managing and informing stakeholders. It will ensure that key stakeholders and their interests are identified and strategies are developed to engage with them (NHS)

Managers and organisations developed a set of “ principles of stakeholder management” to provide managers with ways to treat stakeholders (Carroll

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and Buchholtz 2009: 111). These principles are known as the Clarkson Principles and in order to build an effective stakeholder relationship; managers need to adopt the following characteristics: acknowledge, monitor, listen, communicate, adopt, recognize, work, avoid and acknowledge conflicts (Carroll and Buchholtz 2009). It helps to integrate a variety of perspectives and provides a guide to organisations on how to manage their stakeholders (Donaldson 2002).

Stakeholders are recognised as very important people in public and non-profit orgs which commonly have a more diverse group of stakeholders than private for profit organisations making it more difficult to identify strategic issues (Bryson 1995). Having a good relationship with stakeholders unites organisations, fosters partnership working, helps organisations to prioritise and meet their aims. The three important elements necessary for effective stakeholder relationships are leadership, communication and staff (MORI 2009). Stakeholder management involves identifying and classifying stakeholders and as a result of this facilitates an engagement with them in a coordinated manner. This engagement involves identifying different categories of stakeholders, gathering information about them, identifying their missions in a project, determining their strengths and weaknesses, identifying their strategies, predicting their behaviour and developing and implementing a strategy for managing these stakeholders (Cleland 2002 cited in Chinyio and Olomolaiye 2010).

In conclusion, the stakeholder management is seen as a two way interaction or exchange of influence because just as the strategies, policies, decisions and actions of the organisation can affect stakeholders, so can the

stakeholders affect the organisation (Carroll and Buchholtz 2009). The key to managing stakeholders is a good understanding of their current circumstances and which factors influence them over others. This then allows the approach to managing stakeholders to be tailored to achieve maximum benefit. In particular feedback channels are crucial as this allows distinct management techniques to be utilized dependant on the feedback being received. One criticism of stakeholder management is that it is a very demanding and time consuming process to attend to each stakeholder needs and ensure their satisfaction. Also, it could be very complex when classifying each stakeholder and trying to determine whose claims takes priority in any situation (Carroll and Buchholtz 2009). In the case of the Salvation Army, it is important to maintain a good relationship with the stakeholders because they play a very essential role to the organisation. Organisations need to plan for the future which is what the Salvation Army has done and is still doing to ensure that the poor and needy are well catered to.