

# [Stakeholder their importance and engagement](https://assignbuster.com/stakeholder-their-importance-and-engagement/)

## Introduction

Stakeholder is someone who has interest in any organization, project, or business institute. Stakeholder analysis is critical. Stakeholder analysis is a tool or a set of tools. This uses for generating knowledge about individuals and organizations. The main aim is to understand their behaviour, intentions, interactions and interests. This also helps to assessing the influence and resources they bring to bear on decision making or implementation processes. In general these stakeholder included staff, shareholder, owner, government, media, community, customer, supplier, creditor, trade union.

Stakeholder analysis used to identify constrain and conflict in project management and business administration. This information is used to assess how the interests of those stakeholders should be addressed in a project plan, policy, program, or other action. Stakeholder analysis is a key part of stakeholder management.

## Define the terms

Terms of stakeholder refers to individual or groups who can effect or effected by a corporation activity. (Sevendsen, 1998) People who have direct or indirect effect on any project can called stakeholders. Stakeholder analysis is analyzing the attitude of stakeholder towards something (business, project, government). Stakeholder could be a person or group and they can react positively or negatively towards the project or business, government. According to their impact there are three types of stakeholders.

Primary stakeholder: the person or group, who ultimately affected by the project . It could be negatively or positively. Customers, owners, employees, associates, partners, contractors, suppliers, people that are related or local people are normally the primary stakeholders.

Secondary stakeholder: mainly the intermediaries, the person or group indirectly affected by organisation action. Secondary stakeholder could be the community.

Key stakeholders: this group can be part of first two groups as well. They have significant influence upon or impact within any organisation. This happened when secondary stake holder got influence. For example community some time could create pressure if they are on legal ground.

There is some suggestion by different writer about the method of stakeholder mapping

According to Mitchell, et al. (1997) stakeholder is classed based on power to influence. However, according to Johnson and Schools (1993) Stakeholder analysis or stakeholder mapping has evolved in recent years as at method for analysing the likely interests and actions of stakeholders. Stakeholder analysis means assess the stakeholder according to their interest and influence.

Stakeholders are categorised on a graph rating their level of interest against the power they possess to exercise those interests. The stakeholders in this way are broadly divided into four groups; low interest/low power (A), high interest/low power (B), low interest/high power (C) and high interest/high power (D).

Stake holder mapping is strategic business tool, this identify deferent level of power and influence acquire by stake holder. It also examined the power stake holder can exert, the relative likelihood of them using the power, and their level of interest regarding the company’s activities. The objective of this analysis is to find out which potential group or individual stakeholder is more likely to affect the company. Then the company need to decide how to attend those group or individual stakeholders.

Stakeholders are divided in four groups. Presentation1. jpg Figure

According to figure 1 section has low level of interest and low level of power. To explain this diagram the writer use Manchester united football club. So for Manchester United (MU) in section A would be press, government, UEFA (Union of European Football Associations) they all got little effort on MU. They also got low interest in MU fuctions. MU can informed them after any decisions made. Section D is included fans, player, staff, FA (Football Association), supplier. This group need to inform. They got low power on decisions make, but got high interest on MU events. Section C is lenders, sponsor they need to satisfy on any change or decisions made. As they got high power MU need to care full of any warning sing for them. Finally section D is the key players the owner (Glazer), who got the high interest power and high interest. They can make any strategic choice.

## Benefits

Stakeholder analysis has been used as management and strategic tool identifying optional strategy and managing other stakeholder , identifying current and future opportunity and threat and how best to handle them (Blair and Fottler, 1996) the main aim is to how much and what kind of attention need pay to stakeholders.

For any project knowing the stakeholder interest is vital. This could lead to project success and also the failure of any project. It is very help full to know stakeholder interest. This allows the project manager to become proactive. For example if there is project of building of gym . Then the project planer can implement the customer interstate(modern gym instruments) the same time they can think of government interest , fire exist . Both stakeholder preference can prevent future implication. These possible could be losing customer and accuse by health and safety. This analysis helps to bypass the future complication. Moreover it saves cost of future change and penalty.

Project often get failure, because of protest from stakeholder. Stakeholder can be motivated by the managers. There is a mechanism to influence these stake holders. The information about stakeholder can be used by the managers to make mechanism to influence stakeholders.

Stakeholder analysis is a great tool to bypass any possible risks. This risk can come from any stakeholders. Recently BT took some steps to increase its share price. It establishes a telephone exchange in Hong Kong and did some more investment in telecom industry. This all increase their share price. But at the same time BT make huge dept. This was not expected by the shareholders. So BT needs to sell some of its assets to reduce the debt. This happened, because of not considering shareholder expectation. BT could easily bypass this risk by pre- assessment of the full stakeholder analysis.

Key stakeholder need to be informed about the project during the implementation stage . GMPTE building the metro link train service in team side area. It is long time project and creates a lot of traffic jam in this area. GMPTE is giving update in press or internet to keeping all stakeholders inform about the project condition. This giving them the support against the complication faces by the traveller and complains. This lets them do the project without any interruptions.

By getting the most powerful stakeholder opinion, project planer can shape their project at early stage. Moreover, there is possibility to have support from them. All combine input can improve the total quality of the project. By gaining support from the powerful stakeholder will give access to more resources for project. This can make project successful. Advance and continues communication with the stakeholders will insure the stakeholders the activity of the project and their benefits. This will lead them to give every support when necessary. By capturing people reaction can let the project planer to build the project and put action plan to win people support.

Stakeholder analysis helps to set the parameter of CSR (corporate social responsibility). Early stakeholder analysis can give sufficient information about the project. Moreover it can help the managers to take decision in future as well, like CSR . Stakeholder analysis gives detail information about all kind of stakeholders, which they can use in future. CSR is one of the elements of core competence and it is easily gain by the stakeholder analysis. It happened mostly in retail sector . They use all stake holder data for marketing communication and assesses them as potential buyer.

Stakeholder mapping classify stakeholders and recognize groups possibly can influence and be affected by corporation decisions. Stakeholder mapping helps to develop the interaction between stakeholder and organisation. This is base on the stakeholder interest. For example when any new Tesco store open they send newsletter to the local community to keep them inform. Because they got high interest, but contribute little power.

## Disadvantage

A big limitation on this analysis is the environment change. According to Vrvasovszky & Brugha( 2000) the environment, the context of analysis, stakeholder interest, position, alliance and influence change over time. Political context can change over time. There are more likely to sudden transformation in developing countries . Therefore stakeholder analysis is time prospective. If the analysis takes too long to finish, the situation can change. This change is mainly happened in political position and legislation. As they both can change suddenly.

The analysis result could go wrong on the basis of meaning of validity. This is because the respondent stakeholder answers are base on his or her position. If the changes by the project are on their favour, they will give a positive opinion about the project. Alternatively if the project can harm their desire, they could do the opposite. In Bangladesh a government own organization the National Telecommunication Board was converting to private sector. This project was faced huge protest by its employee. It was because the change will harm their current position (Und, 2009).

Analyst could be influenced by their own value, prospective and understanding the policy issue, which is essential to do the analysis. Most of the time the analysts are from stakeholder, or acting on behalf of stakeholders . They could think about their interest and use the analysis to picture their aim.

Sometimes it is impossible to shape the project, as to satisfy different stakeholder. This happened when different staked holder has different interest and each oppose other. For example Tesco chain store is expanding all over UK. Recently they open a new store in Middleton, Manchester. When they built the store they need to build a leisure centre, to satisfy the council. This extra constriction cost was not accepted by shareholders. According to Tesco official (2011) to build a new store it takes about £10 million for each supper store. This types of cost may be oppose by the shareholder and bring a conflict between stakeholders. This also encourages the project planer over budgeting and could lead to project failure. Analysing for big project, need to consider different level and different kind of stakeholders. It is very complicated to that, as it is hard to consider which stakeholders might have power and who do not.

## Conclusion

On the base of discussion from different scholar, the writer comes up the summary of the report. Stakeholder analysis is vital for any project. Because it bring the fundamental thing of project constrain, success factor and risk. Moreover, it shows the stakeholder engagement with the project and brings their interest. In this report it also seen that it has some limitation. But those limitation can be overcome easily and have perfect analysis of stakeholder. The analysis can build right project plan and that is the major thing in project success.