THE INSTITUTE OF LEADERSHIP

Leadership Essentials

Engaging Stakeholders

A collaborative leader takes a proactive approach to managing stakeholder interests and views

What are stakeholders?

A stakeholder is anyone with an interest in an organisation. Stakeholders are individuals, groups or organisations that are affected by the activity of the organisation.

Stakeholder theory challenges the idea that only the values of an organisation's owners, directors or shareholders determine its strategic direction. The theory acknowledges that other parties are important in determining the functions and the success of a business or organisation – its stakeholders.

Recognising and Understanding Your Stakeholders

To work effectively with your stakeholders, recognise who they are but also to gain an understanding of their needs, expectations and priorities. One way of doing this is to understand the differences between internal and external stakeholders:

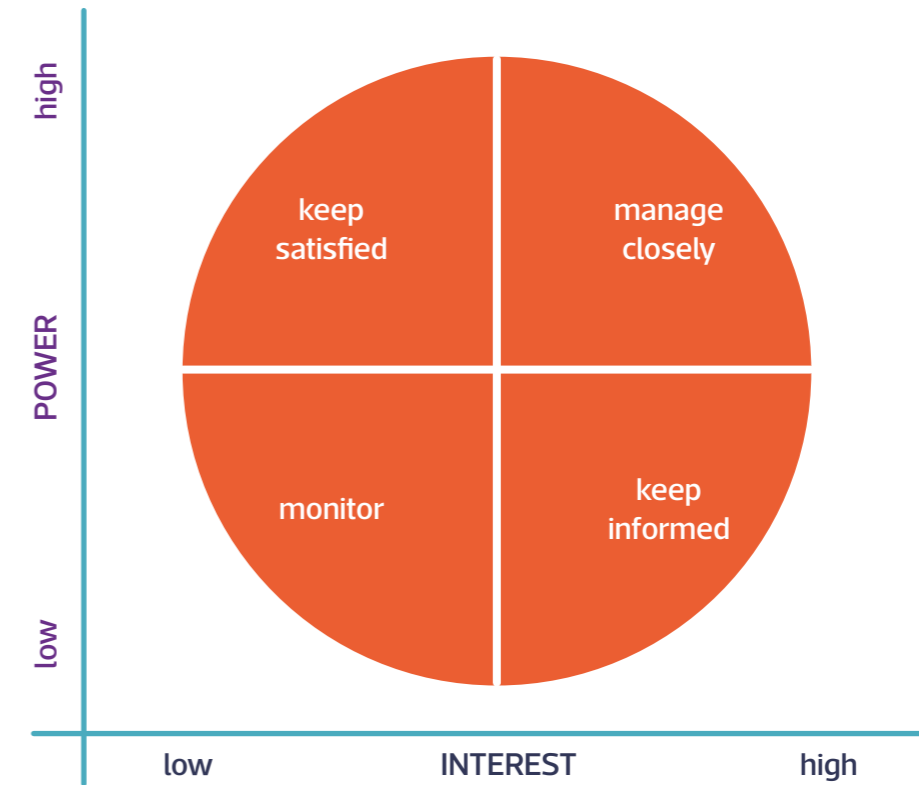| Internal Stakeholders	External Stakeholders
Those who are directly involved in producing or consuming the product or service:	Individuals and groups who have an interest in the product or service, including:
• Employees • Senior management • Board of directors/ trustees • Trade union representatives	• Customers • Suppliers • Regulatory bodies • Community members

Understand the expectations of each group of stakeholders and how much impact this might have on the organisation's strategic plan. A good starting point in undertaking this analysis is to ask yourself the following questions:

> What is each stakeholder group's current opinion of the organisation? Is this based on reliable information?

> What financial or emotional interests does each stakeholder group have in the strategic decisions made by the organisation?

> What is each group's biggest motivating factor? For example, local community members may have concerns about a potential extension to a nearby business unit increasing the level of heavy duty vehicles in the area.

> What action do you need to take in order to change the minds of a stakeholder group who do not currently support the organisation's strategic direction?

> If it's not possible to change the view of a stakeholder group to support the organisation's vision, how might you manage their opposition?

Stakeholder Mapping

Assessing the level of stakeholder influence

Stakeholder mapping can be a useful way of analysing how much different stakeholders influence your organisation's objectives.

It can be used if you are leading a project where you need to manage stakeholders' expectations and involvement. Stakeholders can be ranked according to their:

Interest – the extent to which each stakeholder cares about the aims, objectives and choices;

and

Power – the extent to which each stakeholder is able to influence the organisation.

> **Power vs Interest = Stakeholder Influence**

Mapping out the expectations of each stakeholder group and calculating their influence can help you to engage and manage them by assessing where conflicts between different groups might arise. It also helps you to decide what action you and your team members should take as a result.

Practical tips for engaging and managing your stakeholders

Once you understand your stakeholders, working with them is more straight forward. It is useful to ensure that:

- Stakeholders understand the organisation's mission and vision.
- Stakeholders are aware of the ethos and values that underpin this mission.
- Stakeholders are aware of current levels of performance.
- Employees are trained to work effectively with stakeholders and take the lead in building these relationships.
- Partnership working with stakeholders is aligned to the mission and vision, and is meaningful to the organisation.
- Information is shared in a timely and transparent manner.

References

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Dimensions of Leadership

The Institute of Leadership's Dimensions of Leadership offer, often elusive, insights into great leadership. This is not a static representation but an evolving description of the complex nature of leadership activity.

Find out more at www.leadership.global/learning/leadership.–framework.html