

Stakeholder analysis

What is it?

Stakeholder analysis is the identification of the key stakeholders in the analysis and planning stage of a change process, and an assessment of their interests and the way in which these interests are likely to affect this process. It results in deciding whom to involve in which way in the analysis and planning (and tentatively in the change implementation) process.

What can you do with it?

Stakeholder analysis is a tool to analyse whom to involve in which way in the ID/OS diagnosis process. The participation matrix that concludes stakeholder analysis can be applied in many settings. It lists the involvement of external actors in the ID/OS diagnostic process. The matrix can (additionally) include internal actors, such as departments and individuals within an organisation.

Basic (sub-) questions

Stakeholder analysis relates to the BQ, although this analysis is not a step towards answering the BQ of the ID/OS process. Stakeholder analysis is a step towards deciding whom to involve in which manner in the ID/OS process. The question or purpose of stakeholder analysis is: How should participation in the analysis and planning process be designed, in order that this process yields the optimal combination of relevant, realistic objectives and commitment from the key stakeholders.

Results

- What are the interests of the stakeholders in the basic question?
- What are conflicts of interest?
- What relations between stakeholders can be build upon?
- What participation (inform, consult, partnership, control) is appropriate by different stakeholders at the different stages of the analysis and planning process?
- Where are gaps or overlaps in the current participation planning
- Identification of the pressure points for different stakeholders and whom to address to cushion the effects and overcome potential resistance.

How to use it?

Process

Stakeholder analysis is a political assessment (resulting mostly in deciding whose influence to strengthen and whose influence to minimise). It is therefore typically a tool, in which a limited number of change initiators assess (to the best of their ability) the opportunities and threats other stakeholders pose to positively answering the BQ.

Groundwork

Stakeholder analysis can be done after the initiators of the ID/OS process formulate the initial BQ and probably designed the (tentative) ID/OS analysis and planning process. After decisions about participation in the analysis and planning process, the BQ normally should be open to refinement, as otherwise there is a risk of demotivating the wider group of stakeholders you engage.

Follow up

Making a participation matrix (determining whom to involve how at each stage of the ID/OS diagnostic process) is the logical next step, and therefore included in this tool. Concrete structuring of meetings or committees and a budget exercise can follow the participation matrix. If the participation matrix was made as part of the preparatory of stakeholder analysis (rather than as part of operational planning for implementing change), the actual analysis phase can start after completion of the matrix.

Requirements and limitations

A small and intimate group does the assessment of stakeholders, and may therefore be biased. This bias is a factor to be aware of rather than to avoid. It remains the responsibility of the initiator and leader of change to assess and decide on participation in the ID/OS process (a participatory self-selection of stakeholders may confirm the balance of power as it currently prevails in society, rather than as you want it).

Stakeholder analysis is one of the tools that are clearly not blind for power issues. However, in practice influential stakeholders are not easily dissuaded, and disadvantaged groups may not gain power without friction. Moreover the 'in-crowd' carrying out the stakeholder analysis may not judge the interests of the stakeholders correctly, or they may (purposely) conceal their own political agenda.

Be careful that existing rules and regulations are consistent with the planning you make in the participation matrix (in particular if internal task division is determined in the organisation).

Practical references

- Alan Rogers and Peter Taylor, *Participation curriculum development in agricultural education*. Rome, FAO, 1998.
- Habitat (1989): Community participation in problem solving and decision-making (1), Basic principles, training module, Nairobi
- Thompson, John (1995): Participatory approaches in Government Bureaucracies: Facilitating the process of institutional change; *World Development*, Vol. 23 No 9
- Brett, E.A. (1996): The participatory principle in development projects: the costs and benefits of co-operation; *Public Administration & Development*, Vol. 16
- Farrington, John (1998): Organisational roles in farmer participatory research and extension: lessons from the last decade, ODI, Natural resource, no 27

Example of stakeholder analysis: Potato co-operation

Problem owner

Potato co-operation

Basic question

How can the co-operation increase its market share, and still provide fair and sustainable prices to the member-farmers?

Question for stakeholder analysis

How should the participation in the analysis and planning process be designed, in order that this process yields the optimal combination of relevant, realistic objectives and commitment from the key stakeholders?

Interest table

Stakeholder	Interests	Benefit from (planned) change
Member farmers	Stable high potato price	+
Non-member farmers	Stable high potato price	+
Local traders	Stable price	+
	Low prices	-
	Protection against international market	0
International traders	Low prices	-
	Opening to international market	0
Local government	Satisfied farmers	+
Central government	Satisfied farmers	+
	Satisfied consumers in cities	-

Benefit-influence matrix

	Low influence (A)	High influence (B)
Benefit (1)	Non-member farmers Local government	Member farmers
Neutral (2)	Central government	Local traders (stable prices)
Damage (3)	Local traders (low prices)	International traders

Conclusions

- The interests of non-members run parallel to the plan of the co-operation– so it seems advantages to secure a voice for them in the change process. The local government can also be a change driver if activated, so it should be involved
- International traders represent a threat, so they should be carefully monitored. The safest strategy seems to act low-profile but open, so that they feel reassured enough to let the process happen
- Local traders have interests that give them different attitudes towards the planned change: They have quite an impact on price stability, but not an outspoken interest in this area. They can be distantly monitored in this aspect. But they are interested in low prices, and should be monitored quite sharply in this aspect, since their current low influence may expand. There is little room to capitalise on common interests and little scope to positively involve the traders in the ID/OS process

Participation matrix

	Member	Non-member	Local trader	Intl. trader	Local govt.	Central govt.
Intake workshop	P ¹	P		I	P	I
Mission workshop	A	A				
Institutional analysis	P	P	P	A	P	A
Strat. options workshop	A	A	A		A	
Organisational analysis	P				A	
SOR workshop	D	A	I		P	I
Operational planning	P					
Change implementation	?	?	?	?	?	?

Remark

For the change implementation a participation matrix can only be drawn up after the strategy and change process has been decided upon.

¹ the abbreviations are explained in the steps

Steps in Stakeholder analysis (and making a Participation matrix)

0. **Formulate the initial BQ** that the ID/OS analysis and planning process should answer. The stakeholder analysis will help you decide whom to involve in this process (not to answer the BQ itself)
0. **Define the field of analysis**
 - Define the sector
 - Define the geographical area
1. **Identify the stakeholders**
2. **Identify their interests** in a table:
 - Note the interests of the different stakeholders: their expectations, benefits, resources offered/withheld
 - Mark conflicting interest (with arrows)
 - Assess benefit (neutral or damage) the stakeholder has if the planned change succeeds (estimating the balance of all interests of each of the stakeholders)
3. **Develop a benefit-influence matrix**
 - Make a table with two columns and three rows:
 - Two columns: A=Low influence, B=High influence
 - Three rows: 1=Benefit, 2=Neutral, 3=Damage
 - Categorise the stakeholders in the matrix. This step includes an assessment of *influence* (whereas the previous step only looked at *interests*). You assess the influence of the stakeholders over the planned change
4. **Draw conclusions**
 - Take special initiatives to protect the interests of benefit-low influence groups (A1)
 - Create a good relationship with high benefit-high influence groups (B1)
 - Give low priority (maybe involve in evaluation) to neutral-low influence groups and neutral-high influence groups (A2 and B2)
 - Monitor damage-low influence groups (A3), as they represent a potential risk
 - Carefully monitor and manage low importance-high influence groups (B3), as they represent an immediate risk
5. **Develop a stakeholder participation matrix** (for the diagnosis process)
 - Columns for each stakeholder
 - Rows for each step of the analysis, planning (and optionally the change implementation) process
 - Fill in the boxes, if you plan any involvement:
 - I = Inform (gets informed)
 - A = Consult (gives advise)
 - P = Partnership (gives approval)
 - D = Control (takes decision)
 - [R = Supervision (is responsible over the delegated authority that decides. This is relevant if internal divisions of an organisation are in this matrix)]
6. **Check the participation:**
 - Correct overlap or gaps
 - Correct possible contradictions with existing task and power distribution