**EFFECTIVE FINANCIAL MANAGEMENT**

**Learning Outcome 1: ACTIVITY 6**

**Stakeholder theory and Mendelow’s Power-Interest grid**

Freeman and Reed (1983) define stakeholders as persons, groups or organisations that have an interest in a business, that can affect a business or that are affected by a business. Stakeholders can be internal or external to the business.

Mendelow’s (1991) power-Interest grid seeks to map stakeholders in a way that reflects the emphasis that needs to be applied to their needs.

#### In small groups

Identify a business with which you are familiar. This could be a multinational company from which you have purchased goods/services, a business that owns your favourite brand or the business for which you work (or wish to work in the future).

Look back to the results of your research in Activity 3.

From your research:

1. Identify key stakeholder groups for your chosen business.
2. Outline the nature of Mendelow’s power-interest grid.
3. Apply Mendelow’s power-interest grid to the stakeholders that you identified in (1).
4. Compare your results in (3) to those in Activity 5. Do the models tell you different things?
5. Discuss which of the two models appear to be most useful in stakeholder identification and analysis.
6. Prepare a short presentation on your findings.