Strategic Stakeholder Relationships

<table>
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<tr>
<th>ABE unit code</th>
<th>6USSR</th>
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<td>Ofqual code</td>
<td>A/615/7491</td>
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<tr>
<td>Unit type</td>
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<tr>
<td>Level</td>
<td>6</td>
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<td>Credits</td>
<td>20</td>
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<td>GLH</td>
<td>50</td>
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<td>Assessment method</td>
<td>Assignment</td>
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Business stakeholders include anyone who has an interest in what the organisation is doing or the outcomes of its activities. An increasing number of qualifications include elements on stakeholder management, but this unit will focus on stakeholder relationships that have a strategic significance to the business, be they beneficial or potentially damaging. The difficulty about stakeholder management is that stakeholders have different agendas and, in seeking to satisfy one group, you can alienate others. Stakeholder engagement seeks to build collaborative relationships, which requires an integrated approach. By its nature, it has to be proactive rather than reactive and at its best, it reflects long term corporate culture rather than being done on a project-by-project basis.

This unit will take you through a step-by-step process that will enable you to identify, analyse and prioritise an organisation’s stakeholders from a strategic perspective, and then to plan, implement and review the stakeholder engagement process in relation to a specific project. You will explore the concepts of power and influence, deploying a range of models and stakeholder engagement strategies including relationship management techniques, strategic communications and personal leadership, influence and lobbying.

Engaging effectively with stakeholders needs to be at the heart of strategic management, not an optional extra; without it, many strategies fail and, in extreme situations, cost organisations dearly through reputational damage. It does take resource to engage effectively with stakeholders, but the benefits are usually more than worth the investment.
## What you’ll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

<table>
<thead>
<tr>
<th>Learning Outcomes</th>
<th>Assessment Criteria</th>
<th>Weighting</th>
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<tbody>
<tr>
<td><strong>The learner will:</strong> 1. Critically assess an organisation’s stakeholders in order to determine their strategic influence and impact in relation to a particular project</td>
<td>1.1 Critically discuss the importance of stakeholder analysis</td>
<td>20%</td>
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<tr>
<td>1. Critically assess an organisation’s stakeholders in order to determine their strategic influence and impact in relation to a particular project</td>
<td>1.2 Analyse the range of stakeholders for their strategic influence and potential impact in relation to a specific project</td>
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<tr>
<td>2. Critically review the process of engaging with stakeholders and developing an appropriate engagement plan</td>
<td>2.1 Critically analyse the strategic relationships that an organisation has with the stakeholders of a particular project in order to decide how best to engage with them</td>
<td>30%</td>
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<tr>
<td>2. Critically review the process of engaging with stakeholders and developing an appropriate engagement plan</td>
<td>2.2 Prioritise the use of resources for an engagement plan in relation to a particular project, justifying it from a strategic perspective</td>
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<tr>
<td>2. Critically review the process of engaging with stakeholders and developing an appropriate engagement plan</td>
<td>2.3 Review the success of the engagement plan objectives, including from the perspective of the organisation and its stakeholders</td>
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<tr>
<td>2. Critically review the process of engaging with stakeholders and developing an appropriate engagement plan</td>
<td>2.4 Recommend strategic changes that could be made in order to respond to stakeholders’ perceptions and/or adapt to changing conditions</td>
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<tr>
<td>3. Develop relevant communication approaches and messages that would be used at each stage of the stakeholder engagement plan</td>
<td>3.1 Justify the key components of the message that needs to be communicated, customising it for different stakeholder groups as necessary in relation to a specific project</td>
<td>25%</td>
</tr>
<tr>
<td>3. Develop relevant communication approaches and messages that would be used at each stage of the stakeholder engagement plan</td>
<td>3.2 Recommend, with justification, communications that will engage the key strategic stakeholders for a particular project in line with its objectives</td>
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<tr>
<td>4. Recommend how to deal with the stakeholder resistance that might be encountered with a project’s objectives and the way a project is planned to be implemented</td>
<td>4.1 Assess the response to your engagement campaign in order to identify early indications of resistance so that prompt action can be taken</td>
<td>25%</td>
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<tr>
<td>4. Recommend how to deal with the stakeholder resistance that might be encountered with a project’s objectives and the way a project is planned to be implemented</td>
<td>4.2 Recommend practical ways of managing and resolving conflict so that stakeholder engagement can be achieved in line with the project’s objectives</td>
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**Capabilities**

Alongside academic learning and development, ABE’s qualifications have been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills and attitudes that you will develop through this unit:

<table>
<thead>
<tr>
<th>Element of learning</th>
<th>Key capabilities developed</th>
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<tbody>
<tr>
<td><strong>Element 1 - Strategic influence of stakeholders</strong></td>
<td>Ability to assess the strategic significance of an organisation’s stakeholders in relation to a specific project&lt;br&gt;Commercial acumen, stakeholder awareness</td>
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<tr>
<td><strong>Element 2 - Engaging with stakeholders</strong></td>
<td>Ability to analyse a project’s stakeholders in order to prioritise the use of resources for the engagement plan&lt;br&gt;Stakeholder awareness, prioritisation, stakeholder engagement strategies, resource and budgetary planning</td>
</tr>
<tr>
<td><strong>Element 3 - Communication with stakeholders</strong></td>
<td>Ability to develop the messaging and media selection for each stage of a stakeholder engagement plan&lt;br&gt;Targeted communications, campaign planning and media selection</td>
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<tr>
<td><strong>Element 4 - Managing stakeholder resistance</strong></td>
<td>Ability to deal with the stakeholder resistance that might be encountered during the implementation of an engagement plan&lt;br&gt;Listening, negotiation, assertiveness, conflict management, sensitivity to social diversity</td>
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**Localisation**

It is very important when studying for your ABE qualification that you consider your local business environment and try to apply what you are learning to relevant scenarios in your local business context. Doing this will help you to put your learning into practice and use it in your professional day-to-day activities.

The nature of business projects is very diverse and consequently the types of the stakeholders affected, and who could influence these projects, also varies widely. With globalisation, all learners at this level should have a good working knowledge of how organisations can engage with a range of strategic stakeholders who may be located at a distance, but it is also important you understand what this means in terms of your immediate business environment and how local practices may provide opportunities on the one hand and constraints on the other.

You should therefore take into account the following when preparing for your assessment:

- The structure and nature of the organisation you work in and the range of stakeholders that might be affected and could influence projects, particularly from a strategic perspective
- How relationships with stakeholders are changing as a consequence of emerging business practices.
- The influence of local culture and socialisation on business norms, stakeholder relationships and collaborative working practices
- Local rules, regulations and legislation that may affect stakeholder relationships, forms of collaboration and management
- The availability of technology and internet speeds to facilitate the dissemination of information, ongoing communication, research and collaborative working

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Indicative Content

1. Critically assess an organisation’s stakeholders in order to determine their strategic influence and impact in relation to a particular project (Weighting 20%)

1.1 Critically discuss the importance of stakeholder analysis

- Methods of identifying stakeholders in relation to a project: brain writing, stakeholder lists/register, scenarios and storytelling, task-by-task assessment, horizon scanning
- Characteristics of stakeholders (Freeman, 1984, 2013; Lewis, 2011):
  - ‘Big Six’: interest; needs, attitude, impact, power, influence; stakeholder profiles
  - Stakeholder interest acronym: ‘SPECTRES’ – social, political, economic, commercial, technological, regulatory, environmental and security

1.2 Analyse the range of stakeholders for their strategic influence and potential impact in relation to a specific project

- Identifying the strategic influence and potential impact that different stakeholders have on projects (Mendelow)
- Diffusion of innovation (Rogers, 2003)
- Apex stakeholder strategy: sociograms, contractograms, and inter-relationship mapping of stakeholders
2. Critically review the process of engaging with stakeholders and developing an appropriate engagement plan (Weighting 30%)

2.1 Critically analyse the strategic relationships that an organisation has with the stakeholders of a particular project in order to decide how best to engage with them

- Understanding the stake of different stakeholders in relation to a specific project:
  - Nature
  - Intensity
  - Background and attitudes
  - Additional factors
- Stakeholder mapping: power and interest (Johnson & Scholes, 1999); stakeholder triage (Clayton, 2014) and typical organisational responses – ‘inform and coach’; ‘enrol and employ’; ‘monitor and outvote’; and ‘woo and win’
- Force field analysis (Lewin, 1951, adapted for stakeholders by various authors including Connelly, 2015)
- Transformers

2.2 Prioritise the use of resources for an engagement plan in relation to a particular project, justifying it from a strategic perspective

- Stakeholder engagement: prioritisation and strategic postures: broad and generic vs narrow and customised
- Stakeholder benefits matrix: points to determine in terms of planning engagement (Atkinson 1999):
  - Identification of the main stakeholders are, how they fit, and who are they connected with
  - Determining which resources they command, what we want from them, what information and/or benefits they want from us
  - Ascertaining how they like to receive information and whether they like to communicate
  - Identification of what risks/opportunities do they pose/offer to us
- Inter-relationships between stakeholders
- Resource planning: people, time, budget

2.3 Review the success of the engagement plan objectives, including from the perspective of the organisation and its stakeholders

- Check receipt and understanding of the message by key stakeholder groups using relevant methods e.g. surveys, focus groups, observation, response rates, click-through rates
- Review success of the engagement plan over time against objectives: monitor response in terms of stakeholders’ perceptions and attitudes, intended actions and any changes in behaviour using quantitative and qualitative measures e.g. surveys, focus groups, observation

2.4 Recommend strategic changes that could be made in order to respond to stakeholders’ perceptions and/or adapt to changing conditions

- Revise messaging and/or media to improve receipt and/or retention of the message and engagement with key stakeholders in line with objectives: monitor response to see if improvement has occurred using quantitative and qualitative methods repeated over time to monitor trends
- Balanced stakeholder engagement scorecard: efficacy, ethics, impacts, alignment (Kaplan et al 2005)
- Stakeholder engagement management maturing levels: ad hoc, novice, repeatable, managed, embedded (Carroll & Buchholtz, 2014)
3. Develop relevant communication approaches and messages that would be used at each stage of the stakeholder engagement plan (Weighting 25%)

3.1 Justify the key components of the message that needs to be communicated, customising it for different stakeholders’ groups as necessary in relation to a specific project

- Crafting the message to achieve strategic intent: clear, consistent and targeted; compelling, persuasive and powerful communications
- Adapt messaging to meet varying needs of different stakeholders e.g. stakeholder pyramid (inform, engage, involve, collaborate, partner), Q&As, FAQs; storytelling: simplicity, unexpectedness, concreteness, credibility, emotions
- Going beyond logic: ethos, logos and pathos; using people’s skills to best advantage
- Gentle persuasion: soft power and influence
- Behavioural economics and hidden influence (Packard, 2007)
- Stakeholder engagement as part of corporate culture

3.2 Recommend, with justification, communications that will engage the key strategic stakeholders for a particular project in line with its objectives

- Critique of different communication methods for distinctive stakeholder segments
- Plan campaign to achieve an integrated approach across interrelated stakeholder groups
- Lobbying and the use of public affairs to influence, persuade and obtain support
4. Recommend how to deal with the stakeholder resistance that might be encountered with a project’s objectives and the way a project is planned to be implemented (Weighting 25%)

4.1 Assess the response to your engagement campaign in order to identify early indications of resistance so that prompt action can be taken

- Identifying and managing resistance, onion model (Clayton, 2014)
- Delivering tough messages

4.2 Recommend practical ways of managing and resolving conflict so that stakeholder engagement can be achieved in line with the project’s objectives

- Dealing with conflict and escalation of conflict
- Use of negotiation to achieve mutual agreement
- Using an ethical approach to messaging and behaviour to ensure sustainability of outcome (Carroll & Buchholtz, 2014)
- Crisis management in case of disaster or emergency