

Stakeholders are those affected by an organization's operations. Although definitions vary, stakeholders are often designated as groups rather than as individuals. In other words, for the sake of analysis, managers and employees are usually grouped together as stakeholder group, rather than focusing on a particular manager or employee, although some cases will focus more on the individuals involved. Similarly, customers or stockholders as a group are usually the focus of analysis, rather than an individual customer or the individual stockholder.

The most important thing to remember, is that most organizations have similar stakeholders such as stockholders, customers, employees, suppliers, creditors, unions, trade associations, government and non-governmental organizations (NGOs), taxpayers, communities, religious groups, the environment, and even future generations may be legitimate stakeholders. It is mostly their interest (or their "stakes") in the organization and/or their influence on the organization that changes!

In other words, when you read a case, you may not always read about all of these stakeholder groups specifically, but that doesn't necessarily mean they can be ignored in your analysis. A good stakeholder analysis will consider as many current, or potential future stakeholders as possible. For example, NGOs may not be mentioned in a particular case, but if the company decided to choose a course of action or project that could harm the environment, NGOs whose goal is to protect the environment are quite likely to quickly target the business.

Sometimes stakeholders are also categorized as market or non-market depending upon whether or not they have direct business dealings with the organization, or as primary or secondary stakeholders. These categorizations can be useful at times, but may also interfere with a good analysis if one assumes, often incorrectly, that nonmarket or secondary are synonymous with unimportant. They are not synonymous and such assumptions about stakeholders should be avoided. **It is important to recognize that non-market stakeholders, or 'secondary stakeholder' may have a large influence on the organization, or may be deeply impacted by the organization.**

The first goal of a good stakeholder analysis is to identify the stakeholders who have, or are likely to have, a **stake** in an organization's operations. That is, they are, or they are likely to be affected, by an organization's operations now or in the future.

The next step in a good stakeholder analysis is to determine the interests of each stakeholder, or what they want and/or expect from the organization. Also, the analysis should consider when and if the interests of different stakeholders may converge or diverge. This often leads to a greater understanding of which stakeholder groups might choose to join together to exert influence over the organization through coalitions or other efforts, or to a greater understanding of which stakeholder groups might become active, if they have been inactive.

The next step in a good stakeholder analysis is to identify the level of influence or the power of each stakeholder group. Some groups may have economic power, others groups might have legal power, while groups such as NGOs often have the power of moral suasion backed up by activists who can boycott or take other actions against an organization.

In conclusion, at a minimum, a good stakeholder analysis seeks to identify who are the most important stakeholders, what are their interests, what is their ability to influence the organization, and what stakeholders might form alliances or coalitions, and if so, under what circumstances. The ultimate goal in a good stakeholder analysis is to help an organization better understand its stakeholders so that it can develop better strategies that will more likely be supported by its stakeholders.

This is only a summary of stakeholder analysis, please be sure to read your text for more information on stakeholder groups and stakeholder analysis. In future classes, you might also learn more about various ways to create 'maps' to better analyze stakeholder groups, interests, and powers.