

8. Stakeholder Analysis

A range of techniques for understanding how stakeholders relate to a particular issue, policy decision or action

What is Stakeholder Analysis?

Stakeholder Analysis refers to a range of techniques for mapping and understanding the power, positions, and perspectives of the players (stakeholders) who have an interest in, and/or are likely to be affected by, a particular policy reform (Buse et al, 2005). Stakeholder analysis can be of use in understanding the prospects for reform, and the ways in which particular organisations might influence the outcome of the policy process. Stakeholder analysis is very useful for understanding the prospects of policy change but, as all stakeholder analyses are focused on particular policy reforms, they provide information that is useful only for understanding that particular reform; this is a tool which provides a highly specific mapping of political context.

There are many variations on stakeholder analysis; in general, the approach is a pragmatic one, rooted in managerial or programmatic decision making and in the search for the efficient use of resources. What the approach can reveal, and exactly how it can influence action, depends on the specific instance in which it is used.

How does Stakeholder Analysis work?⁵

The first step in a stakeholder analysis is to clarify the research or policy change objective being discussed, and to outline the consequences that will flow from the policy reform. The second step is to identify all the stakeholders or interest groups associated with this objective, project, problem or issue. This can be done by brainstorming in groups or talking to individuals who are close to the issue at hand. Stakeholders can be organisations, groups, departments, structures, networks or individuals.

A third step is to classify the various stakeholders in terms of their power in relation to the issue, and in terms of their interest in relation to the issue. 'Interest' measures to what degree they are likely to be affected by the research project or policy change, and what degree of interest or concern they have in or about it. 'Power' measures the influence they have over the project or policy, and to what degree they can help achieve, or block, the desired change.

Stakeholders with high power, and interests aligned with the project, are the people or organisations it is important to engage with fully and to bring on board. If trying to create policy change, these people are the targets of any campaign. At the very top of the 'power' list will be the 'decision makers', usually members of the government. Beneath these are people whose opinion matters – the 'opinion leaders'. This creates a pyramid sometimes known as an Influence Map.

Stakeholders with high interest but low power need to be kept informed; if organised, they may form the basis of an interest group or coalition that can lobby for change. Those with high power but low interest should be kept satisfied and ideally brought around as patrons or supporters for the proposed policy change.

If time and resources permit, further analysis can be carried out that explores in more detail i) the nature of the power and its position and ii) the interests that give it that position. This helps the project to better understand why people take certain stands and how they can be bought around.

Stakeholder analysis is a tool that maps a single aspect of context (stakeholders). However, the methodology can be tailored to focus on almost any level of analysis, from world leaders and industry heads, to MPs and civil servants, to tribal elders and local farmers. Its flexibility and relative simplicity

⁵ This section draws heavily on Start and Hovland (2004).

means that it can easily be adapted to the user's purpose and position. It is especially valuable in situations where conflicting or entrenched interests are apparent.

Stakeholder analysis is very flexible. The selection of the stakeholders and the characteristics mapped can be tailored to any situation. DFID suggest that it can be undertaken at any stage of an 'activity cycle', and that it *should* be undertaken at the identification, design and appraisal stages of activities.

Elements of stakeholder analysis

Conceptual approach and indicators

- A stakeholder analysis is concerned with effects and interests in relation to a particular policy reform rather than with understanding underlying political dynamics. As such, it is very different from approaches such as Power Analysis or Drivers of Change, which aim to provide a broad picture of the context for reform rather than a detailed analysis of how different groups might view and respond to a particular course of action.

Data

- The process and data requirements depend on the type of analysis chosen. There are, however, three phases to most stakeholder analyses. These are:
 - Phase 1: Define the policy change, and outline the likely consequences of such a change.
 - Phase 2: Identify, map, profile, and communicate with stakeholders. This is a data gathering phase.
 - Phase 3: Identify the power, position and perspectives of stakeholders. This is the analytical phase, in which stakeholders will be prioritised and analysed, using, for instance, a Strengths, Weaknesses, Opportunities and Threats analysis (Bianchi and Kossoudji, 2001; see Start and Hovland, 2004, for a simple guide to SWOT analysis).
- Stakeholder analysis can include a range of forms of analysis, from the very simple to the more sophisticated:
 - A very simple stakeholder analysis technique is the Readiness/Power Matrix. This assesses, on an incremental scale from zero to high, how ready different stakeholders are to participate in an activity and how much power they have to influence its success. This is simple and easy to use, but will also produce only simple and limited knowledge about context (DFID, 2002).
 - A Stakeholder Table can be combined with an Importance/Influence Matrix. The Table is used to set out the primary and secondary stakeholders, detail the interests of each and assign a value to the priorities of these interests (relative to the aims/priorities of the action being contemplated), and to assess the likely impact of any activity on them. The matrix takes the stakeholders and, using the data from the table, situates them in a two-by-two grid where one axis ranges from low to high importance, and the other from low to high influence. This can help inform strategies and priorities for engaging with various stakeholders (DFID, 2002).
 - Rather than relying on qualitative assessments of stakeholder preferences, the World Bank's Expected Utility Stakeholder Model aims to provide a 'consistent, systematic "modelled" framework for analysis of stakeholder perceptions and potential policy outcomes'. One claimed use is to determine 'how a change in a stakeholder's initial policy position might affect either the likelihood of reform or the level of consensus going forward'. This is essentially a game-theoretic analysis, designed to add analytical rigour to traditional stakeholder approaches to analysing political incentives. Using expected utility forecasting techniques to simulate negotiations, it nevertheless obtains most of its data on perceptions from country expert interviews (World Bank, 2004).
- Iteration is a key feature of stakeholder analysis. In keeping with this fact, stakeholder analysis is itself likely to form one part of a wider process of context mapping. Its flexibility and relative simplicity means that it can easily be adapted to the user's purpose and position. It will often be

used subsequent to other tools, to aid further planning stages once a preliminary choice of action has been made.

Analysis, presentation and recommendations

- Stakeholder Analysis can be useful in identifying: interests; conflicts and risks; opportunities and potentially productive (or obstructive) relationships; appropriate participants; and groups likely to be impacted by a change in policy and practice. By providing information about how stakeholders relate to a particular issue or policy decision, stakeholder analysis can lead to better choices being made about how to engage with different stakeholders in order to deliver change.

Key references

Bianchi, R. and S. Kossoudji (2001), *Interest Groups and Organisations as Stakeholders*, Social Development Paper No. 35, Washington, DC: World Bank.

Buse, K., N. Mays and G. Walt (2005) chapter 10 of *Making Health Policy*, Maidenhead: Open University Press.

DFID (2002) 'Tools for Development', Performance and Effectiveness Department, DFID, London, online at <http://www.dfid.gov.uk/pubs/files/toolsfordevelopment.pdf>.

Start, D. and I. Hovland (2004) *Tools for Policy Impact: a Handbook for Researchers*, London: RAPID/ODI (this publication includes some other simple tools for assessing political context), online at http://www.odi.org.uk/RAPID/Publications/Documents/Tools_handbook_final_web.pdf.

World Bank (2004) 'Operationalizing Political Analysis: the Expected Utility Stakeholder Model and Governance Reforms', World Bank PremNotes, No. 95, online at <http://www1.worldbank.org/prem/PREMNotes/premnote95.pdf>.