



Part 2

2.3

Assessment Tool 8

How to assess the EESE and identifying priorities for reform

Section 2.3: Assessment tools

Stakeholder Analysis



Purpose

This tool will help an EO to identify allies and opponents as it sets out on a course of action to affect policy or regulatory change. It also provides the EO with tools to explore how to win over new supporters to its position.



How to use this tool

This Assessment Tool is designed for use by EOs. It is best used as a guide for employers and enterprise development specialists who will facilitate the assessment process with the EO and among other actors.

Step 1: Identify stakeholders

Step 2: Assess relevant stakeholders

Step 3: Factors to influence stakeholders



Introduction

Stakeholders are persons or groups who are directly or indirectly affected by the EO's proposal, as well as those who may have interests in the proposal and/or on the ability to influence its outcome, either positively or negatively. They are those who can actively influence the outcome of a process. The "stake" that each of these different individuals or groups has in the status quo or in the new EO proposal will vary.

- Primary stakeholders: those ultimately affected, either positively or negatively by the EO's actions.
- Secondary stakeholders: the 'intermediaries', that is, persons or organizations who are indirectly affected by the EO's actions.

Step 1: Identify stakeholders

The first step for an EO is identification of who are the relevant stakeholders on a given issue; from this, a stakeholder analysis can flow, which in essence is:

- A more in-depth look at stakeholder group interests;
- how they will be affected by the EOs proposal;
- to what degree;
- what influence they could have on the EOs proposals;

The answers to these questions will provide the basis from which to build the EO's stakeholder engagement strategy.

Stakeholders on any given issue will broadly fall into the following categories:

STAKEHOLDERS



Figure 1

The first step is to ascertain who, for the EO, are the relevant stakeholders, in terms of this specific issue. Once the list is reasonably complete it is then possible to assign priorities in some way, and then to translate the 'highest priority' stakeholders into a table or a picture. The potential list of stakeholders for any project will always exceed both the time available for analysis and the capability of the mapping tool to sensibly display the results. The challenge is to focus on the 'right stakeholders' who are currently important and to use the tool to visualize this critical subset of the total community. On some issues, representative associations of business and professional women and/or women entrepreneurs will be important stakeholders for the EO to engage.

The "Power Analysis" Matrix below can assist in categorizing stakeholders and in identifying the 'key' stakeholders, on which to focus efforts on. The first category specifies the relevance of this stakeholder to the EO's proposal; the second categorizes their 'power', such as governing or legislative ability; the third category whether they are capable of supporting the EO's proposal or not; and the fourth, their influence on the proposal. The last column allows the EO to make a final categorization of this stakeholder – all 'green' entries signify a key stakeholder.

The "Power Analysis" Matrix below is a generic model. The individual doing this assessment needs to dissect each category. For example: "Members of Parliament" need to be identified by political party; each relevant Ministry (and departments within Ministries) needs to be identified; trade unions need to be categorized (private sector or public), and so forth.

STEP 1: POWER ANALYSIS MATRIX

Stakeholders	Relevance to the EO's proposal	Power	Support	Influence	SCORE
Prime Minister and Ministers	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	e.g. four 'green' scores would signal a 'key' stakeholder
Members of Parliament and political parties	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	

Public administration: all other public sector interests from a wide range of ministries and agencies	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Regulated professionals affected by the EO's proposal (accountants, lawyers, etc.)	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Other private sector associations, including ones representing women business owners	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Trade unions	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Civil Society Organizations, including women's groups	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Academics, research institutions, and thinktanks	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Media	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
General public	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	
Donors	Support Uncommitted Oppose	high medium low	positive neutral negative	high medium low	

Step 2: Assess relevant stakeholders

1.1 Allies and Supporters

The obvious starting point in the above exercise is to identify allies, such as other business organizations (some of whom may be members, others not). These are likely to be strongest in their support of the EO's proposal (this area of coalition-building is dealt in Advocacy Tool 7 in Part two of the toolkit)

Second are broader allies who share an interest in the EO's issue. For example research institutes and thinktanks. Such institutions may already have research information on the issue. Some of these other allies may not want to lobby openly for a particular position, but may provide other means of support to the EO such as data and research.

There may also be some other allies who are not automatically obvious but could provide useful assistance. For example, on some issues forming cross-border coalitions can be a powerful way of ensuring consistent messages are communicated to more than one government.

EXAMPLE:

Business Unity South Africa (BUSA) has heavily promoted the importance of trade to the South African economy. In particular, it has advocated the importance of improving trade facilitation as a key for the growth of the region. BUSA have taken public positions on the need to improve the workings of the Southern African Free Trade Area (FTA). It has identified through its members difficulties in accessing up to date information on the tariffs applied by SADC countries. BUSA specifically proposed the establishment and maintenance of a database for the region that could facilitate information flow. It has done this in concert with other regional EOs.¹

Having allies is critical for an advocacy initiative. Experience has shown that the joint efforts, skills, and resources of several organizations and individuals are more likely to minimize risk, draw attention to key policy issues, and result in successful policy changes. An alliance or coalition with other organizations or individuals that pursue the same policy change is normally built upon specific policy issues and goals.

Once a policy change has been achieved, a coalition may cease to exist or may instead continue to address other joint policy concerns. The coalition may or may not be a partnership, as this depends on the extent to which principles of partnership are part of the relationship. The EO should be aware, however, that a coalition can be a short-term relationship based on a specific policy issue, and once the goals have been accomplished, that relationship may end.

- Which other organizations, groups, and individuals are concerned or already acting upon the same policy issue?
- Do coalitions exist or do they need to be established?
- Is it better to partner with the existing efforts of a collaborator organization?
- What are the advantages and disadvantages of forming alliances or coalitions with each of them?
- Do other organizations see the EO as a value-adding partner/ally to their efforts?

1.2 The middle ground – ‘Uncommitted stakeholders’

Ministries, departments and agencies can fall into any of the above categories (see Figure 1) depending on the issue. It is not unusual for different government departments to have different objectives from other departments. *They can be allies or opponents.*

This complex picture of stakeholders is positive for the EO, because it illustrates the wide range of possible coalitions and common interests that can be influenced as part of the stakeholder management strategy – even with unlikely allies.

This suggests that successful stakeholder management should not exclude any interest a priori, but the EO should seek allies among all groups, including women's representative groups. The complexity of stakeholders' interests provides many opportunities for the EO to build winning coalitions.

1.3 Opponents

It is important to keep in mind that not all stakeholders in a particular group or subgroup will necessarily share the same concerns or have unified opinions or priorities.

Part of refining an advocacy strategy is finding out who may oppose the EO's policy goal and this is just as important as identifying allies. The EO can be more effective if it understands its opponents' reasoning

¹ <http://www.busa.org.za/docs/TalkingpointsMinTIMeeting15June.pdf> and <http://www.busa.org.za/docs/PS015.pdf>

and why they might feel threatened by its proposed policy change.

An advocacy strategy may include messages and activities targeted at opponents. In that case, opponents can become a secondary audience for the advocacy initiative. It is important to assess whether there is anything that can be done to persuade opponents to change their opinions, or at least neutralize their influence on the policy change the EO wants to pursue.

- Are there any organizations, groups, or individuals that oppose the proposed policy change?
- What threat do these organizations, groups and individuals pose to the success of your advocacy initiative?
- What can you do to reduce the influence of opponents?

No group of stakeholders is monolithic. Each category of active stakeholders may have subgroups opposed to each other. Strong opponents of a proposal can be weakened by splitting their ranks and seeking allies within their ranks.

For example, “trade unions” may generally be against an EO proposal to increase “working time provisions” in the retail sector, i.e. longer opening hours. But due to increased competition from retailers in other jurisdictions, which is negatively impacting on retail outlets near border areas and putting pressure on jobs, unions and workers in those areas may support the EO’s proposal after all.

1.4 Identify positions (and potential positions) of stakeholders

The “Stakeholder Grid” (Figure 2 below) is a useful mapping tool to situate who is important to the EO’s policy goal, and where to exert influence in order to achieve policy objectives. There are three elements involved in using this grid:

1. List the actors and stakeholders regarding a specific policy issue.
The aim is to identify those opponents who are *not unmovable*, allies who may waver in their support, and stakeholders who are involved but uncommitted.
Successful advocacy is characterized by building relationships with different groups of allies to change incentives, opportunities, and capacities, and progressively bring in wider groups of stakeholders until a winning coalition is created.
2. Assess the relative position of actors and stakeholders regarding the issue. *Are they for or against the issue?* There could also be other stakeholders whose interests are unclear and remain neutral throughout the policy debate. A mark (“x”) is used to indicate the position of each actor in the grid.
3. Determine how to influence the actors or stakeholders who are negative about a proposed policy or solution. A choice needs to be made on whether to apply incentives or pressures in order to neutralize opponents, or to identify empathic arguments to change their opinions. The arrows represent the intended movement as a result of influence. Figure ii is an example of how an ‘influencing chart’ can be used in mapping out the positions of key actors and stakeholders, as well as determining ways to influence specific actors and stakeholders.

ISSUE: INCREASES TO THE MINIMUM WAGE

Actors to influence	support	neutral	negative	arguments to influence	Assessment
Dept. Labour		X2 ←	X	Increase avoidance; raise informality	AMBER
Dept. Finance	X3 ←	X		Negative Impact on small businesses	GREEN
Investment authority	X3 ←	X		Investor fears	GREEN
Trade unions			X	Negative impact on employment	RED
Public opinion		X2 ←	X	Negative impact on employment	AMBER

X = Fixed positions

X1 = Initial position regarding issue at hand.

X2, X3 = Positions to which actors might be influenced to move

GREEN: Good chances of positively influencing

AMBER: Worth pursuing

RED: Unlikely to be swayed by EO's arguments

Figure 2²

There is a wide variety of groups that benefit from the status quo. Protection of each group's benefits produces resistance.

Elements of the private sector may well be against the proposal. Certain professions, such as lawyers and notaries, who stand to lose direct personal income from the change, will be opposed.

Stakeholder analysis should assist in this prioritization by assessing the significance of the EO's proposal to each stakeholder group from their perspective, and vice versa. It is important to keep in mind that the situation is dynamic and that both stakeholders and their interests might change over time.

STEP 2: SUMMARY ASSESSMENT

What are the direct interests of each stakeholder to the EO's proposal?	List each stakeholder from Step 2 "Assessment Summary" and their direct interest in the issue
Which stakeholders can best assist with the early scoping of issue and impacts?	

² Based on models by Richard Beckhard, 1987.

Who strongly supports the changes that the EO's proposals will bring and why?	
Which stakeholders could be targeted for support?	
Whose opposition could be detrimental to the success of the proposal?	
Who is it critical to engage with first, and why?	
What is the optimal sequence of engagement?	

Step 3: Factors to influence stakeholders³

3.1 Change perceptions

Stakeholders respond to a range of incentives that arise from their perceptions about the benefits and costs of change. Sometimes these benefits and costs are personal and sometimes they are professional views about what is best for the country. Perceptions about the benefits and costs of a proposal can change over time.

3.2 Expose self-serving arguments

Management of stakeholder interests may involve changing the perceived self-interest of groups already active; or changing the views of the problem or the solution; the risks or benefits of change; or the costs of non-reform. It involves discrediting self-serving arguments against a proposal.

3.3 Provide better information

As information on the benefits of a proposed change become more available, the media and the public can become more supportive, thus creating a degree of momentum. Information about what other countries are doing can be particularly useful in illustrating this case.

EXAMPLE:

Business New Zealand (BNZ) has placed a strong focus on productivity improvement. The main rationale for this approach is contained in BNZ's extensive surveys and data collection. But its promotion of this policy was greatly facilitated by rankings information that was provided by the OECD. BNZ used this information to bolster its position with the government. They subsequently outlined a clear and focused programme of activity that will underpin productivity and productivity growth. The BNZ 50 point action plan to improve national productivity details specific actions to be implemented as part of the productivity response. The plan recommends that a Ministerial Productivity Committee be established to oversee the development of the policies strategies and law changes contained in this plan.

<http://www.businessnz.org.nz/file/1702/SETTING%20NZ%20APART.pdf>

3.4 Better organization

Where the EO is successful in mobilizing other business associations around the proposal, this can serve to increase the proposal's credibility.

³ Adapted from *Stakeholder management in business registration lessons from 10 countries*, IFC, 2009.

3.5 Changes in the proposal

This means compromise: the EO redesigns or changes its proposal to accommodate other stakeholders who can then support it. This is a realistic approach, but, as noted above, a determinant of the success of the EO's proposal is the skill in knowing when and how to accommodate concerns, without sacrificing too many benefits of what the EO wants. This is mostly a cost-benefit trade off.

STEP 3: SUMMARY ASSESSMENT

Can the EO make a convincing case for the benefits emanating from its proposal to uncommitted stakeholders?	List these stakeholders and the direct and indirect benefits to each group
Can the EO identify arguments that will be used against the EO's proposal that are self-serving?	List weaknesses in these arguments and identify areas where self-serving interests can be exposed
Could more information on the proposal help sway uncommitted stakeholders?	Should the release of information be timed? Should information be specifically targeted?
Has the EO coherently mobilized its business allies to make the case?	Does support look unified across the business community?
Does the proposal have scope to compromise if needed?	