



# Managing Stakeholder Relationships

---

**Unit Type:** Optional

**Level:** 5

**Credits:** 20

**GLH:** 70

**Assessment Method:** Assignment

Stakeholders come in many forms: governments, pressure groups, employees and customers to name just a few. Some are more important than others but all can affect an organisation in some way.

For example, pressure groups can encourage consumers to boycott brands in a matter of minutes using social media. Shareholders can overturn board decisions. Governments can bring in legislation that will change the nature of an industry sector. Consumers can tell millions of others about poor service by just clicking a few keys.

Given stakeholders' increasing awareness of the extent of their potential power and influence it is important for organisations to take a pro-active approach to managing stakeholder relationships if they are to protect their reputation, recognise new opportunities and continue to grow.

In this unit, you will explore different stakeholders in depth, analysing their potential impact and influence in order to develop relevant relationship management strategies that will enable organisations to overcome threats, take advantage of opportunities, achieve their objectives and protect their brand.



## 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).

<b>Learning Outcomes</b> <i>The learner will:</i>	<b>Assessment Criteria</b> <i>The learner can:</i>
1. Assess the potential influence and impact of stakeholders for a range of organisations (Weighting 25%)	1.1 Assess the stakeholders for a range of organisations including SMEs, Social Enterprises, charities, national and international organisations and the public sector. 1.2 Assess the relative importance of stakeholders for a range of organisation using relevant theoretical frameworks. 1.3 Analyse the impact of influence and power on the interactions between organisations and their stakeholders 1.4 Assess environmental factors that may affect the power of key stakeholders to influence organisations
2. Evaluate the opportunities and threats that can be created by key stakeholder groups (Weighting 25%)	2.1 Explain the ways organisations and their stakeholders interact with each other 2.2 Assess the different relationships stakeholders can have with organisation's 2.3 Evaluate the opportunities and threats that pressure groups can create for organisations in a range of industry sectors. 2.4 Evaluate the opportunities and threats customers can create for a range of organisations using consumer behaviour theory 2.5 Evaluate brand position and reputation
3. Assess the drivers for and key components of effective stakeholder relationships (Weighting 25%)	3.1 Examine the relationship marketing concept 3.2 Evaluate the importance of trust and commitment in developing and maintaining effective stakeholder relationships 3.3 Assess the importance of customer loyalty to an organisation.



	3.4 Evaluate the relevance of networks and collaborations to a range of organisations
4. Apply relationship management strategies for a range of internal and external stakeholders (Weighting 25%)	<p>4.1 Identify the relationships an organisation has with a range of internal external stakeholders</p> <p>4.2 Evaluate the relationships an organisation should have with key stakeholders</p> <p>4.3 Assess the relevance of on-line interactive technologies, digital media and social media in developing effective stakeholder relationships</p> <p>4.4 Develop relationship management strategies appropriate for key stakeholders</p>



## 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 include:

### Element of Learning

### Key Capabilities Developed

<b>Element 1 – Introduction to Key Stakeholders</b>	<p>Understanding of the potential influence and impact of stakeholders on a range of organisations.</p> <p><i>Types and categories of stakeholders, sources of power, environmental influences, analysis, theoretical knowledge</i></p>
<b>Element 2 – Stakeholder Groups</b>	<p>Awareness of opportunities and threats resulting from key stakeholder groups.</p> <p>Recognition of the impact of stakeholders on brand position and reputation</p> <p><i>Stakeholder communication, stakeholder relationships, pressure groups, consumer behaviour, analysis, communication</i></p>
<b>Element 3 – Effective Stakeholder Relationships</b>	<p>Ability to recognise and establish effective stakeholder relationships</p> <p>Ability to establish trust and commitment</p> <p><i>Relationship marketing, establishing and maintaining effective stakeholder relationships, customer acquisition and retention, trust and commitment, loyalty</i></p>
<b>Element 4 – Stakeholder Relationship Management Strategies</b>	<p>Ability to identify an organisation's stakeholders and assess their effectiveness and contribution to business performance</p> <p>Ability to undertake a stakeholder analysis and gap analysis of stakeholder relationships to make improvements</p> <p>Ability to develop a relationship management strategy appropriate to key stakeholders</p> <p><i>Stakeholder analysis, gap analysis, stakeholder relationships, analysis and decision-making, developing strategies</i></p>



## Localisation

Different organisations will have fundamentally the same categories of stakeholders but the power and influence of those stakeholders can vary widely and this may be as a result of local conditions. The level of maturity of some organisations in terms of recognising the importance of developing relationships with key stakeholders may also vary.

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

- Local and global influences
- The relative maturity of the business environment and the organisation
- The availability of online internet technologies



## Indicative Content

---

### 1. Assess the potential influence and impact of stakeholders for a range of organisations (Weighting 25%)

1.1 *Assess the stakeholders for a range of organisations including SMEs, Social Enterprises, charities, national and international organisations and the public sector*

- Definition of stakeholders
- Categories of stakeholders: internal, commented and external
- Stakeholder mapping
- Primary and secondary stakeholders

1.2 *Assess the relative importance of stakeholders for a range of organisation using relevant theoretical frameworks*

- Mendlelow's power / interest matrix
- Block's matrix: allies, fence-sitters, opponents, bedfellows, adversaries
- Egan's stakeholder groups: partners, allies, fellow travellers, bedfellows, fence sitters, loose cannons, opponents, adversaries, the voiceless.
- Eden and Ackermann's power versus interest grid

1.3 *Analyse the impact of influence and power on the interactions between organisations and their stakeholders*

- French and Raven's (1959) classification of sources of power: legitimate power, expert power, resource power, referent power, coercive power.
- Johnson, Whittington and Scholes (2011) sources and indicators of power
- Other sources of power such as: positional power, system power, and, personal power
- Power of organisations to influence their stakeholders

1.4 *Assess environmental factors that may affect the power of key stakeholders to influence organisations*

- Application of PESTLE frameworks to assess the impact on the power and influence of key stakeholders to influence organisations.
- Potential influence of social media / new media and power of dynamic technological advances in communications
- Potential influence of increased interest in corporate social responsibility and ethics



- Potential influence of examples of poor stakeholder relationships / management.

---

## **2. Evaluate the opportunities and threats that can be created by key stakeholder groups (Weighting 25%)**

### *2.1 Explain the ways organisations and their stakeholders interact with each other*

- Organisation to stakeholder methods of communication such as: social media, mobile communication, blogs, virtual meetings, email, face to face meetings, conferences, e-newsletters, presentations, events, public relations.
- Stakeholder to organisation methods of communication such as: virtual meetings, face to face meetings, email, protests, publicity, social media, mobile communications, blogs.
- Stakeholder to stakeholder methods of communication such as: social media, mobile communications, virtual meetings, face to face meetings, email, conferences, public relations.

### *2.2 Assess the different relationships stakeholders can have with organisations*

- Transactional versus relationship
- Gummesson's 30R model (1995)
- Partnerships, strategic alliances and networks
- Peck, Payne, Christopher and Clark (2004) Six Markets Mode

### *2.3 Evaluate the opportunities and threats that pressure groups can create for organisations in a range of industry sectors*

- Sectional and causal pressure groups
- Pressure groups' use of technologies: blogs, social media, drones, mobile communications, the internet, robotics.
- Potential impacts of pressure groups on the organisation: changes in strategy, changes in processes, changes in employment practices
- Potential impacts of pressure groups on other stakeholder groups: publicity (media), lobbying (governments), share price movement (shareholders).

### *2.4 Evaluate the opportunities and threats customers can create for a range of organisations using consumer behaviour theory*

- Consumer involvement in purchasing decisions: high and low involvement purchases
- The decision-making process (DMP)
- The decision-making unit (DMU)



- Reference groups including opinion leaders and opinion formers
- The Consumer movement and consumerism

#### *2.5 Evaluate brand position and reputation*

- Jobber and Ellis-Chadwick 4 Cs Framework: clarity, credibility, consistency and competitiveness
- Perceptual positioning maps
- Spidergram analysis
- Carroll and Buchholtz pyramid of social responsibility
- Johnson, Whittington and Scholes corporate social responsibility stances: laissez-faire, enlightened self-interest, forum for stakeholder interaction and shaper of society
- The potential effects of stakeholders on corporate / brand reputation such as: reputation damage, reputational enhancement, increased / decreased brand value.

---

### **3. Assess the drivers for and key components of effective stakeholder relationships (Weighting 25%)**

#### *3.1 Examine the relationship marketing concept*

- Definitions of relationships and relationship marketing (Customer Relationship Management)
- Egan (2011) Drivers promoting / against relational strategies.
- Customer satisfaction drivers such as: the core product / service, customer support, customer interaction, overall customer experience, after sales service.
- The relationship life cycle model (Dwyer, Schurr and Oh)

#### *3.2 Evaluate the importance of trust and commitment in developing and maintaining effective stakeholder relationships*

- Definitions of trust)
- Definitions of commitment).
- Definitions of risk, salience and emotions)
- Mitchell, Reast and Lynch (1998) trusting situations: probity, equity, reliability and satisfaction
- Reichheld's (2001) Loyalty based cycle of growth





### *3.3 Assess the importance of customer loyalty to an organisation.*

- Definitions of loyalty
- Leaky bucket theory (Egan, 2011)
- Customer acquisition and retention including customer life time value
- The relationship marketing ladder of loyalty

### *3.4 Evaluate the relevance of networks and collaborations to a range of organisations*

- Definitions of networks
- Definitions of collaborations
- The value of networks and networking to developing stakeholder relationships
- Tsokas and Saren (2000) relationship life cycle stages

---

## **4. Apply effective relationship management strategies for a range of internal and external stakeholders (Weighting 25%)**

### *4.1 Identify the relationships an organisation has with a range of internal external stakeholders*

- Stakeholder audit
- Customer relationship marketing (CRM)
- Key metrics / performance indicators such as: net promoter scores, return on relationships, employee turnover, sales, market share, cost reductions

### *4.2 Evaluate the relationships an organisation should have with key stakeholders*

- Analysis of stakeholder audit findings
- Gap analysis
- Prioritising relationships, for example, risk versus potential.
- Cost benefit analysis
- The relationship continuum

### *4.3 Assess the relevance of on-line interactive technologies, digital media and social media in developing effective stakeholder relationships*

- Advantages and disadvantages of on-line interactive technologies, digital media and social media from an organisational perspective such as: speed of communication, reach of communication, lack of control over communication.
- Advantages and disadvantages of on-line interactive technologies, digital media and social media from specific stakeholder's perspectives: such as: speed of communication, wide reach of communication, cost effective communications, number of communication methods / opportunities



- Advantages of big data from an organisation and specific stakeholder's perspective: such as organisational knowledge, potential customer manipulation, vulnerability to cyber-attacks.

#### *4.4 Develop relationship management strategies appropriate for key stakeholders*

- Causes of stakeholder conflict
- Managing stakeholder conflict (Thomas and Ruble)
- Inform, consult, involve, collaborate, empower
- Mendelow's matrix (1985): key players, keep informed, keep satisfied, minimal efforts.
- The effectiveness of internal and external marketing communications such as: advertising, public relations, social media, mobile communications, blogs, direct marketing, sales promotions, personal selling, sponsorship.



[www.abeuk.com](http://www.abeuk.com)



ABE's offices are located in New Malden, Greater London, UK.  
5th Floor, CI Tower, St. George's Square, New Malden, Surrey KT3 4TE, UK  
Tel: +44 (0)20 8329 2930 Fax: +44 (0)20 8329 2945

