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Article Summary

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Article Summary

Strategic management of stakeholders in any organization is crucial in the quest to achieve organizational goals. While many organizations have done incredibly well in identifying their stakeholders, specific aspects of the important stakeholders are often missing. Ackermann & Eden explore this gap by maintaining that identifying stakeholders is not enough. Still, managers should further analyze the power and interests they hold in achieving their goals. Notably, recognizing the role of specific interactions among the stakeholders and the network influence that emanates from such interactions helps inform better management strategies.

Stakeholders are categorized into four groups: the players, context setters, subjects, and crowds. Player stakeholders are those with high power and interest to influence the organization's goals either positively or negatively. At the same time, the subjects hold high interests for the company (both negative and positive) but don't possess much power of influence. Context setters hold high power of influence, but they are often unaware or interested in supporting the organization. Lastly, the crowd has neither interest nor power to engage with the organization and it's mostly costly to try and boost their influence. Organizations need to recognize these major groups of stakeholders to understand how to manage them effectively. For instance, players already have high power and interest; thus, the best thing would be to formulate strategies of maintaining the connection with stakeholders with positive interests (Ackermann & Eden, 2011).

In contrast, the management can reduce the power of players whose aim is to sabotage the organization through ending coalitions. Similarly, there is a chance to push subjects to become players by cultivating and building their power to influence the organization's strategies. After recognizing the four groups of stakeholders, it is equally important to understand the

interconnectedness between them. Such relationships determine the degree of influence a certain group or individual holds concerning other stakeholders (Ackermann & Eden, 2011). A decision by one stakeholder may highly influence the reaction of others due to the diverse interests involved.

Organizations need to understand how each stakeholder relates to the other to generate a stakeholder-influence network. The stakeholder-influence network helps inform the responses that can emanate from a stakeholder's action depending on the stakeholder's formal and informal relationships (Ackermann & Eden, 2011). Formal relationships such as employee-supervisor are quite obvious but understanding how stakeholders formally interact helps improve management strategies. Informal relationships are equally important in understanding the degree of interactions between different stakeholders. A pair of stakeholders that belong to the same sports club can imply a strong relationship. A stakeholder-influence network helps organizations focus on the most important stakeholder and recognize the relationships that are more evident (Ackermann & Eden, 2011). The relationship patterns highlight stakeholders associated with many interactions, thus informing their importance to other stakeholders. If a stakeholder is linked to many stakeholders, utilizing such a stakeholder to convince others on a certain point of action becomes easy. Notably, a stakeholder in a position to command power is likely to gather important information that can either be helpful or harmful to the organization. Studying stakeholder interrelationships helps organizations focus on managing those at the center of the influence network to yield benefits or escape sabotage.

Categorizing stakeholders from a power-interest perspective and further formulating a system of interactions helps organizations decide the management action to take. It becomes possible to understand what stakeholders want and what action they can take to achieve their

goals depending on their influence (Ackermann & Eden, 2011). The management uses this information to influence stakeholder's actions and, in turn, achieve the set goals.

Reference

Ackermann, F., & Eden, C. (2011). Strategic management of stakeholders: Theory and practice.

Long range planning, 44(3), 179-196.

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