
Glimpses of the Political Economy - Actors: Stakeholder Analysis¹

1. Background: Why stakeholder analysis?

In a nutshell, a stakeholder analysis makes us more sensitive to different perceptions, interests and expectations of the **actors**² involved in a transformation process³. Beyond individual characteristics it provides us insights about the power relations among them. The analysis helps to identify and understand the individual actor and their potential influence on change in interaction with other actors. Besides the structural context and the institutional setting, stakeholder analysis is paramount for the political economy of reform processes. However, every situation is different: Browse this paper to get some ideas for answers in your context.

We can't expect to act effectively, if we ignore the interest groups, organisations and persons affected by change: they may open or block the way forward to the transformation of institutions. **Stakeholder analysis is a must.** The analysis should be used as an integrated tool along the project cycle; it should be reviewed and repeated because the best-fit set of actors to work with can and will change according to the dynamics of the transformation process.

Actors are **affected by a transformation process**, and cope and respond in different ways to the challenge of change. Due to their different interests and relationships, they adopt different positions towards the reform objectives. A transformation process structures the constellation of actors by focusing on the specific issues at stake. It offers new opportunities, opens up access to new knowledge and creates incentives to more balanced and peaceful development, as well as to often undeclared and hidden objectives.

Cooperation projects face different realities. Each party involved has a **different perception and acts under the perspective of different options**. Persons and organizations act upon their world, and change it. When changing it, they are in turn changed by the consequences of their action. In the course of action, they also invent attributes about their context that is either conducive or hostile to them. Thus they seek to legitimize their economic and social advantage, they admire or demonise events and other actors.

Transformation processes can be understood as **joint ventures**⁴ of actors with different interests, more or less organized and able to voice their interest. Reforms are negotiated, planned, implemented and steered by a large number of actors. The actors form a mobile system of mutual relationships and social and economic dependencies. They act on the basis of the roles and expectations ascribed to them, their influence and their resources, and adopt a supportive or an opposing attitude towards change. In view of a proposed reform, they take a stand – opposing,

¹ Sources: SDC PED Network, GIZ Capacity Works, DFID, SIDA, WB, PSIA Group.

² The notion of *actor* is used to refer to all collective public and private groups within a society which are linked by their respective shared needs and values, and act publicly as organised groups. The term stakeholder is applied to those actors who hold a vested interest in a project or a reform.

³ The term *transformation or reform process* includes all kinds of socio-economic and institutional changes, and the development programmes / projects shaped to contribute to these transformation processes.

⁴ The term *joint venture* covers various forms of cooperation between actors: exchange of information, coordination, strategic alliances, working groups, networks and co-productions. These organisational arrangements take into account the diversity of the actors as well as their potentials.

neutral or in favour of the reform. They may become losers or winners when extractive institutions change into more inclusive ones.

During the course of a transformation process relations, interactions, dependencies, power relations, cultural orientations, and the access to rights, resources and opportunities are changing. The behavioural patterns of actors are determined not only by interests or cultural orientations, but also by how they experience and interpret their **relationships with other actors**, and whether they are **able to influence** and shape the reform at stake. Aspects that can be precisely measured and quantified form only one part of the reality of the participating actors. This reality also includes powerful desires and interests, world views and inner drives. This influential psychological part of the actors' motivation can only be explored through interpersonal encounter and through continuous personal exchange with the actors. Thus stakeholder analysis must be a **participatory exercise**.

A profound understanding of the actors and their interests, goals and relationships is therefore absolutely crucial for planning and steering a transformation process. This knowledge is also needed to prevent projects from serving **particular interests** of individual actors, or even exacerbating potentially violent conflicts. Constructively influencing social change calls for conflict-sensitive management. The Do-no-Harm principle, a leading approach for conflict prevention⁵, is particularly sensitive to whether reforms are likely to help resolve, or may inadvertently polarise, a conflict situation.

Stakeholder analysis is a **basic planning and management tool** that contributes to project design and monitoring of transformation processes. It is the backbone of a change strategy helping to evidence who are the real beneficiaries of a specific reform. It sets the domain of people, groups and organizations (including donor agencies) whose interests and influence on policy should be taken into account when monitoring and conducting an impact analysis of a particular reform. The basic output is the identification and description of actors and their relationships with others. The identification process disaggregates these actors in terms of their socio-economic, political and cultural characteristics.

The issue of **stakeholder participation** is obviously a core issue that has to be addressed from the on-set. Given the complexities and specificities of transformation processes, the best participant mix should be determined, taking into account particularly poor and disadvantaged actors with low capacity to voice opinions and arguments. Thus creating a stakeholder analysis is a thoughtful way to find an effective combination of strategies for advocacy and empowerment.

2. Who are the stakeholders?

All the different stakeholders involved in a transformation process constitute the social framework of the process. Various actors are either directly involved with or are indirectly influencing the transformation process through their position or their access to specific resources. Actors who hold at least a potential stake⁶ in a reform and its change objectives⁷ are usually termed *stakeholders*.

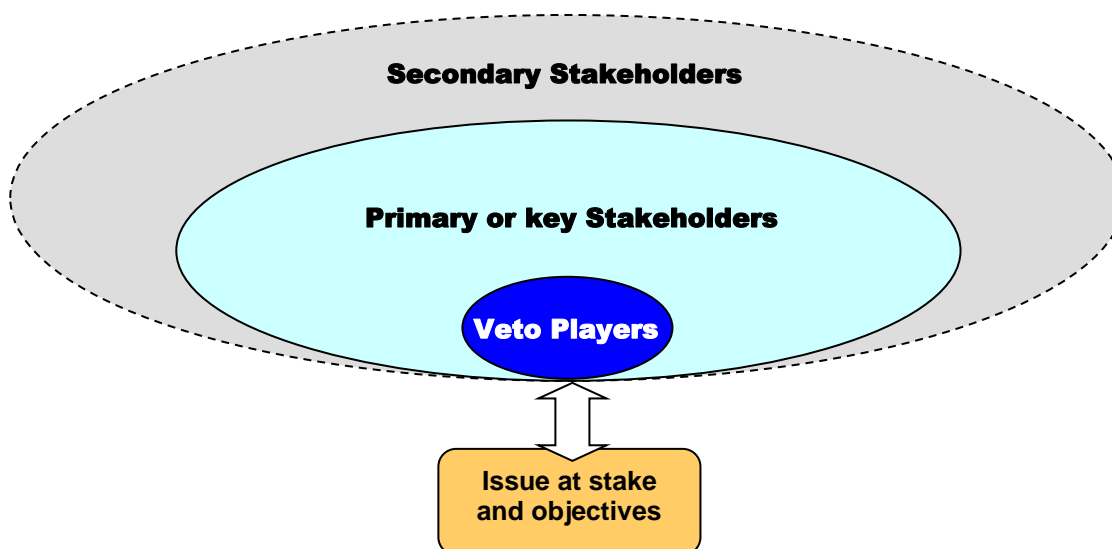
⁵ The overarching Do-no-Harm principle distinguishes two groups of factors that influence latent or open crisis and conflict dynamics: connectors and dividers. The principle states that action should meet the minimum requirement that interventions in a given setup do not fuel tensions and conflicts, and that connecting factors (in terms of factors like shared infrastructure, cultural patterns or actors) are strengthened and the dividing factors are reduced.

⁶ The general issues at stake are usually closely related to a particular sector or theme such as public financial management, government accountability, watershed management, etc.

⁷ The core issues at stake are circumscribed and defined by the change objective, which is evaluated and judged differently by different actors.

The concerned actors wish to protect these interests and avoid losing them at all cost. The material resources, social position and knowledge of these stakeholders make them particularly potent, which enables them to wield significant influence over the design, planning and implementation of the transformation process.

The term **primary or key stakeholders** is usually applied to those actors who are directly affected by a transformation process, either as designated beneficiaries, or because they stand to gain – or lose – power, economic resources and privileges, or because they are negatively affected by the proposed reforms in some other way, for instance if they have to be resettled. Primary or key stakeholders – rich and poor, men and women, young and older people - are able to use their voice, skills, knowledge or power position to significantly influence the proposed transformation process. Key stakeholders are those actors without whose support and participation the targeted results of a reform normally cannot be achieved, or who may even be able to act as **veto players** which means that they can prohibit, frustrate and block the transformation process. **Secondary stakeholders** are actors whose involvement in the programme is only indirect or temporary, as is the case – for example – with intermediary service organisations.



In the process of negotiating the issues at stake, actors not only position themselves through their resources and power or by competing with other actors, but also reveal their interest in **influencing the participation of other actors**. The stronger and more influential a stakeholder is, the more this actor will tend to see himself or herself as the sole actor, or may seek to speak on behalf of, or exclude, other actors. Shaping participation is part of the negotiation game.

3. How to do it?

3.1 Focus: No rocket science. Everybody can do it. Everybody should do it.

To become aware of the different actors likely to have an influence on the issue at stake, you can map out the relevant actors (both organisations as well as key persons) and identify different kinds

of stakeholders and their inter-relations. Interdependent stakeholders shape a so-called policy network.⁸

Stakeholder mapping is the best-fit tool for a stakeholder analysis. The mapping provides an overview of the stakeholder landscape. The map is produced by identifying and visualising the relevant actors and their relationships. It visualizes people and organisations likely to have an influence on the transformation process. It maps out the relevant stakeholders and identifies different kinds of stakeholders as well as their interrelations. The map allows first conclusions and hypotheses to be formulated concerning the respective influence of the various actors on the issues at stake in the programme, and concerning relationships and mutual dependencies. It sheds light on alliances and problematic relationships. The discussion of the stakeholder map can be used to help formulate strategic options and actor-specific hypotheses. The stakeholder mapping helps

- to identify relevant stakeholders
- to get important hints about which actors we do not have enough information on or that have not been considered by the proposed reform so far (blind spots)
- to understand which actors are not involved, i.e. excluded from the benefits of the reform
- to get valuable information that can be used for strategic programme planning
- to see potential cooperation partners
- to perceive and analyse actors that are disadvantaged, excluded, marginalised and discriminated and therefore need to be empowered
- to draw basic conclusions about relations and alliances as well as power imbalances and potential conflicts among the various players
- to make first assumptions and formulate impact hypothesis about the influence certain actors have on the proposed reform
- to produce valuable information on how to shape the participation in negotiation and public debate on reforms

Stakeholder analysis is a prerequisite for result-oriented cooperation. While stakeholder maps can be established out for any type of reform process, they are particularly helpful for structural and sector policy reforms. Basic stakeholder analysis should precede the reform design and should be consistently deepened during reform implementation because supposedly important actors become less significant and apparently insignificant actors may move on centre stage.

The stakeholder map usually also exposes information gaps and participation deficits. It points out the actors and the relationships between actors we know too little or nothing at all about, where we need to obtain further information, and which actors we must involve in the project. The stakeholder

⁸ The notion of *policy networks* is key to the management of political transformation processes. Most theories on politics and reforms rely on the concept of policy networks as a decision-making mode on new policies and institutions. The concept draws the attention to the importance of interested actors that shape a political negotiation process leading to agreements on institutions, regulations and common standards. It stems from the working hypothesis that new policies emerge from a negotiation process that is shaped and influenced by different stakeholders and relies on three basic assumptions: (i) Political reforms are a structured and dynamic fabric of interaction among different, but interdependent stakeholders with different background, perceptions, power resources and interests. (ii) Policy networks embrace various public and private corporate actors (public authorities, associations, interest groups, social movements, enterprises, political parties, local authorities, parliaments, etc.). These actors are interdependent, but autonomous. They are autonomous in the sense that they can play out their interests in the policy negotiation process through power, influence and alliances. They are interdependent, because they cannot achieve their own goals on their own, but depend on the perception, viewpoints, power, willingness and influence of other stakeholders. (iii) Policy networks are created and shaped by the stakeholders themselves, who are bound by their interest to influence the negotiation process, e.g. by structuring the agenda, regulating participation or access to new knowledge. They develop a more or less horizontal structure, and their basic steering mechanism is the negotiation process.

map also corrects premature assumptions concerning individual actors and the relationships between them.

3.2 Procedure

STEP 1: Define the scope of the mapping

- Form a small, well-performing and interdisciplinary **working group**
- To prepare an accurate stakeholder map be aware of the three entry tasks:



Be clear about the issue of the mapping

To limit the number of actors appearing on the map, the mapping should be based on a clearly defined issue.

→ Guiding question: What is the issue at stake and what are major change objectives?



Define time and periodicity

Actors build a dynamic and interdependent network of relations that can evolve quickly. Hence, the moment actor's relations are analysed does matter.

→ Guiding question: When do we draw up the stakeholder map, and when does it need to be updated?



Take into account different perspectives and perceptions

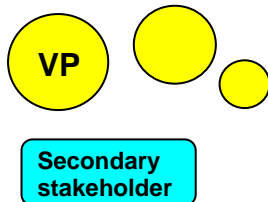
Each actor has his/her own perspective and perception, thus each actor acts upon his own mental map of the other actors and makes assumptions about their behaviour. A stakeholder map reflects only the perspective of the ones drawing up the map.

→ Guiding question: Whom do we wish to involve in drawing up the stakeholder map? If we draw up different maps, by when do we compare them?

STEP 2: Identify the relevant actors and set up their basic profile

First of all, it is necessary to list the actors relevant to the proposed transformation process.

Graphic elements:



Key and primary stakeholders are represented by circles, secondary stakeholders by rectangles.

The bigger the circle, the bigger the influence of the actor in the issue at stake. Circles with the letters VP stand for veto players, meaning that these stakeholders may have the power resources to seriously hinder or block the proposed reform.

To get a detailed overview of the different actors, we can draw up brief profiles of all relevant actors, applying the method of the 4 A's:

- A**ctor: What is the actor's name, what is his main function?
- A**genda: What is the actor's mandate, what is his mission?
- A**rena: In what field is the actor active, where is he present?
- A**lliances: With which other actors is the actor linked up, how is he interconnected?

Answering these questions allows us to make a first statement regarding the relative importance of certain actors for the transformation process. We may also perceive their role as drivers of change and alliances between actors become visible. Thus we get a first indication of the dynamics of the stakeholder landscape.

Actor Name, function	Agenda Mandate / mission, strategic objectives	Arena Field of action, outreach	Alliances Relations with other actors according to ABCD (*)
Actor 1			
Actor 2			
Actor 3			
Actor N			

(*)

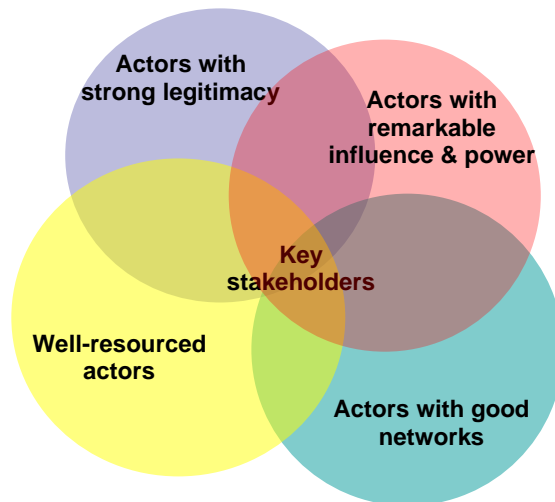
- A = institutionally regulated relation with actor X
- B = continuous information exchange with actor Y
- C = coordinated action with actor Z
- D = co-production with common resources with other actors

STEP 3: Identify key stakeholders

The listed actors should then each be assigned to one of two groups, namely key and primary stakeholders, and secondary stakeholders. To narrow down the number of key stakeholders further, it is helpful to differentiate between **four core attributes** that are crucial for holding a key position regarding the issue at stake:

- **Legitimacy:** The degree of legitimacy of each stakeholder's interest, meaning the extent to which the stakeholder's claims are seen as appropriate by other stakeholders. This perception depends on the institutional position of the stakeholder, ascribed or acquired rights that are – for instance – underpinned by law, the institutional mandate and public approval, level of acceptance and loyalty of social groups, and are considered legitimate. This also includes stakeholders whose explicit approval of the proposed reform would be inconceivable. These veto players can create key impetus and scope, or can obstruct the reform.
- **Resources:** The level of resources that stakeholders possess and are able to bring to bear on the reform process in terms of knowledge, expertise, skills, funds and material resources that enable the stakeholder to significantly influence the issues at stake and the change objectives, or to control the access to these resources. This is also linked to the question of whether a specific stakeholder disposes of the necessary resources to participate in the reform process.
- **Networks:** Number and strength of relationships with other actors who are obligated to, or dependent on the stakeholder. Key stakeholders are usually well-connected, i.e. they have a large number of institutionally formalised and of informal relationships with other actors. Key stakeholders therefore wield significant influence on the participation of other actors, structuring decisions as to whether certain actors will be included or excluded.

- **Influence & Power:** The power a stakeholder has to facilitate or impede the reform design and implementation, and the level of coercive power that the stakeholder has to command compliance in the reform process.



You may also use the following table to identify and characterize key stakeholders.

Potential key stakeholders	Legitimacy Does the actor hold an influential institutional position with strong legitimacy?	Resources Does the actor dispose of specific material and immaterial resources that may influence the reform process?	Network Is the actor well interconnected with other influential actors?	Influence and power Does the actor exercise influence and power to facilitate or impede the reform process?	Key stakeholder, yes or no?
Actor 1	☑			☑	Needs to be clarified
Actor 2		☑	☑	☑	Yes
Actor N	☑	☑	☑		Yes

The interests of the key stakeholders are usually not entirely congruent with the proposed reform or with the change objectives. This is only natural, bearing in mind the fact that a proposed reform is of an innovative nature. Any change will also generate responses of reserve and resistance. The actors notice the dissonance between their interests and the proposed change objectives at the latest when they are called upon to depart from familiar paths and learn new approaches. This can create tacit or explicit resistance in various forms: reserve, sceptical aloofness, objection or openly organised resistance against the targeted changes.

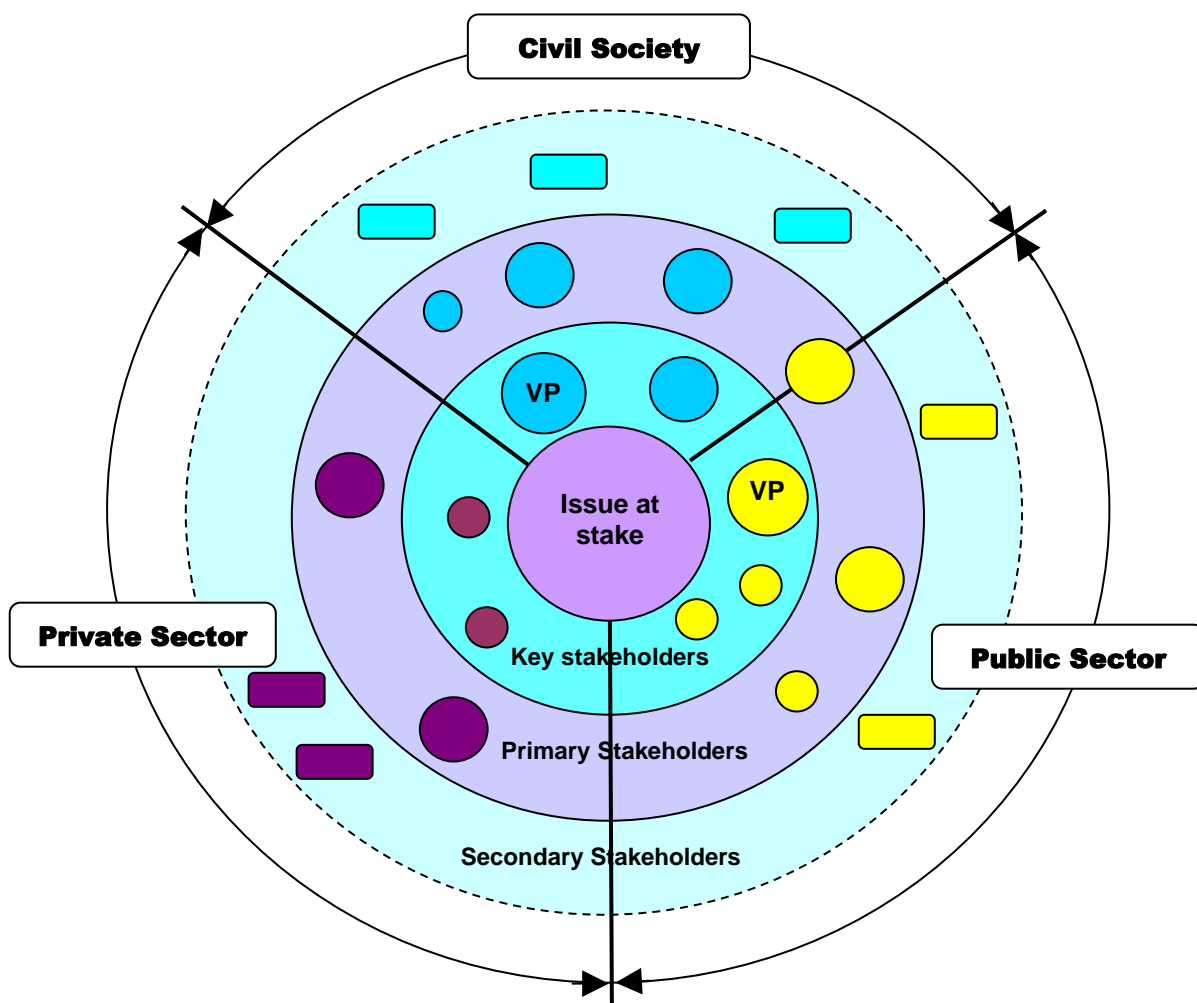
Actors can only learn from resistance if resistance is made explicit, so that it can be addressed. The possible motives for resistance are manifold, and are closely linked to the change management

process. The most important reason for resistance is the risk of losing economic rents and political power provided through extractive institutions. Actors' self-interest and fears (e.g., of losing power) are reinforced by values that have long remained stable or by the mistrust of other actors. Unclear or poorly transparent information concerning the project also reinforces resistance. If the resistance remains based on (tacit) assumptions or speculation, because it cannot be expressed or is not taken seriously, then it will also increase. And what begins as verbal assent may, in the course of the project, turn into reserve or even resistance.

To prevent a desired reform process from being vetoed, it is necessary to understand the interests of the actors. Once the perspective of the key stakeholders is understood, it is possible to alleviate feelings of uncertainty and address the resistance early on, so as to create a negotiation-oriented open climate for the reforms. However, from the viewpoint of extractive institutions, relevant change towards more inclusive institutions will affect greatly the rents of some factions of the dominant groups that will consequently resist to reforms by all means.

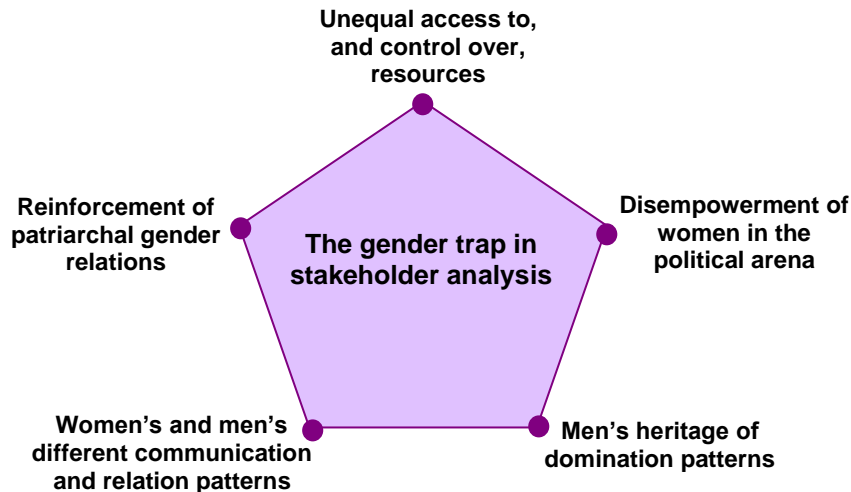
STEP 4: Put in the stakeholders

To create the stakeholder map that will yield useful information, it is important to include all important key stakeholders, without overloading the graphic with too many cards. Use cards in different colours (*metaplan technique*) and place them according to their basic characteristic to civil society, private or public sector.



STEP 5: Be aware of the gender trap in stakeholder analysis

Check the following five assumptions:



It is common sense that every transformation process should be carried out in a gender-sensitive way. Therefore, the stakeholder analysis should ensure that specific needs and interests of women and men are considered and that the analysis strengthen equal opportunities. A gender-sensitive stakeholder analysis takes into account the following issues:

- **Unequal access to, and control over resources:** Access to, and control over resources⁹ largely depends on the existing institutional mechanisms that distribute economic and political power and defines exclusion criteria. One of these exclusion criteria is gender: rights of access to resources, voice and informed participation often discriminate against women.
- **Disempowerment of women in the political arena:** The denial of access to, and control over resources form a barrier that may especially hinder women from participating in the social, political and public life of their community. This exclusion prevents women from participating in informal and formal policy negotiations. Political participation of women can contribute significantly to the maintenance and promotion of social welfare, equality, peace and security. Without an explicit gender focus, reform processes may fail to gain from women's contributions – both formal and informal – to the development of their societies.
- **Men's heritage of domination patterns:** Due to education and over-arching value systems, men may be bound to attitudes and behavioural patterns that lead to domination and violence against women and men. Under specific circumstances these patterns are even reinforced and reproduced by the attributes of masculinity during education.
- **Women's and men's different communication and relation patterns:** Research evidence indicates that women and men communicate and shape social relationship in different ways in a given cultural context. Reform processes tend to ignore such differences because of time pressure and standardized procedures and principles that impede gender-sensitive ways of communication.

⁹ The term *resources* refers to both material and non-material resources. Material ones are financial resources and surpluses or access to basic services; non-material are recognition, negotiation capacity, opportunities, voice, participation and rights, among others.

- **Reinforcement of patriarchal gender relations:** As a matter of fact, the common pattern of policy reforms is dominated by patriarchal gender relations, even when declarations and gender mainstreaming efforts advise a different way of thinking. Up to now, only a few women occupy executive positions in national and international institutions. Gender inequalities are also reflected by using the women and female children work force at low price and not recognizing their unpaid care work. The most common and strongest expression of patriarchal gender relations is the denial of women as victims of exclusion and violence.


Complete and differentiate the stakeholder map by using the following guiding questions:


- How do we find out about the stakeholder's position considering gender issues?
- Do we spot stakeholders that are particularly opposed to / open to gender issues?
- How can we make the gender issue visible by differentiating between men and women?
- How would the stakeholder map look if we draw the actors in regard to their gender-sensitivity?
- Do we spot specific stakeholders that are hindered from participating in the social, commercial and political life of their communities and in public debate?


STEP 6: Visualise the relationships between stakeholders


The stakeholder map helps us to analyse the relations between different stakeholders. Such relations can take the form of alliances and enduring cooperation; they can also indicate tension and conflict. Knowing who is in relation with whom prevents the future cooperation from unintentionally fuelling existing conflicts by favouring one side over the other. Identifying coalitions or alliances between stakeholders gives us indications about already existing ties that can be built upon. Finally, to make things clearer, the various graphic elements can be arranged so that the stakeholder map is easy to read. The stakeholder map might – for instance – look like one of the two examples shown in the graphics below.


Graphic elements


 Solid lines symbolise close relationships in terms of information exchange, frequency of contact, overlap of interests, coordination, and mutual trust.

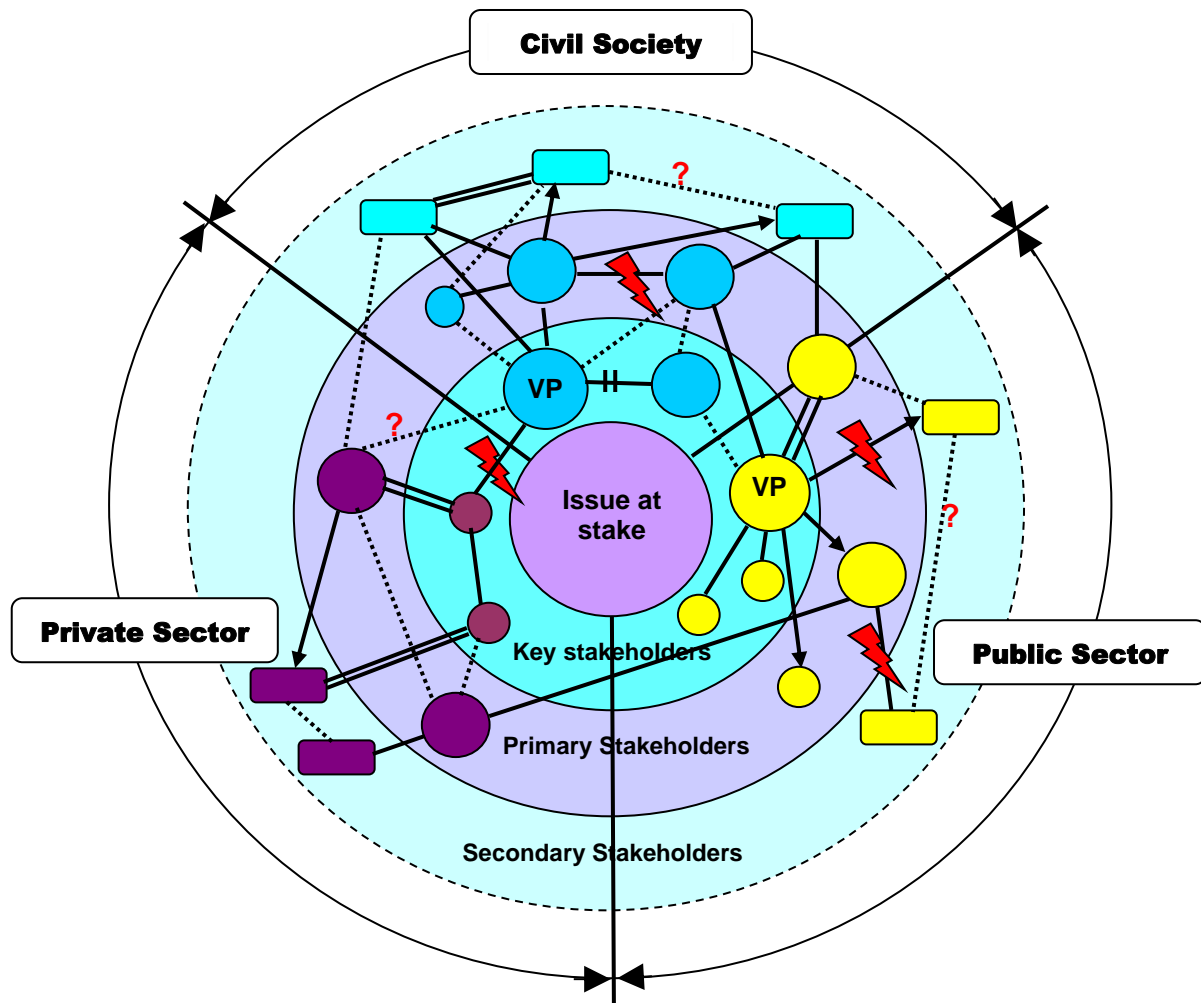
 Dotted lines symbolise weak or informal relationships. The question mark is added where the nature of the relationship is not yet clear.

 Double lines symbolise coalitions, alliances and strong cooperation that are formalised contractually or institutionally.

 Arrows symbolise the direction of dominant relationships. This may also apply to solid, dotted or double lines.

 Lines crossed by a bolt of lightning symbolise relationships marked by tension, conflicting interests or other forms of conflict.

 Cross lines symbolise relationships that have been interrupted, damaged or broken.



STEP 7: Share and discuss the stakeholder map with different stakeholders

A joint discussion of the stakeholder map as captured by the graphic above can

- help identify commonalities between the stakeholders;
- enable planners to address and work through the conflict of objectives with the key stakeholders early on;
- anticipate possible tensions and conflicts among stakeholders in a timely manner;
- strengthen compliance with change objectives and the commitment of the stakeholders;
- create an open space for further strategic options of reforms.

Reform processes cannot assume that they are dealing with objectively verifiable issues. Stakeholders construct their own social reality on the basis of their own life experience, expectations and perceptions. The various actors see and interpret their situation differently. Furthermore, the specific discourses and narratives on deficits often obscures our vision for potentials. To engage with the potentials and change potentials of the actors, reform processes need to create scope for dialogue and negotiation. The narratives reveal the knowledge about the issues and the willingness to change. They remind us that reality is perceived and shaped through actor-specific semantics.