THE IMPORTANCE ASSIGNED TO STAKEHOLDER MANAGEMENT IN RECENT YEARS IS AT BEST A MIXED BLESSING.

BALANCING THE COMPETING INTERESTS OF DIFFERENT STAKEHOLDERS ONLY SERVES TO MAKE THE TASK OF MANAGEMENT MORE NEEDLESSLY COMPLEX. DISCUSS.

A stakeholder is anybody who has a vested interest in the performance of a business. This could be (but is not limited to) a stockholder, a customer, an employee or the business owner. Stakeholders may be affected by the outcome of a project, or have varying degrees of influence over it's outcome (through direct or indirect participation).

Stakeholder management is a cumbersome, yet arguably essential thing to take into account when dealing with a project. Effectively managing a project requires a deep understanding of the stakeholders wants and needs, in order to create an atmosphere of trust, cooperation and enablement. One essential part of stakeholder management is clear and open communication throughout all levels of the business, an environment of open collaboration and feedback from all stakeholders, and quality relationships between stakeholders.

Freeman (1984) argued that an essential part of managing a project and ensuring the success of a business is to set up managerial systems to pay specific attention to the interests of stakeholders. Donaldson and Preston (1995) expanded upon this further, by explaining what specific strategies should be employed when dealing with stakeholder management.

Stakeholder management however, can sometimes complicate the already difficult process of managing a business and determining its aims, goals and interests, by trying to cater to the wants and needs of too many people or parties. This "too many cooks" philosophy is bred from the often diffuseness of the definition of a stakeholder, and so in order to properly manage stakeholders without overcomplicating things and paralyzing affirmative action, a project manager must first identify who their stakeholders actually are, analyze the influence they have (or are likely to have) on a project, and then open up channels of communication between them and the relevant areas of the business; this will allow them to contribute to the project, and receive updates on progress and decision making. It also allows a project manager to prioritize and manage competing expectations of each shareholder, based on their level of project influence and investment.

Delery & Doty (1996), suggested that a company's success is largely determined by how they treat their employees, and stipulated that –with employees being arguably the most important stakeholders– investing in a competent and efficient Human Resources department offers an extremely advantageous benefit to the business, ensuring that not only are the most competent employees selected for recruitment, but that employees are given a resource to voice their concerns to, reinforcing the level of open communication which is essential to stakeholder management.

In conclusion, I believe that stakeholder management, if properly implemented and focused on the most important stakeholders (such as employees and those with direct influence over a project), can be immensely beneficial to the continued success of a company. If stakeholder management is too diffuse however, and tries to incorporate the needs and wants of *all* stakeholders, irrelevant of their actual level of involvement or the effect a particular project will have on them, the whole process becomes over complicated and diffuse, and is ineffective and can actually negatively affect a business' progress.