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Are Stakeholder's Valuable to Companies - A Case Study

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Abstract: Stakeholders can come from anywhere, making it more challenging for the company to manage them. Stakeholders are the people who have some kind of stake in the company and to whom management needs to be responsive. In other words, that stakeholder creates a value to the organizations depend on an organization to fulfil their own goals and on whom, in turn, organization depends. Strategic decisions are also influenced by the expectations of stakeholders. Hence understanding the role of stakeholder and the value how it may influence the organization strategic objectives and what organizations can do to engage them for the betterment of the organization and creates win-win situation for all is something to explore. Different organizations have different objectives and so is the engagement and expectation from/of stakeholder differs. The aim of this paper to explore how organization can ensure onboard (internal as well as external) stakeholders bring value to the organization and continue to remain in doing so.

1.INTRODUCTION

The concepts of stake holding and stakeholder value are important for organizations because they help to focus the organization on its mission, purposes, and objectives. Stakeholders can also make a major contribution to the general strategic direction of the organization. The stakeholder value involves creating the optimum level of return for all stakeholders in an organization. This is a more broad-based concept than the more commonly understood and perceived concept of shareholder value, which usually focuses just on maximizing net profits or cash flows. However, value can be tangible as well as intangible.

Every organization works in a social framework with a definite purpose, and thus, it has to relate to a number of stakeholders. These stakeholders have various interests in the organization, and similarly the organization also has varying degree of interest in the different stakeholders. Ordinarily, the purpose of the organization defines its relationship with a stakeholder and such relationships are the reflections of its interests. Most organizations attach importance to its stakeholders based on the amount of gain the organization derives from the respective stakeholder or the liability the organization has to a particular stakeholder. Thus, business organizations attach utmost importance to stockholders, or the owners since these people are the investors in the firm and the company bears a liability of returning the profits to these people.

On the other hand, customers also form an important stakeholder for business firms since they bring in revenue for the firm that helps it in fulfilling its liabilities and objectives. In reality, non-profit organizations have a different type of objective. They work for a cause; the stakeholders who are directly related to the cause form the most important stakeholders. For example, any organization, which works for education of poor children, defines all poor children it serves as its important stakeholder. The patrons who donate to such organization are also referred to as important since they provide the means for achieving the objectives of the organization.

With a wide range of stakeholders associated with the organization, how does the organization ensure stakeholder brings value to the organization.

2.LITERATURE REVIEW

In most cases, the attitude of an organization towards its stakeholders is based on the immediate benefits they receive. For instance, business organizations are concerned purely with profits, and thus, they provide greatest importance to shareholders, owners, and customers. In the process of meeting business goals, most companies overlook the harm they cause to less important stakeholders. For example, mining companies focus on the extraction of the greatest amount of ores possible by ensuring they incur the minimum costs. This is because more production will bring more revenue and better shareholder value. Surprisingly, many of these companies neglect health damages that they bring to their mine workers. They also do not care about the well-being of the people living in the area, especially their health and risks in the event of ground collapse. This is because these people do not bring any immediate benefit to the companies.

01. Riikka Tapaninaho, Johanna Kujala, in the paper Reviewing the Stakeholders Value Creation Literature: towards a sustainability Approach the authors presents a review on stakeholder value creation and examine how stakeholder theory, and especially research on stakeholder value creation, relates to sustainability. Based on an extensive literature review spanning nearly three decades of material, they present four categories of stakeholder value creation literature: (1) a focal firm orientation with a single-value perspective, (2) a stakeholder orientation with a single-value perspective, (3) a focal firm orientation with a multiple-value perspective, and (4) a stakeholder orientation with a multiple-value perspective. The results of the review reveal that authors have studied stakeholder value creation quite extensively from different perspectives, that the studies have different conceptions of value and value creation, and that there is no common understanding or definition of sustainability within the literature. However, it is possible to see an increased interest in sustainability issues and their more coherent incorporation into stakeholder research during recent years. The results of our review suggest that, with respect to sustainability, researchers should consider the dynamic, systemic, and multilevel nature of stakeholder relationships and collaboration; the versatile understanding of value and value creation; a broader understanding of stakeholders and their needs; as well as the normative core of sustainable business. Additionally, the conceptualization of sustainability within stakeholder value creation and the elaboration on the purpose and role of business with regard to sustainability serve as interesting focus areas for future research.
02. Stakeholder theory is one of the main management frameworks used to discuss social responsibility issues in business. As stakeholder theory perceives stakeholders broadly, referring to those who can affect or area affected by a firm's operations (Free- man1984), the theory has acquired a prominent place as a framework that addresses socialresponsibilityissuesasanaturalpartofbusiness.Moreover,stakeholdertheoryhas been described as a management theory of the 21st century suitable for under- standing and redefining the role of business and value creation in society (Freeman 2010). Freeman et al. (2010) argue that stakeholder theory is fundamentally 'about valuecreationandtradeandhowtomanageabusiness effectively."Effective"canbe seen as "create as much value as possible". However, academics and business practitioners have given sustainability increased attention, leading to calls for management scholars to rethink extant management theories and their underlying assumptions in the context of sustainability (e.g., Derry 2012; Starik and Kanashiro 2013). Stake-holder theory has also been advanced directly regarding sustainability. In effect, Hörisch et al. (2014) examined the applicability of stakeholder theory in sustain- ability management and developed a conceptual framework to enhance the theory's application in the context of sustainability. Scholars have particularly emphasized the need to incorporate sustainability management into conventional management theories to have an impact on more sustainable business decisions instead of building distinctive theories and new languages to learn for this purpose(ibid.).
03. Stakeholder theory has served to analyze and understand multiple phenomena in various fields of the organizational sciences, such as strategic management (e.g., Free- man1984; Hakseveretal.2004; Strand and Freeman2015), corporate responsibility (e.g., Brower and Mahajan 2013; Sachs and Maurer 2009; Smith and Rönnegard 2016; Strand et al. 2015), business ethics (e.g., Phillips 1997; Purnell and Freeman 2012;Wicks1996), and international business (e.g.,Ansarietal.2013;Christmann 2004; Lehtimaki and Kujala 2015). Moreover, stakeholder value creation has been used in many recent studies to better understand stakeholder concerns and co-operation (e.g.,Garcia-Castro and Aguilera2015; Garriga2014; Harrison and Wicks2013; Rühli et al. 2017; Schneider and

Sachs 2015; Tantalo and Priem 2016). Therefore, we need a comprehensive understanding of what stakeholder value creation means in the organization sciences and what value means in the stakeholder literature.

04. While stakeholder theory was not originally developed to address complex sustainability issues, its potential for further development has been acknowledged and acted on (Freeman1994;Hörischetal.2014), and it has served as traditional management theory in research on corporate sustainability to some extent (Montiel and Delgado-Ceballos2014). However, stakeholder theory, like other management theories, has been criticized quite heavily for being too focused on economic, firm-centric value creation with anthropocentric premises in the context of sustainability (e.g., Banerjee 2000, 2001; Clifton and Amran 2011). Starik and Kanashiro (2013) have also criticized management theorists as lacking a systematic examination of sustain able development, which has been the case in stakeholder research. In essence, calls have been made for researchers to pay attention to the premises of their research, including research questions, assumptions, and broader paradigms followed in their studies (e.g., Derry2012).

3.WHO ARE COMPANY'S MOST IMPORTANT STAKEHOLDERS?

Stakeholder falls into two categories: Internal stakeholder and external stakeholder. Internal stakeholder relates to the teams, business units, and support department, who all work towards achieving the desired outcome. External stakeholders include regulatory bodies, state/central government bodies, contractors, financial bodies, and suppliers, which also have the power to influence the strategic decisions of the organization. The CEO and his or her executive team have to satisfy and balance the demands of various parties. Sometimes these demands are in conflict, and one has to be prioritized over another. So, what is the pecking order among the company's stakeholders? When it comes to the crunch whose needs should be met first? Here is a suggested order of preference.

1.3.1 Customers. Peter Drucker defined the purpose of a company as this; to create customers. Without customers the company cannot survive so in almost all situations the customer needs have to come first. The customer can always to choose to take his business to a competitor, so it is essential that we continue to innovate, to offer good products and good value for money.

1.3.2. Employees. The employees are the ones who create and deliver the products or services that the customers consume. If we lose or antagonize our best employees, then customer service will suffer so we need to look after them. If we want to attract and retain top talent at all levels, then we have to offer terms and conditions that are attractive.

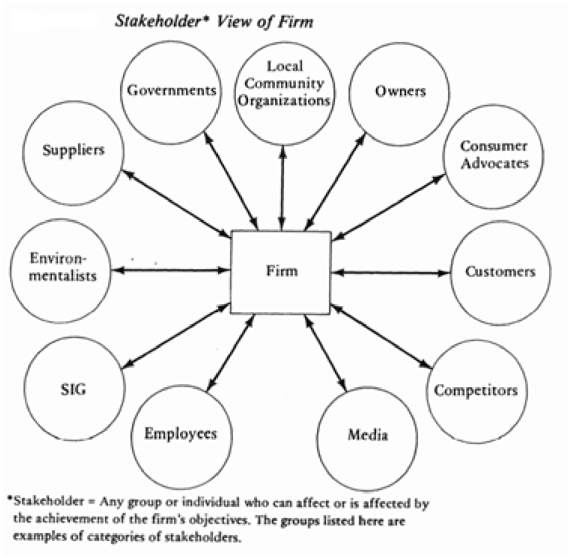
1.3.3. Shareholders. The shareholders own the company. They might well have put forward the seed capital which we need to get started so their needs are important. Ultimately the board, acting on behalf of the shareholders, can replace the CEO and the executive team. However, provided we are broadly on plan in terms of revenues and profit the shareholders are generally satisfied and will leave us alone. They will only take action when things are going badly wrong, so we do not need to always act to please them.

1.3.4. Suppliers, distributors, and other business partners. We need to collaborate with our partners to run the business. Many have essential skills that we lack. It is best to build good long-term relationships. However, the partners also have their own agendas, and most can be replaced if they underperform, or a better partner appears.

1.3.5. The local community. We want to be a good citizen with healthy links to the local community. We want to be seen as a responsible employer who is providing a good place to work. This is important but is clearly a lower priority than those above.

1.3.6. National Government and regulatory authorities. These are less important stakeholders, but we want to keep on the right side. We want to be compliant with regulations and avoid disputes and prosecutions.

Figure 1 is a stakeholder map of the firm which takes into account all of those groups and individuals that can affect, or are affected by, the accomplishment of organizational purpose.



Source: Freeman 2004

Fig.1 Shareholders view of firm

If the enterprise knows who their stakeholders are, they will be in a much better position to manage and engage them and turn them into advocates and supporters.

1.4 Stakeholder value framework:

Organizations require a systematic approach achieve the desired value from the stakeholder and vice versa. The approach for determining what value they may offer to the organization, how to align this with the firm's strategic objectives, and how to ensure that value flows not only in the short term but also in the long term. The following is the framework of stakeholder value as shown in Fig 2. All the boxes are covered subsequently in the paper.

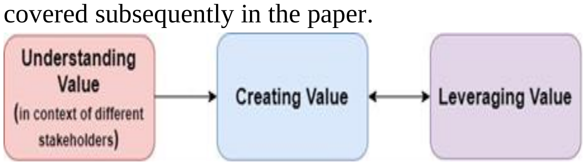


Fig. 2 Stakeholder value framework

1.4.1 Understanding Value - Understanding the value is the first stage in the framework. It involves analyzing stakeholder value as a multi-dimensional concept as well as the mechanisms that can be used to create it. It's important to note that value isn't something that the organization gives to the stakeholder; rather, both parties contribute to value. It is in fact a (co-)creation by both.

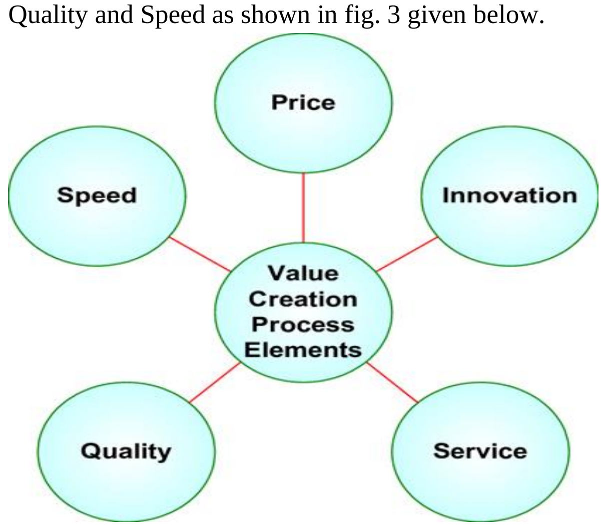
1.4.2Creating Value

Creating value requires engaging and understanding stakeholder perspectives, then reflect on how it can be addressed in generate value for all involved. If done well, it strengthens an organization and ensures its long-term value, benefitting both stakeholders and the organization.

It is also necessary to determine 'what value' to generate and 'for whom' in order to understand the extent to stakeholder engagement. On the other hand, it is also crucial to recognize that different stakeholders have different expectations toward the firm, and the importance of bringing stakeholder interests together over time to achieve the desired outcome.

Some stakeholders are more important than others in every practical situation and they bring different value into the organization. The act of attaching importance to the stakeholders depends on the character of those who govern the company. These people determine the moral character of the company’s governance and its subsequent relation with the different stakeholders. The virtue ethics theory suggests that because of the absence of moral character in the people who run businesses, there is the presence of neglect to those stakeholders who are apparently non-productive.

Value being multidimensional concept and cannot be just associated with monetary value. It can either be tangible or intangible. There is a distinction between what constitutes stakeholder value for an employee, board of directors, customer, and company. Value can also be identified with Price, Innovation, Service, Quality and Speed as shown in fig. 3 given below.



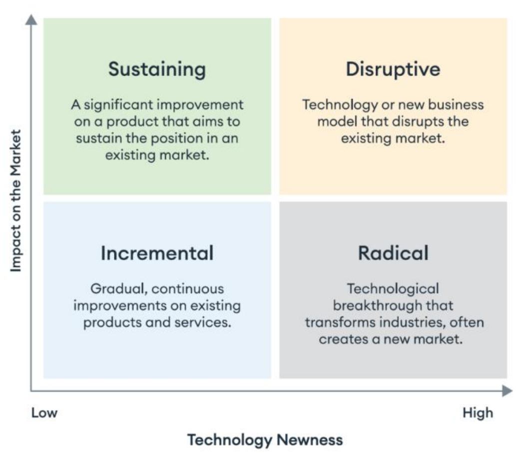
Source: Research gate

Fig.3 Value creation Process

Value is something that differs from stakeholder to stakeholder. The above figure deals with the customer's perception about value. We will make an attempt to understand each of this element briefly.

Price: Price is the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk-taking ability. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. A customer's decision to buy or not to buy a product at present and defer the purchase is influenced by the price of the product.

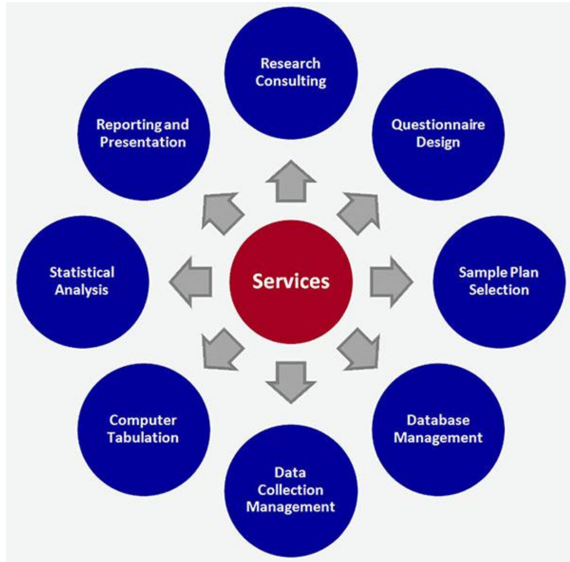
Innovation: Innovation is defined as the process of making an idea or invention into a product or service that creates value for the customer who is willing to pay for the innovation. It should benefit both the innovator and customer who will pay for it. This perception is value There are 4 types of innovation as shown in Fig. 4.



Source: Fresh Consulting

Fig 4 Types of Innovation

Service: A service is an intangible act or use for which a consumer, firm, or government is willing to pay. Examples include work done by barbers, doctors, lawyers, mechanics, banks, insurance companies, and so on. Services are diversified in a number of groups as shown in figure 5; Services are used/ provided by businesses to conduct their business activities and generate customer delight.



Source: Cohesium Research

Fig. 5 Types of Services

- Quality: Quality is a judgment of how excellent something or someone is. An example of quality is a product that won't break easily. An example of quality is a well-made product. Quality is expressed through admirable, exceptional, first-rate, good, high-caliber, preferable, remarkable, superhuman, etc.

Source: Tessolve

Fig.6 Quality a commitment

Speed: Speed is the rate at which somebody/something moves or travels. The speed is the calculated at which the axis is currently moving, as computed from the change in the Transducer Counts status register. The actual speed is in position units per second.

1.4.3 Leveraging value

It is challenging for a company to be aware of stakeholder expectations and how to maximize value from them over time. A company needs to focus on the three identified three characteristics that enable an organization to create long-term value. These include shared interests, collaboration ability, and trust. In the long run, an organization must operate in such a way that each stakeholder is satisfied with what they give and with what they receive. Shared interests, collaboration build on shared objectives, aligned strategic goals, and a sense of understanding between the organization and its stakeholders provide both short-term and long-term value. For example, employee objectives may be to save jobs while management concentrates on the strategic outcome of improved efficiency. What is important in such a situation is that both groups are willing to work together to find solutions to create value for all parties. This may result in outstanding product and customer loyalty. Air BnB – a famous example of the sharing economy – offers a unique combination of various customer value dimensions, including monetary savings, convenience, feelings of being home, the opportunity to experience cultural authenticity, social engagement as well as enabling meaningful lifestyles (ibid). Trust is also another factor that ensure long term value creation. The higher the trust between the organization and its stakeholders, the easier it is for all parties to engage in joint value creation. Stakeholders who trust an organization are willing to share information because they know it will not be used against their interests.

The more an organization cares about its stakeholders, the more likely they'll do the same in return. Business sees it as a multidimensional concept with emotional, financial, and functional aspects.

Emotional: Returns that offer security or good feelings to promote trust within an organization

Financial: Returns related to money

Functional: Returns that offer flexibility and choice to increase productivity

1.5 Stakeholder Engagement Level:

Stakeholder engagement is an important tool for understanding how to communicate, collaborate, and interact effectively with key stakeholders. It also helps organizations to anticipate the interests and desires of everyone who has a stake in their organization. The engagement level of stakeholder differs depending on the goal and objectives they are trying to pursue. In addition, the following are important too:

- Empower people – The enterprise should get stakeholders involved in the decision-making process
- Create sustainable change – It is important to engage the stakeholders help inform decisions and provide the support you need for long-term sustainability
- Build relationships – It is also important to create mutually beneficial relationships, build on existing relationships or foster new ones.
- Build a better organization – To engage stakeholders one should engage with stakeholders and bring important issues to light and encourage your organization to develop corporate social responsibility
- Increase success – Similarly it is equally important to engage influential groups (who might otherwise hold you back) and turning them into supporters and advocates can boost your chances of success.
- Educate – Stakeholders can be a valuable source of information for your organization, and they may learn something from you, as well

The importance of stakeholder groups, and the approach you take to engaging each group, will depend on the outcomes you need to achieve and the resources you have available to achieve them.

Depending on your organization, you might focus on the groups most closely connected to your objectives. For example, if you’re a business with a goal to increase your profits through a new initiative, your most important stakeholder group will probably be your customers. Or if you’re a government organization working on a large development project, your most important stakeholder groups would be those people most likely to oppose your project. That way, you can help change their sentiments from negative to neutral or positive.

1.6 Principles of improving stakeholder engagement:

The following are the principles that help improve stakeholder engagement.

1) Communicate: Before aiming to engage and influence stakeholders, it’s important to seek to understand the people one will be working with and relying on throughout the phases of the project lifecycle. Sharing information with stakeholders is important, but it is equally important to first gather information about your stakeholders.

2) Consult, early and often: A project especially in the early stages, may be unclear to its stakeholders in terms of purpose, scope, risks, and approach. To ensure everybody is involved in the project regular consultation is essential to ensure that requirements are agreed, and a delivery solution is negotiated that is acceptable to the majority of stakeholders.

3) Remember, they're only human: One should accept humans do not always behave in a rational, reasonable, consistent, or predictable way and operate with an awareness of human feelings and potential personal agendas. By understanding the root cause of stakeholder behavior, one can work as a team and maintain a productive relationship.

4) Plan it! A more conscientious and measured approach to stakeholder engagement is essential and encouraged. Investment in effective planning before engaging stakeholders can bring significant benefits to the enterprise.

5) Relationships are key Developing relationships results in increased trust. And where there is trust, people work together more easily and effectively. Investing effort in identifying and building stakeholder relationships can increase confidence across the project environment, minimize uncertainty, and speed problem solving and decision-making.

6) Simple, but not easy Over and above conventional planning, using foresight to anticipate hazards, and taking simple and timely actions with stakeholders can significantly improve project delivery. Although this principle is self-evident, in practice is still only rarely done very well.

7) Just part of managing risk Stakeholders are important influential resources and should be treated as potential *sources* of risk and opportunity within the project.

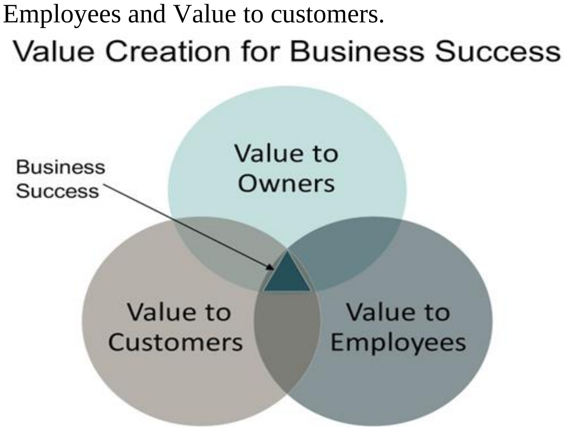
8) Compromise The initial step is to establish the most acceptable baseline across a set of stakeholders' diverging expectations and priorities. Assess the relative importance of all stakeholders to establish a weighted hierarchy against the project requirements and agreed by the project Sponsor.

9) Understand what success is Project success means different things to different people, and you need to establish what your stakeholder community perceives success to be for them in the context of project delivery.

10) Take responsibility Stakeholder engagement is not the job of one member of the project team. It's the responsibility of everyone to understand their role and to follow the right approach to communication and engagement. Good project governance requires providing clarity about stakeholder engagement roles and responsibilities and what is expected of people involved in the project.

1.7 Value of Value Creation:

The definition of value creation is giving something valuable to receive something else that's more valuable to you. This definition is broad and captures both costs and benefits. Further, it applies to owners, customers, and employees Long-term value creation can—and should—take into account the interests of all stakeholders as shown in. Stakeholders are people that have interests within a specific organization. Companies may use stakeholder value strategies to create mutually beneficial relationships that boost the advantages for all parties involved. Here, we discuss what stakeholder value and how it differs from shareholder value, how to set stakeholder values and examples showing how the mindset works in fictional situations. Value creation is the bedrock of business. It' is something that sets the enterprise apart from the competitors, secures long-term customers, and brings distinct meaning to your brand and your solution. Without creating a value for your business, the unique offering will be seen as just another commodity in the eyes of your target market. The value of value creation is depicted below in Fig 7. It can be represented by Value for Owners, Value to Employees and Value to customers.

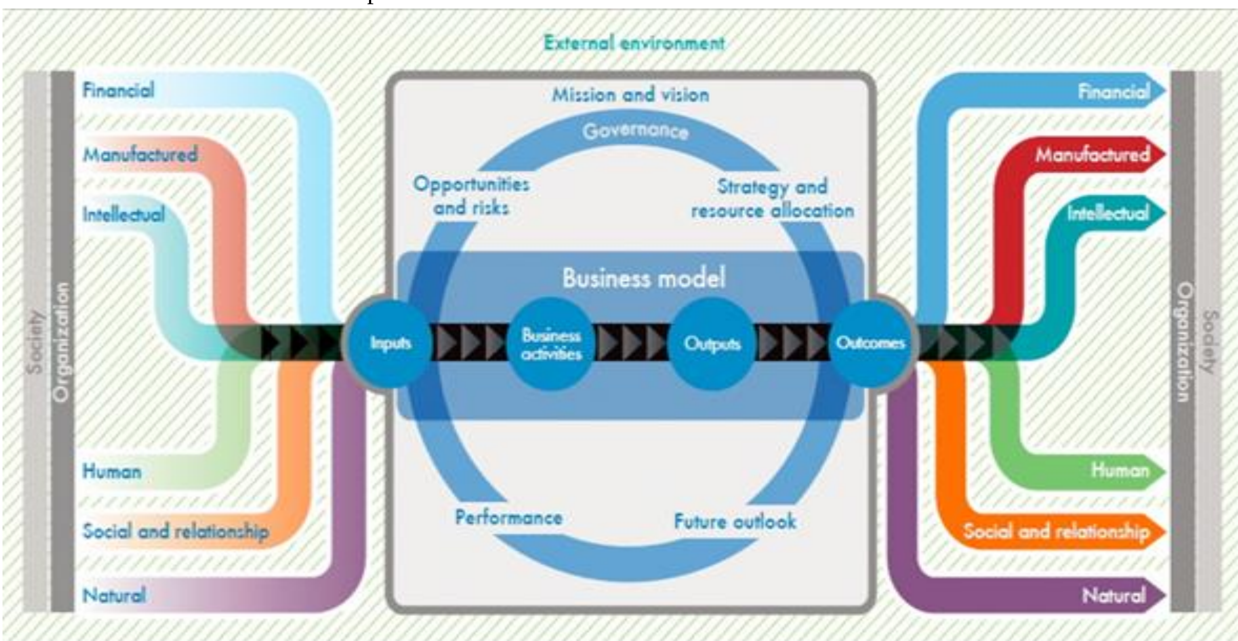


Source: CFO Perspective

Fig. 7 The value of value creation.

1.8 VALUE CREATION MODEL

Stakeholder value is an important factor to consider when creating a corporate strategy. Building a large, supportive group of stakeholders may be an asset to a company that can lead to competitive advantages, favorable legislation, or a positive brand image. It is much more broad-based concept than the more common shareholder value, which usually focuses just on maximizing net profits or cash flows. Some stakeholder values may put an emphasis on net profits or cash flows, while others can improve employee benefit plans, decrease resource usage, or tackle the social responsibility issues.



Source: Writing Integrated Reports

Fig. 8 Value creation Models

Today's critique includes a call on companies to include a broader set of stakeholders in their decision making, beyond just their shareholders. It's a view that has long been influential in continental Europe, where it is frequently embedded in corporate-governance structures. The approach is gaining traction in the United States, as well, with the emergence of public-benefit corporations, which explicitly empower directors to take into account the interests of constituencies other than shareholders. This has been shown in fig 8 above

Particularly at this time of reflection on the virtues and vices of capitalism, we believe it's critical that managers and board directors have a clear understanding of what value creation means. For today's value-minded executives, creating value cannot be limited to simply maximizing today's share price. Rather, the evidence points to a better objective: maximizing a company's value to its shareholders, now and in the future.

1.8.1Importance of Customers as Stakeholders

Customers depend on the company to supply a product or service. They support the company with every purchase they make, and each purchase also shows the company what products and services to invest in further. In doing so, customers help guide the direction of a small business. Customers also share their opinions and experiences with the customer service department, and they may directly request changes in products or services. Because customers often speak directly with small business owners in their community, these businesses have the opportunity to cultivate a strong understanding of what their customers need or want.

The concept of customer the strategic positioning for competitive advantage based on value created for targeted customer segments from the company's perspective

1.8.2Employees Depend on Companies for their Livelihood

Employees of a small business depend on the business for their livelihood. Contractors may derive a large part of their income from the business as well. Their daily work helps the company to succeed. Thus, a small business might train its employees to improve their skills, preparing them to step into advanced positions as the business grows.

Furthermore, maintaining a positive, productive work environment depends on the cooperation of all employees. Managers must work to oversee daily operations, motivate employees, and improve efficiency as needed. Even if a small business owner works alone, she likely depends on family or friends who pitch in to help at a local market, or to set up a website, fulfilling the same functions that employees may later fill. These volunteers may be stakeholders in that they wish to boost their family's income or assume a paid role in the company one day.

1.8.3Suppliers as Stakeholders

Suppliers provide the raw materials or components that a company uses to create its products. In some cases, suppliers provide finished products. A business may depend on one particular supplier that produces a superior or rare, good, in which case the supplier has heightened importance. A small business with a narrow niche may be particularly likely to rely on the specialized materials of one supplier. This also increases the risk to the company and other stakeholders. If the business can't purchase supplies from this source, it may need to dramatically adapt its offerings.

1.8.4Community and Government as a Stakeholder

The government collects taxes from the company, so it benefits from the company's profits. It may invest taxes back in society. As a small business grows, it can affect the community in positive or negative ways. A business may provide jobs, and it may contribute funds to local schools and community organizations. Even a very small company can give back in order to generate support and improve the community.

A socially responsible company of any size works to develop more environmentally friendly practices, so it doesn't pollute the community or the broader world, too. Local organizations may advocate for such practices on behalf of citizens and the environment, representing these stakeholders. When a company's activities affect the community directly, such as with many ecotourism ventures, the company has the ethical responsibility to involve community groups and organizations in planning its activities.

1.9 Challenges to maximizing stakeholder value

Bringing out stakeholder value for the benefit of both the organization and the stakeholder is challenging and requires attention to various aspects related to the shared goals, stakeholder network, competing priorities and interpersonal skills of all involved. Challenges such as globalization, climate change, income inequality, and the growing power of technology titans have shaken public confidence in large corporations. In an annual Gallup poll, more than one in three of those surveyed express little or no confidence in big business—seven percentage points worse than two decades ago. Politicians and commentators push for more regulation and fundamental changes in corporate governance. Some have gone so far as to argue that "capitalism is destroying the earth.". Some of the key challenges includes:

Business Ethics–Lack of moral integrity in the people who operate enterprises, as well as neglect of those stakeholders who appear to be non-productive. The motives of any organization must be defined properly and ethically to determine the relative importance to various stakeholders. While there can be more importance of one stakeholder, others should not be neglected. This principle is followed by very few organizations that care to bear responsibility of their impact on many stakeholders and attach importance to the relationship with the same to abide by ethical guidelines.

Stakeholder network: Members of stakeholder network constantly influence each other, requiring careful monitoring rather than a procedural exercise

Competing priorities: Each stakeholder brings their own set of goals, with the expectation that most of them will be met. However, what is important to one stakeholder may not be important to another.

Interpersonal skill: It is one of the most critical challenges encountered when interacting with stakeholders. The management team may lack the emotional maturity to cope with stakeholder interests. It is also necessary to reduce conflict and increase stakeholder participation in strategic decisions.

1.10Are some stakeholders more important than others?

This question is so relevant for every enterprise because different stakeholders appear more valuable for specific enterprise. This happens because the stakeholder Engagement Level differs in every enterprise. From an ethical approach, it is true that some stakeholders are more important than others in every practical situation. The reason for this is clearly the motive that drives the organization. In any organization or business, it's easy to get swept up in the day to day. One is juggling with new projects, customers, clients, services, technologies, objectives, and outcomes. But it's important to realize that the success of your day-to-day activities depends on one thing: people or the stakeholders. Each stakeholder

- Have their own goals and objectives
- Make important decisions that may affect your organization
- Have lives that may be affected by your organization's decisions
- Are financially or physically better or worse off when things change

Are connected to a wider network of people who are, in turn, affected by any changes and decisions**.** It is usual for project professionals to identify stakeholders and then analyze the degree to which they may become a help or hindrance by considering a number of criteria, including:

- the relative power of the stakeholder to change the way things are being done
- the degree of interest that the stakeholder is likely to demonstrate actively and
- the likelihood of the stakeholder supporting the ongoing project.

1.11 Conclusion

Organization success largely depends on the actions of several stakeholders. A mutually beneficial relationship with all stakeholders is seen to generate value toward a product, business, and organization, leading to long term success. Value has many dimensions and both to stakeholders and the organizations. However, what value needs to be extracted and given must be defined properly and ethically. Even though some stakeholders attach more importance to organization, others should not be ignored. They attach much importance to these stakeholders who do not provide them with profits or bind them with liabilities directly, but the maintenance of interest of these stakeholders develops the potential to provide benefits to everyone in the long run. Therefore, the importance of the stakeholders lays in the attitude of the organization and not in the stakeholder himself or herself.

Stakeholders can include customers, employees, community members, politicians, media, shareholders, suppliers, investors, government departments, regulators, neighboring businesses, and nearby residents. Plus, all their extended networks of families, friends and colleagues who may directly or indirectly influence organization.

Along with identification of stakeholders, understanding what value they can bring to the organization and how to leverage the value is done throughout by engaging stakeholder for value creation. Understanding value, the stakeholder provides to the organization and vice versa is an iterative process. Although Figure 2 (Stakeholders value framework) portrayed it as three independent processes, the distinction is nearly non-existent. The process gets less distinct and more integrated as the company grows.A good stakeholder engagement plan also results value creation and helps in reducing conflict and increasing synergy in a complicated network of stakeholder interactions.

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