

Response strategies to stakeholder pressures in global projects

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Abstract

Global projects that are implemented in highly uncertain and turbulent environments inevitably face a variety of external institutional pressures exerted on them. Demands presented by external stakeholders are typical examples of such institutional influences. Companies involved in the execution of global projects may enact different strategic responses as a result of the stakeholder pressures. Through an empirical analysis of four different case projects implemented in emerging markets, the paper identifies and describes five different types of response strategies, varying from passive to active approaches enacted by focal project companies. The identified response strategies are adaptation strategy, compromising strategy, avoidance strategy, dismissal strategy, and influence strategy. The paper further discusses the different factors that are seen to explain the use and emergence of the response strategies.

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1. Introduction

Global projects bring together a set of multiple organizations that engage resources from different socio-cultural systems [1]. As global projects are oftentimes implemented in demanding and complex institutional settings, they are subject to impacts of a wider socio-political environment [2]. Definitions that are rather similar to those of the global project, are provided in studies that address international dimensions of large or major engineering projects [3–6], megaprojects [7] or simply international projects [8]. In this study, we focus specifically on such global projects that involve participants from diverse cultural backgrounds and are implemented in emerging markets.

By studying the track record of large projects, we argue that stakeholder related conflicts and incidents are among the most significant unforeseen risks in projects implemented in challenging environments. Existing project man-

agement literature provides various examples and descriptions of stakeholder pressures, that is, demands and claims coming from the actors in the project environment, and effects of the stakeholder pressures on projects [7,9–13]. However, only limited attention has been addressed to the diverse strategies organizations involved in a project have actually enacted as a response to stakeholder pressures coming from the environment.

The specific research question of this paper is: What kinds of strategies do organizations enact as responses to the demands presented by external stakeholders in the context of global projects? In addition, we are interested in finding out factors or aspects that predict the occurrence of the identified response strategies. For the purposes of this paper, we chose the term “response strategy” instead of “stakeholder management strategy”, since we believe that in the context of turbulent and uncertain environments of emerging markets, the term “response” describes better the approach of managing the emergent, unexpected, and exogenous disturbances presented to projects. Further, our attention in this paper is primarily on external stakeholders and on pressures private and public stakeholder groups pose to projects in the context of emerging markets.

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To answer our research question we utilize the ideas of Oliver [14], and develop a typology of response strategies to institutional pressures through the analysis of four case projects implemented in the context of emerging markets. Typically emerging markets are considered as the markets of the rapidly growing low-to-middle per capita income economies, in which institutional systems have not, regardless of the supportive government policies, yet developed for controlled management of affairs, and in which the behavior of the market is exceptionally difficult to predict [15]. In each project case, the response strategies to stakeholder pressures are identified, and examined from the viewpoint of one *focal organization*, further referred to as the *focal company*, which takes part in a global project that consists of multiple organizations.

We start by providing an introduction to project stakeholder management. Next, we review the literature on organizational response strategies towards different types of institutional pressures with a specific focus on Oliver's [14] framework. After presenting the methodology of the study, we describe and analyze the empirical cases, and finally discuss findings and draw conclusions.

2. Literature review

2.1. Project stakeholder management

Projects interact with a wide array of stakeholders. The management of project stakeholders, taking into account their needs and requirements, is an essential part of project management and project success [16,10]. It has been proposed that successful projects show exceptional stakeholder management and potentially follow the process of stakeholder identification, classification, analysis, and management approach formulation [17]. Several studies report and illustrate the challenges and conflicts that arise from the external stakeholder environment in, for example, large infrastructure and engineering projects, affecting significantly the outcomes of the project [2,17,7,10]. Yet, not many descriptions have been provided from the context of emerging markets.

Project stakeholders have been defined and categorized in numerous and at times contradicting ways in the project management literature. The most common definitions view project stakeholders broadly, as any group or individual who can affect or is affected by the project. In PMBOK [18], stakeholders are defined in a similar vein as "individuals and organizations that are actively involved in the project or whose interest may be affected as a result of project execution or project completion". A typical categorization is to divide stakeholders into internal and external stakeholders. Internal stakeholders are the stakeholders, who are formally members of the project coalition, and hence usually support the project [9]. They are often referred to as primary stakeholders [19] or business actors [20]. External stakeholders are

not formal members of the project coalition, but may affect or be affected by the project. Examples of external stakeholders include local residents, landowners and environmentalists, regulatory agencies, local governments and national governments [9].

We argue that project stakeholder management research is mainly focused on the rational process of stakeholder management producing normative frameworks and tools on how to map stakeholders and in which situations to respond to stakeholders' claims. Examples of this research are applied power/interest matrices [21,10], stakeholder mapping and visualization tools [11] and analysis frameworks [22]. However, such project stakeholder management research that explores how stakeholder related events are actually dealt with as they occur is rather limited [13].

2.2. Response strategies to stakeholder pressures

Projects may respond to stakeholder pressures and claims in various ways. Most of the existing research has focused on forming different types of engagement models and shaping schemes [11,23]. However, the rationalized stakeholder management models such as the applications of power/interest matrix [10] mainly provide guidelines on whether to manage a certain stakeholder or not. The idea is to respond to the demands of such stakeholders that have power to promote their claim and that are interested in the project. Not until recently it has been realized that some project systems tend to apply a proactive approach towards external pressures, while others tend to deny influences or be more passive in responding to institutional pressures [5].

In the field of institutional theory, Oliver [14] has identified different strategies that organizations have enacted as a response to pressures coming from their institutional environment. While Oliver's [14] framework focuses more broadly on different types of institutional pressures, the focus in this study is specifically on stakeholder related pressures. Oliver's [14] work on the behaviors, by which organizations respond to institutional pressures, provides a categorization of five different types of response strategies. The identified strategies are: acquiesce, compromise, avoid, defy and manipulate. Acquiescence may take alternative forms, including habit, imitation, and compliance. In turn, the compromise strategy includes balancing, pacifying and bargaining with external constituents. Avoidance is defined as "the organizational attempt to preclude the necessity of conformity": organizations may conceal their nonconformity, buffer themselves from institutional pressures or escape the institutional rules and expectations. Oliver [14] views defiance as an active form of resistance to institutional processes. It may be appear in the form of dismissal, challenge or attack. Finally, the active manipulation strategy refers to the purposeful and opportunistic attempt to co-opt, influence or control institutional pressures and evaluations.

3. Methodology

The methodology of the study follows the inductive case study logic [24]. We selected four different case projects that (1) had involved external stakeholder related challenges and (2) had been implemented in emerging markets. In each of the four cases, we focused on specific external stakeholder related incidents and on the ways the focal company had responded to claims presented by stakeholders.

The case analysis focuses mainly on identifying and categorizing the response strategies enacted by the focal company as responses to the project opponents' claims. This focus was chosen, since the groups that have different objectives than the project, that is, they oppose the project, may attempt to receive management attention to their requests more than other stakeholders. Therefore, it is this context, in which the potential for conflicts within the projects come up, and in which the concepts of stakeholder management and response strategy become meaningful.

The cases were chosen to depict different positions of focal companies in the network that implements the project; the different positions are owner and developer (Case Compromiser), turnkey contractor (Case Influencer) and systems contractor (Case Isolator and Case Adapter). All focal companies operate globally, and the duration of the case projects ranges between two and five years. Though the industry context varied between the case projects, each project was a large engineering project. Thus, the cases are similar in the sense that in each case external stakeholder opposition resulted in demands being presented to a large engineering project in its respective emerging market context. Yet, in each case the focal company position differed in the project network. This enabled cross-case comparison of the cases and the discovery of similarities and differences in the cases. Table 1 summarizes relevant background information of the project cases and of the focal companies. We named the project cases according to the disguised names of the focal companies. For example, in Case Influencer, Influencer is the focal company and Case Influencer refers to the actual project case.

The data collection protocol varied between the four cases. In the cases of Isolator and Adapter, the interview

data includes background interviews with persons, who have been responsible for different areas of project management in the focal companies. Furthermore, altogether four such interviews were conducted at Isolator, and six at Adapter, which were related directly to the studied project cases. For Case Influencer, we interviewed 13 persons, who had been involved in the execution of the case project.

In the cases of Isolator, Adapter, and Influencer, the transcribed interview material was completed with project related documentation. The semi-open interviews focused around loosely defined themes. In each of the interviews, there were always two researchers present, which made it possible for the interviewers to discuss any findings at a later occasion. After identifying a presence of stakeholder pressure, further questions were issued and the focus was directed into more detailed and in-depth investigation of the incident. In other words, interviewees were urged to describe the stakeholder related incidents in more detail.

The data for Case Compromiser was collected from public sources, including every story about the plant in two leading Finnish financial periodicals between years 2005 and 2007. In Case Compromiser, we did not have a possibility to interview the representatives of the focal company. The case description and detected incidents were discussed, however, with the representatives of the case company.

In the first step of the case analysis, researchers familiarized themselves with the case material and formed an image of the series of the project events. Next, the researchers formed a timeline and a short case description for each project case. The within-case analysis increased the familiarity with the data [24]. In forming the case descriptions, a special focus was given to stakeholder related critical incidents. Then the stakeholder related incidents were analyzed in-depth, which involved coding of the transcriptions of the interviews with Atlas.ti. Gradually the response strategy categories began emerging, and it became possible to form a typology. Finally, as a part of the cross-case analysis, the identified response strategy approaches were compared, and such evident factors that explain the emergence of the different types of responses were searched.

Table 1
Case information

Dimension	Case Compromiser	Case Influencer	Case Isolator	Case Adapter
Project	Pulp mill project in Uruguay, near Argentinian border	Telecommunication network project in Eastern Europe	Industrial facility project in China	Industrial facility project in China
Role of focal company in project	Owner and developer; responsible for project implementation	Turnkey contractor: responsible for project implementation	Systems contractor: responsible for partial delivery	Systems contractor: responsible for partial delivery
External stakeholders	Local residents, environmental activists, local governments, national governments	Local residents and landowners, regulatory agencies, local government	Local residents, regulatory agencies, local government	Local residents, regulatory agencies, local government
Stakeholder pressure from external stakeholders	Claims to move mill, laws to prevent wood supply to mill, public demonstrations, letter-writing campaigns	Risk of local residents preventing construction of site, permission and leasing challenges	Local residents opposed fabrication of supplies, fabrication work stopped by authorities	Local residents opposed, authorities halted construction

4. Case descriptions and results

4.1. Case Compromiser

Compromiser's investment in a new cellulose plant in Uruguay was their largest investment ever and the largest industrial investment in the history of Uruguay. Case Compromiser became a subject of extensive media attention due to vast stakeholder related challenges. After the authorization from the Uruguayan government, Compromiser published a formal decision to build the mill and began the construction work. Two years earlier, another company had similarly received a permission to build a pulp mill close to the same location, but had faced protests by residents of a city in Argentina, only 35 km from the plant site, across the river that forms the border between the two countries. The claim was that the pulp mill will pollute the river, which among other issues was argued will harm the flourishing tourist business. After Compromiser received their permission to build the mill a non-profit organization, Environmentalist, was founded for the opposition against the mill development. Environmentalist's demand was to change the mill location, which the other company that had planned a mill near Compromiser's plant finally ended up doing. Fig. 1 illustrates a simplified scheme of the stakeholder setting.

Environmentalist aimed to influence the investment project, by collecting funding, by initiating active protests, and by recruiting individuals, who had legal experience and connections to the government of the neighboring country. They created awareness of the effects of the project by organizing informative meetings and handing out pamphlets. They further targeted the financiers by launching letter-writing campaigns. Road blocks became frequent in Argentina near the Uruguayan boarder; at a time thousands of people gathered to block a bridge that crosses

the border river of Uruguay and Argentina and to protest against the mill development. Ultimately, Environmentalist received political support from the Argentinian government who took the case to Haag International Court of Justice. The Argentinian government further imposed laws to restrict wood supply to Uruguay. Towards the end of the project, the opposing attitudes and actions remained strong across the border. For example, just before the start-up of the mill there was still discussion that Compromiser should dispose the waste through a pipeline to another location or support theme parks that would inform people about the environmental issues. The plant started its operation after significant delays in the operations permission process and after escalation of the opposing actions to the international level.

Compromiser put effort in anchoring the project in the preparation phase to the institutional environment of Uruguay, but clearly the logic of actions, the inherent operational models, and the power of the opposing groups and the government of Argentina were not considered to a great extent in the country and location risk analyses. Signals of the upcoming protests had been rather visible, but the opponents were not approached proactively with a relational and consultative approach, thus the applied approach was at first ignorant. The legitimacy of the opposing stakeholders' claims increased dramatically during the project due to the effective tactics in their communications. In addition, the opponents were capable of increasing their power by gaining political support from the local and national authorities.

While Compromiser was not first considering the claims of the opposing stakeholders as salient, other actors in the project network considered them as more critical. For example, the financiers were more amenable to the requirements and statements made by the opponents. These changes in the opponents' positions, salience of their claims during the project lifecycle, and the responses of other project network participants apparently led to a change in Compromiser's response strategy. Compromiser was forced to commit itself to the matter, and open discussion about the stakeholders' claims. Hence, towards the end of the project, it is possible to see a shift from the initial dismissal approach to a more balanced, negotiation and resolution oriented approach. For example, the communications staff at Compromiser was reinforced, a PR office was hired across the border for information sharing purposes, suspension of the construction work was allowed at the site in order to promote a solution for the conflict, and Compromiser made concessions in terms of its initial approach of not being an actor in the conflict and negotiating on resolution possibilities.

4.2. Case Influencer

The focal company of the case, Influencer, executes typically tens of large projects in parallel. A great deal of the work is outsourced, while Influencer takes charge of the

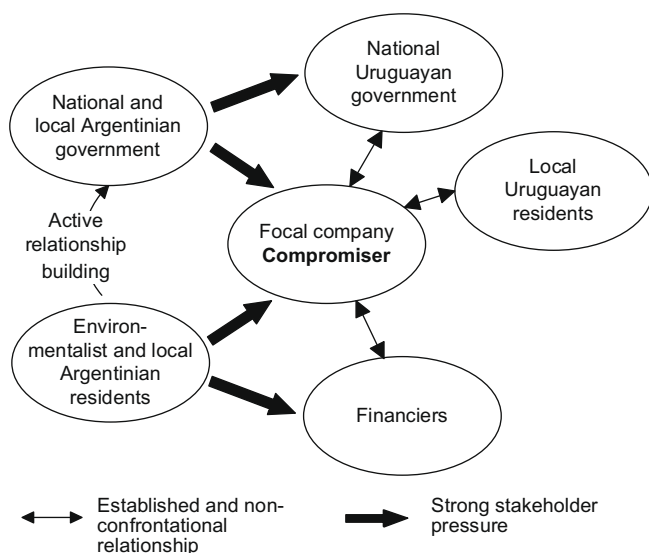


Fig. 1. Stakeholder setting of Case Compromiser.

project management and the coordination of implementation. Before signing a contract with the customer for the case project, time and resources were reserved for an intensive sales and marketing period, during which Influencer sent a start-up team to the target country. The specific country, its legislation, bureaucratic operation procedures, and distinctive local and regional practices were new to Influencer. However, the company had experience of similar types of projects elsewhere in Eastern Europe and was therefore aware of the bureaucracy related, for example, to the leasing and permitting practices.

Because of the potential difficulties in the project environment, the preparation of the project got fair attention considering the tight schedule and pressure to start the project. The start-up team prepared for a smooth start of the project early by collecting information systematically and proactively about the environment, local subcontractors, local norms and regulations, authorities, and permission procedures. The environmental scanning included stakeholder analysis about the most significant stakeholders of the project. It soon became evident that the conditions in the country, especially the permitting process and relationships with the authorities, were indeed challenging. The number of required permits from authorities was significantly high, compared to previous projects of Influencer, and relationships with the national and regional authorities required active care. Moreover, the invisibility of the external environment and of the process in the authorization bodies made the preparation for the project challenging. The beginning of the project was finally demanding, time-tables were delayed and the customer became hesitant.

The project organization gained knowledge actively and persistently on local operational practices, norms, rules, and invisible guidelines, while at the same time the goal was to create communication channels and arenas for

spreading “own message”, and influence residents and decision makers. Influencer further realized that it was important to take this message and the proactive way to operate to the whole supplier network as well. With this approach, the organization became more proficient in preparing for upcoming situations. Potential stakeholder conflicts were taken into account early. Influencer was aware, basing their knowledge in experience from earlier projects, that proactive and informative measures were needed. In some of the previous cases, the company had faced strong challenges, demonstrations, and even popular movements. In this case Influencer, for example, approached the local residents and land owners early, and informed and negotiated with them about the situation. Further, the local and regional authorities were intensively consulted about the permission procedures, and local consultants and experts were actively utilized. Fig. 2 illustrates the stakeholder setting of the Influencer case.

4.3. Case Isolator

The Chinese company that became the customer of the case project was familiar to Isolator, since Isolator had delivered equipment to the company before. After a typical procedure of in-depth risk evaluation, analysis, and response planning during the sales and marketing phase of the project, Isolator evaluated many issues still as risky. For example, the pace of the selling process led to a situation, in which pricing had to be made, even though the basic design of the project was still open. Further, Isolator made two major decisions regarding the organization of the project. First, Isolator decided, to give for the first time its local subsidiary project management responsibilities in an assisting role. The transformation of a sales office to a project management office did not happen overnight, but required careful planning, education, competence building, and recruiting. Second, a strategic decision was made, after a debate at Isolator about the risks involved, to choose Chinese suppliers for the fabrication of certain equipment important for the project delivery. With the help of Isolator’s local subsidiary, potential suppliers were mapped, reviewed, and assessed during the sales phase of the project. The supply scope of the two chosen suppliers covered a large range of manufacture and delivery.

After six months of project execution, a surprising event took place. In order to fabricate and transport the ordered equipment to the site, the other supplier, Fabricator, had to establish a temporary production site near their actual facility spot. The temporary production site, quite like their existing and actual site, was located in the middle of a settlement. The location of both the actual and the temporary site was, however, in a different region from where Fabricator itself was established as a company. The fabrication of the equipment at the temporary site was more challenging than expected. The cleaning process of the exhaust fumes was not under control, and local residents started reacting to ill-smelling odors. The opposition collected gradually

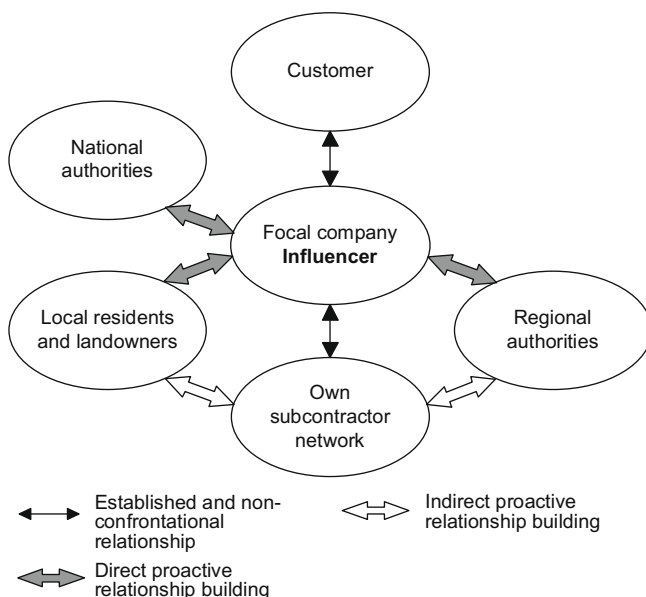


Fig. 2. Stakeholder setting of Case Influencer.

momentum, and finally the residents contacted the regional authorities. As a result, the local officials visited the temporary site and closed it. The site was kept closed for over one and a half months, which posed problems to Isolator. Fig. 3 illustrates the stakeholder setting of the case.

Intense communication took place between Isolator, Fabricator, and Isolator's customer. Fabricator defended its actions by stating that they were unaware of the legislation and procedures in another province. The focus at Isolator was to find out, what had happened, but also on how to respond to such an event and pressure. Finally, Isolator realized that they should try to stand aside from the case and not get locally embedded, because they were not fully aware of the local procedures, the strength of the resistance of the locals, and about the officials to be contacted. Therefore, they persuaded their customer to contribute to the resolution of the conflict. After negotiations between the customer and the officials, and new concentration measurements at the site, the production was permitted to continue and the local opposition faded.

Even though Isolator had experience of operations in China, fabrication there was new to them, and their risk analysis did not cover the described type of event. Their scanning in terms of stakeholder issues was limited, as Isolator supposed that other actors in the project network would take care of stakeholder related challenges in case they would emerge. The situation escalated unexpectedly, and the response strategy had to be developed on the fly. The conclusion of Isolator was to loosen the institutional attachments to the local environment, and thus buffer themselves from the stakeholder. Mobilizing and utilizing another actor, namely the customer, was possible because of the good relationship with the customer and customer's better experience on local practices.

4.4. Case Adapter

Case Adapter was initiated in close co-operation with an Asian customer, with whom Adapter had established good and richly embedded relationships during earlier projects. Assisted by its Chinese subsidiary in certain areas of the delivery, the role of Adapter was typical of its business. The technology was well-proven and known by Adapter and, therefore, the project was not considered to be technically challenging or risky.

The project was carried out without major challenges or unexpected events, until Adapter's project manager received a short e-mail message from the representative of the customer about that the construction and installation work at the plant will stop for an unknown period. Fig. 4 illustrates the stakeholder setting of the case. The customer faced certain stakeholder related challenges concerning the approval process for the investment with Chinese officials and the environmental effects of the facility. In addition, the local residents had begun opposing the project. As a consequence, the customer's project was delayed and Adapter faced indirect secondary stakeholder pressures that affected its own project implementation. The work at the plant site was finally delayed for almost a year. Adapter had to shift their equipment shipments and convince their subcontractor network to store the finished equipment. The payments for the equipment and work could not be transacted in the agreed schedule. It was impossible to close the project, but Adapter's project manager was forced to stay with the project and carry on administrative procedures.

As the situation materialized, Adapter considered, whether to push the customer to share information about the situation, its estimated duration, and the overall external pressure the project faced, and to offer support and

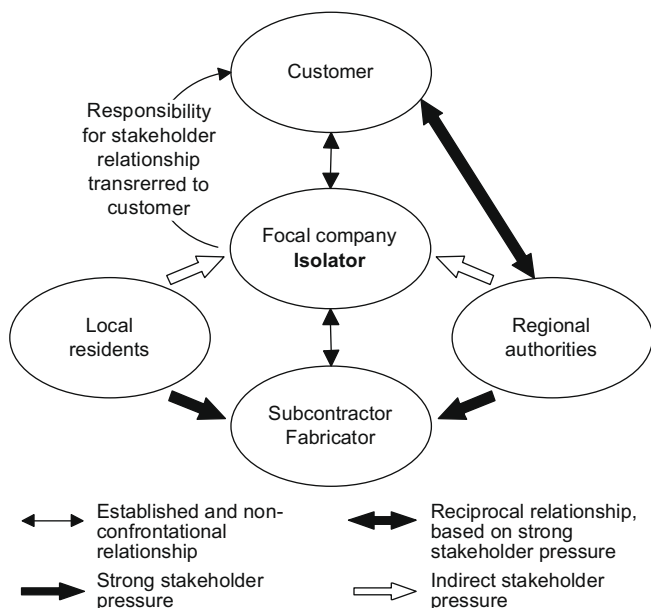


Fig. 3. Stakeholder setting of Case Isolator.

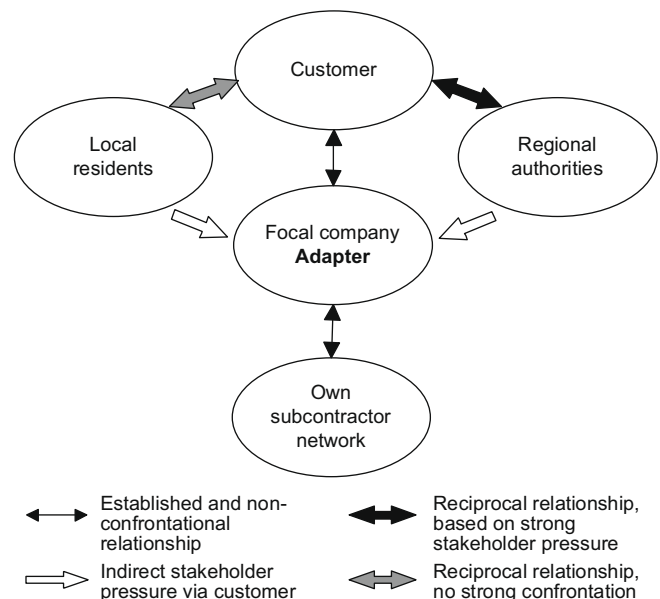


Fig. 4. Stakeholder setting of Case Adapter.

help, or to let the customer deal with the situation, be compliant and understanding about the issue and not ask many questions. Further, a decision had to be made about what to communicate to Adapter's suppliers that had the equipment ready to be delivered. The project manager first consulted colleagues at Adapter, who had better experience of

the country's environment. In a joint sensemaking process the situation was interpreted and explained by existing knowledge and by searching for more information about the local customs and practices in conflict situations. Ultimately, Adapter enacted a passive adaptation strategy, by obeying the rules of the local environment and by accepting

Table 2
Cross-case analysis

Case	Contextual factors	Stakeholder related incident	Response strategy characterization
Case Compromiser	<ul style="list-style-type: none"> – Owner of plant; responsible for project implementation – No experience from local environment; limited experience on international operations – Signals in terms of stakeholder resistance neglected first – Mill located on border of two countries 	<ul style="list-style-type: none"> – Environmentalist initiated protests against mill; claim was to move mill – Environmentalist built actively resources and established connections with powerful organizations to reinforce its position – Active resistance throughout project affected significantly project and reputation of Compromiser 	<ul style="list-style-type: none"> – Compromiser dismissed first demands and pressures from Argentinian side; attention was paid to anchoring project to Uruguayan environment – As positions of stakeholders changed, Compromiser agreed to respond to requirements by negotiating with stakeholders and enforcing its communication – Project network (e.g. financiers) took claims from Argentinian side more seriously; there was variance in reactions of internal project network
Case Influencer	<ul style="list-style-type: none"> – Turnkey contractor of project – Challenging environment related to local stakeholders – No experience from host country but experience from similar types of markets and stakeholder related challenges 	<ul style="list-style-type: none"> – Influencer had previous experiences from strong local opponent groups causing significant delay to project – Opposition signals arose from local habitants and challenges were faced with local authorities 	<ul style="list-style-type: none"> – Influencer proactively searched for information about conditions and potential confrontations with local habitants and authorities – Potential stakeholder conflicts taken into account in risk analyses – Information about project and its implications was spread via informal networks and subcontractor networks – Influencer was willing to voluntarily go beyond regulators' requirements – Opposition and challenges were handled by proactive informative strategies so that major conflicts did not flame during project
Case Isolator	<ul style="list-style-type: none"> – Systems contractor – Customer familiar from earlier delivery – Local subcontractor used for the first time – Chinese subsidiary got responsibility in terms of project management first time 	<ul style="list-style-type: none"> – Local habitant smelled odors related to subcontractor work, collected momentum and complained to local authority who halted work; hence, external pressures were indirect 	<ul style="list-style-type: none"> – Stakeholder related challenge was an unexpected surprise and not taken into account in risk analyses – Decision on how to deal with conflict involved sensemaking and scenario analyses – Transfer approach was used by transferring the conflict to the customer; this way Isolator was able to shield itself from the conflict – Isolator decided to escalate the conflict to the customer and keep away from it. One of the reasons was to avoid potential reputational damage
Case Adapter	<ul style="list-style-type: none"> – Systems contractor – Familiar customer, technology, and country environment – No visibility to customer's stakeholder environment and risks within; little control over stakeholder related events and their management 	<ul style="list-style-type: none"> – External stakeholder pressures; direct to customer, but indirect to Adapter – Officials halted construction work referring to environmental effects – Local habitants opposed plant 	<ul style="list-style-type: none"> – Adapted to demands presented by stakeholders and to adaptation response strategy formulated by its customer – Decisions on how to proceed with unexpected indirect stakeholder pressures involved sense making – Adapter managed its supplier side independently, without taking problem to customer, thus expected that suppliers will adapt

the norms and wishes presented by the customer. Adapter assimilated a wait-and-see approach: the customer was not to be pressured about the situation. Later on, the project manager at Adapter stated that he had “deep inside” been aware of the type of potential challenges, but Adapter had eventually little or no control over stakeholder related events and their management on the customer’s side.

4.5. Conclusions from the cases

The case descriptions above provide interesting insights into the different types of response strategies to stakeholder pressures focal companies enact during projects that are implemented in emerging markets. The cross-case analysis focuses on the comparison of the stakeholder related incidents, different identified features of response strategies, and the contextual factors that can be seen to explain the enacted response strategies. Table 2 summarizes these dimensions from the cases.

5. Discussion

Our empirical case descriptions provide illustrations and evidence in support of different types of responses to external stakeholder originated pressures in global projects. The findings are in line with Oliver’s [14] conceptual framework. We have named the identified and characterized response strategies as follows: first, in Case Compromiser, the response strategy changed from *dismissal* to *compromise* oriented approach after the described shifts in the perceived stakeholder setting. Second, in Case Influencer, a proactive and relational response strategy was enacted. We term the type of approach *influence* strategy. Third, in Case Isolator, *avoidance* strategy was used: the surrounding project network was utilized in loosening own institutional attachments and interactions with the stakeholders. Finally, in Case Adapter the approach was to accept the situation as it was served. Thus *adaptation* strategy was adopted. In the cases of Isolator and Adapter the stakeholder pressures posed to the focal companies were more indirect in the sense that the stakeholder pressures were primarily targeted to another actor in the project network.

Based on the identified and described response strategies of the focal companies in the four different cases, we formed five generic response strategy categories. Table 3 summarizes the identified strategies and characterizes features typical of them. We have organized the response strategies in Table 3 according to the following logic: we start with the most passive response strategy to stakeholders’ pressures and proceed to the most active response strategy at the end of the continuum.

Adaptation strategy refers to a strategy by which a focal organization adapts to demands presented by stakeholders. In Case Adapter, Adapter chose to comply with the customer’s response and decided to wait for the resolution of the conflict. We suggest that adaptation strategy is typ-

ical in situations, in which claims of stakeholders are perceived to be legitimate in the surrounding environment and stakeholders are seen to have excessive power in relation to the focal organization. Furthermore, adaptation strategy seems to be typical of an organization that serves in such a position in relation to the entire organizational network of the project that does not offer much power, as for example, in the position of a partial systems contractor. In addition of not having much power, the stakeholder pressures are usually exerted only indirectly on them.

In stakeholder conflicts there always exist controversies between the objectives of a focal organization and the interests of its stakeholders. *Compromising strategy* refers to a strategy by which a focal organization makes concessions and compromises over its own objectives, because of claims presented by stakeholders. Hence, a focal organization aims to meet some of the requirements presented by its stakeholders and this way accommodates some of the pressures. Such strategy, in which parity between interests of a focal organization and its stakeholders is targeted, was chosen in the later phases of Compromiser’s project. Our findings suggest that, as power and legitimacy of stakeholders’ claims increase, focal companies tend to involve more actively, and enact more active strategies such as the compromising strategy.

Avoidance strategy refers to a strategy by which a focal organization loosens its attachments to stakeholder related claims and tries to guard and shield itself from the claims. Isolator used this strategy and transferred to its customer the responsibility to react. This way Isolator avoided the pressures from the stakeholders and was able to buffer itself against the presented claims. Avoidance strategy appears to be an option for organizations that can transfer the responsibility for managing conflicts to other organizations that have higher level responsibility or that are more capable of responding to claims.

Companies that enact *dismissal strategy* ignore demands and pressures posed by stakeholders. In this case, a focal organization considers that it is not necessary to take into account such claims for an efficient execution of operations. In some cases dismissal strategy may not be a conscious choice, but this type of response may be enacted also due to a lack of local knowledge or a lack of experience. At first, Compromiser clearly ignored the claims presented by the Argentinian stakeholders and focused mainly on anchoring the project to the Uruguayan environment. As the power of the stakeholders increased and the other project network actors responded to the claims more actively, Compromiser was forced to respond to the presented claims. Dismissal strategy is supposedly used in situations, in which claims of stakeholders are not legitimate and stakeholders who exert pressures do not have much power in relation to the focal organization.

The intended effect of *influence strategy* is to neutralize stakeholders’ opposition and to proactively shape their demands. Such a strategy involves active and innovative information sharing, opening the project to stakeholders,

Table 3
Response strategy types

Type of response strategy	Description
Adaptation strategy	Obedying the demands and rules that are presented by stakeholders. It is considered that in order to cope with the demands and to achieve the objectives of the project it is better to adjust to the external stakeholder pressures
Compromising strategy	Negotiating with the stakeholders, listening to their claims related to the project and offering possibilities and arenas for dialogues. Making reconciliations and offering compensation. Opening the project to the stakeholders
Avoidance strategy	Loosening attachments to stakeholders and their claims in order to guard and shield oneself against the claims. Transferring the responsibility of responding to the claims to another actor in the project network
Dismissal strategy	Ignoring the presented demands of stakeholders. Not taking into account the stakeholder related pressures and their requirements in the project execution
Influence strategy	Shaping proactively the values and demands of stakeholders. Sharing actively information and building relationship with stakeholders

multi-stakeholder dialogues and building active and non-adversarial, long-term relationships with stakeholders. Influencer aimed proactively at influencing the public perception of the project, spreading information of the project and utilizing informal networks of people in the project environment. Our results indicate that if a focal organization is able to use this type of a strategy, previous knowledge or experience and continuous learning from stakeholder related claims is beneficial, since this supports organizational capability to take into account and forecast potential stakeholder pressures.

The discussion and the case analyses bring up certain potential factors that can be seen to explain the occurrence of identified alternative response strategies to stakeholder pressures. Based on our observations, we were able to identify several factors that relate to the used response strategy. The identified factors and notions about the mechanisms through which these factors explain the enacted response strategies are presented in Table 4.

Based on our analysis we suggest that the dynamics of response strategies are an important research area that deserves more attention. For example, in Case Compromiser, the change of the opposing group's position in terms

of their power, urgency and legitimacy of their claims made Compromiser change its response strategy from dismissal to a compromising mode. Hence, as the salience [25] and scale of stakeholders' demands changes, the response strategy of the focal organization may be redefined. This proves the enacted response strategies dynamic, and indicates that they require constant attention throughout the lifecycle of a project.

Furthermore, interesting notions can be made regarding the role that project networks play, when they execute projects. First, in Case Isolator, Isolator was able to utilize the surrounding network in realizing its avoidance strategy, by shifting the responsibility to respond to its customer. Hence, the surrounding project network can be used as a response buffer against presented claims. Second, Case Compromiser illustrates the variance of enacted response strategies among actors in a project network; different actors in a project network may respond differently to opposing stakeholders' claims. While Compromiser was dismissing the claims, other actors within the project network were much more responsive to the claims of the opponents. This, in turn, may create turbulence in the project network system. Drawing from the presented notions,

Table 4
Identified factors that explain the occurrence of identified response strategies

Factor	Potential impact on the occurrence of identified response strategies
Position of the focal company in the project network	Owners and turnkey contractors face inevitably more often direct external stakeholder related pressures in comparison to partial systems contractors. As owners and turnkey contractors are in powerful positions in the project network, they tend to use active response strategies, such as influence or dismissal strategies more often than partial systems contractors that tend to adapt or avoid stakeholder pressures
Power of the stakeholder	The more powerful the external stakeholders exerting pressures, the more likely it is that the focal company responds to the pressures with adaptation or compromising strategies, or in case – such option is viable, with avoidance strategy. Dismissal strategies are not likely to be enacted in these situations
Legitimacy of the presented claims by stakeholders	The more legitimate and socially accepted the claims presented by external stakeholders are, the more likely it is that the focal company responds to the pressures with adaptation or compromising strategies, or in case – such option is viable, with avoidance strategy. Dismissal strategies are not likely to be enacted in these situations
The means stakeholders use to advance their claims	The means stakeholders use to advance their claims and exert pressures affect the employed response strategy of the focal company. For example, in the case of legal coercion, passive adaptation strategies are more likely
Experience of the focal company	Focal company's experience on stakeholder pressures clearly relates to the employed response strategy. Experience on stakeholder pressures enables the use of proactive strategies such as the influence strategy
Responses of other actors in the project network	The responses of the other actors in the project network to external stakeholder pressures affect the enacted response strategy of the focal company. In addition, the availability of such other actors in the project network that have the capability to respond to stakeholders' claims enables the use of the avoidance strategy, in which the responsibility for the response is transferred

we argue that the traditional view of the project stakeholder literature, which views stakeholder management from a single focal organization's point of view, may be limited in the sense that it does not take into account the interactions within the project network of several organizations. We argue that the stakeholder management strategy actually emerges, is formed, defined and redefined in the interaction of the different actors taking active part in the project. In other words, the response strategy is not formed in the dyadic interaction between a project organization and a stakeholder, but grows from sequences of interaction and responses of multiple project network actors, instead of being created by a central actor in the project network. This is an avenue that we believe is worth further empirical study.

Our study does not evaluate explicitly, whether the enacted strategic responses of focal companies were effective and led to desired performance goals. This is an avenue that should be studied further. Further, regarding the results concerning the different response strategies, there may be analogies to other types of projects and organizational contexts, such as change and development projects.

6. Conclusions

Unplanned and unexpected events during project execution accentuate in environments that are characterized by turbulence and are institutionally demanding. Our empirical examination suggests that companies in project networks may respond to external stakeholder pressures in various ways, ranging from passive adaptation strategies to active influence strategies. The emergence of the five identified strategies – adaptation strategy, compromising strategy, avoidance strategy, dismissal strategy, and influence strategy – appear to be dependent on different factors. The explanatory factors identified in the study are the position of the focal company in the network, the power of the stakeholders exerting the pressures on the focal organization, the legitimacy of the pressures or claims presented by the stakeholders, and the content of the claims in relation to the objectives of the focal company, the ways and means by which the stakeholders use to advance their claim, the experience of the organization of stakeholder related pressures, and the responses of the other actors in the project network to the pressures. The changes in the identified explanatory factors may change the enacted response strategy as well, bringing up the dynamism inherent in project networks. In addition, our study brings up an important notion: response strategy is not formed in the dyadic interaction between the organization and the stakeholder exerting pressures on it, but emerges through the interaction of multiple project network actors.

By identifying and describing different types of potential response strategies to stakeholder pressures, and factors that explain the enacted strategies, this paper advances

project stakeholder research both empirically and theoretically. While projects are increasingly conducted in emerging markets, characterized by turbulent and institutionally demanding environments, our paper contributes and brings new understanding to the current challenges for global projects.

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