

Project Management

Whilst important, technical and economic risk in project management are not the real reasons why software projects continue to fail. Research data provided by the Gartner Group, and other market research companies show that technical risk and immature technologies cause project failures in less than five percent of cases. If that is true, then why do so many projects fail? Again research shows the major causes of project failure continue to be people-related issues.

The critical risk in project management involves stakeholders and stakeholder values (that is individuals or groups of people who can effect and influence the outcome of projects) and how management mitigates risk in respect to those individuals or groups. The following paper examines paradigm changes in stakeholder values and reviews some of the influences and challenges faced by practitioners in project management. Specifically, the article seeks to investigate stakeholder influence and looks at the determinants of that influence.

Some General Theory

So what defines stakeholders? Freeman's original definition, which is still widely used, provides an insight. His definition labels a stakeholder as "any group or individual who can affect or is affected by the achievement of the project organisation's objectives" (1984). As we examine stakeholders – in addition to shareholders – we see various groups highlighted by stakeholder theorists. For example, Freeman's listing of stakeholders includes such diverse constituencies as owners of various kinds, supplier organisations, customer segments, employee segments, various members of the financial community, several levels and branches of government, consumer advocate

groups and other activist groups, trade associations, political groups, unions, and competitors. Brenner and Cochran (1991) form a diagram with such stakeholders as stockholders, wholesalers, sales force, competition, customers, suppliers, managers, employees, and government. Hill and Jones (1992) list managers, stockholders, employees, customers, suppliers, and creditors. Clarkson (1995) lists the company itself, employees, shareholders, customers, and suppliers as primary stakeholders, with the media and various special interest groups classified as secondary stakeholders. And Donaldson and Preston (1995) show stakeholders as investors, political groups, customers, employees, trade associations, suppliers, and governments.

Consensus has it that stockholders, employees – of all types – suppliers, customers, governments and activist groups, even competitors can all be considered as stakeholders.

An attractive feature of Stakeholder Theory (ST) lies in its post-modern, pluralist and constructivist leanings. The approach constitutes a middle-range 'social actor' alternative to the positivist methodologies often prevailing in studies of resource management practices. Given its focus on people's intentions and self-identified interests or stakes, the method emphasises processes of social construction; bio-physical properties and economic interests being assigned not to objective systems but rather to agents and socially positioned perspectives on social and natural reality. ST also goes beyond participatory methods and practices that emphasise popular involvement and that pay little attention to inherent structural problems and multilevel conflicts plaguing 'local peoples.'

By the same token ST represents a challenge to conventional economic analysis, an approach that does not adequately consider the distribution of costs and benefits among different stakeholders – the winners and losers. It ignores the fact that different stakeholders do not perceive environmental problems in exactly the same way and will therefore seek different solutions and use different criteria to assess the desirability or worth of an intervention. Ways for better anticipating and dealing with stakeholder opposition and conflict, and better incorporating various interests, especially those of weaker groups in society, are therefore crucial for improving policy design and project implementation. See Figure 1.

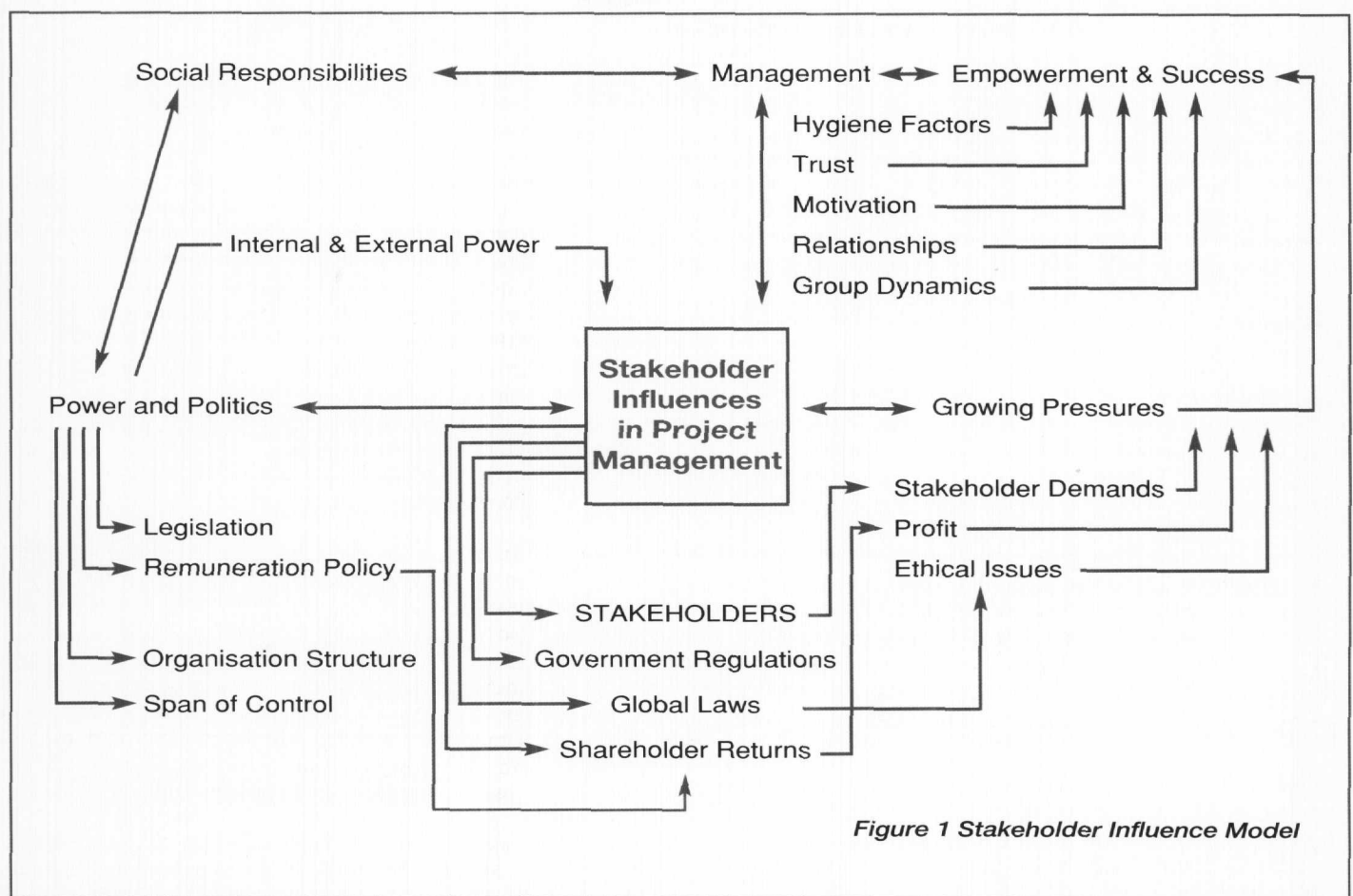
Survival

There are many reasons to believe that the adoption of a stakeholder approach to project management and management in general will contribute to the long-term survival and success of a project organisation. Positive and mutually supportive stakeholder relationships encourage trust, and stimulate collaborative efforts that lead to relational wealth, ie, organisational assets arising from familiarity and teamwork. By contrast, conflict and suspicion stimulate formal bargaining and limit efforts and rewards to stipulated terms, which result in time delays and increased costs. In addition, more and more executives are recognising that a reputation for 'ethical and socially responsible behaviour' can be the basis for a competitive edge in both market and public policy relationships. Finally, in spite of the specification and measurement difficulties involved, many research studies have found evidence of positive associations

The Influence of Stakeholder Values on Project Management

by John McManus, © SchlumbergerSema





(and few have found negative associations) between various socially and ethically responsible practices and conventional economic and financial indicators of corporate performance (profitability, growth, etc).

Thus, there is really no reason to think that the conscientious and continuing practice of stakeholder management will conflict with conventional financial performance goals. (See Table 1 overleaf: **The Principles of Stakeholder Management**, Edited by Max B. E Clarkson, Toronto: CCBE.)

## Categorisation of Stakeholders (who they are?)

Theory suggests that stakeholders fall into two broad categories strategic and moral. With strategic stakeholders (the ones who can affect project organisation), there is a managing of interests; these stakeholders and their interests 'must be dealt with' so that the project organisation may still achieve its objectives. Moral stakeholders (the ones who are affected by the project organisation) seek some balancing of interests. Here, the stakeholder and ethics literatures intersect and give a more bi-directional account of the project organisation and its stakeholders. Table 2 overleaf attempts to categorise these two types of stakeholders groups within a broad project community.

Missing from this theory has been an account of how stakeholders manage a project organisation to enable them to achieve their interests, possibly at the expense of the organisation's. In the world of projects, project managers tend to hold high office and may be regarded as agents of the project organisation. One form of instrumental stakeholder theory has been advanced by Jones (1995), who makes a theoretical case for the general proposition that if a project

organisation's contract (through their managers) with their stakeholders is on the basis of mutual trust and co-operation, they will have an advantage over organisations that do not. Put another way, they will deliver and win future business. No assumption is made that managers will try to develop trusting and co-operative relationships with stakeholders, but an argument is made that if they do, competitive advantage will result. Broadly speaking many organisations have limited resources and as such stakeholders compete for these resources. Often as not stakeholder values and needs differ widely and there is usually a highly skewed distribution of resources among stakeholder groups. Typically in projects stakeholders have different priorities and different objectives. Unequal influence and distribution of resources exacerbate conflict of interests.

Senior managers are normally part of the elite that have responsibility for and make the key decisions for the business direction of the project organisation. In the authors' world, their role is to generally ensure that technology and information technology (IT) is integrated to the business decision-making processes of the project organisation. Whereas employees may be users of IT systems. They are important stakeholders in the IT exploitation process because, in order to plan and implement IT systems that can be efficient and integrated, their specific needs and requirements must be taken into account.

## Identification

In any project stakeholders are numerous and are sometimes difficult to identify. One method for the identification of stakeholder groups in the community is the use of a “contrast” or “maximum” variation

## The Author

**John McManus is a practising manager, speaker, teacher and consultant and author in the fields of strategy, project management, TQM, software development, business reengineering, and change management. A senior manager, John has 15 years front-line software, project, and general management experience.**

He has managed the development of a variety of software projects, and managed large project teams responsible for providing independent assessments on numerous projects. He is a Fellow of the Royal Society, a professional member of the British Computer Society, a Chartered Software Engineer and holds degrees from Manchester and London Universities.

| Table 1: Principles of Stakeholder Management |  |
|---|--|
| Principle 1                                   | Managers should acknowledge and actively monitor the concerns of all legitimate stakeholders, and should take their interests appropriately into account in decision-making and operations.  |
| Principle 2                                   | Managers should listen to and openly communicate with stakeholders about their respective concerns and contributions, and about the risks that they assume because of their involvement with the corporation.  |
| Principle 3                                   | Managers should adopt processes and modes of behaviour that are sensitive to the concerns and capabilities of each stakeholder constituency.   |
| Principle 4                                   | Managers should recognise the interdependence of efforts and rewards among stakeholders, and should attempt to achieve a fair distribution of the benefits and burdens of corporate activity among them, taking into account their respective risks and vulnerabilities.   |
| Principle 5                                   | Managers should work co-operatively with other entities, both public and private, to insure that risks and harms arising from corporate activities are minimised and, where they cannot be avoided, appropriately compensated.   |
| Principle 6                                   | Managers must avoid any activities that might jeopardise inalienable human rights (eg, the right to life) or give rise to risks which, if clearly understood, would be patently unacceptable to relevant stakeholders.   |
| Principle 7                                   | Managers should acknowledge the potential conflicts between:<br>(a) their own role as corporate stakeholders, and<br>(b) their legal and moral responsibilities for the interests of stakeholders<br>and should address such conflicts through open communication, appropriate reporting and incentive systems and, where necessary, third party review. |

| Table 2 Stakeholder Groups   |  |
|--|--|
| <b>Strategic:</b><br>Stakeholders who influence a project<br><br>(Macro Level includes Elite and Poor) | <b>Moral:</b><br>Stakeholders who are influenced by a project<br><br>(Macro Level includes Elite and Poor) |
| Activist Groups  | Customers  |
| Customers  | Consumers  |
| Financial Community  | Competitors  |
| Government and Government Agencies   | Creditors  |
| Senior Managers (and Directors)  | Employees  |
| Media Groups   | Managers   |
| Political Groups   | Share Holders  |
| Trade Unions   | Suppliers  |

sampling procedure. This can be used to define local groupings around issues. Each individual interviewed is asked to identify another who will have the most different perceptions on the issue than his/her own. The process of interviewing and identifying new respondents with contrasting views is repeated until several main issues or themes emerge. These themes each represent a stakeholder group. This approach enables the identification of groups with conflicting or different values without asking direct questions that may be socially unacceptable to answer (McAllister 1999).

Another approach to stakeholder identification is to produce a stakeholder map (see Figure 2). This is a simple process involving the following steps:

- Identify who's who in the project – key players, stakeholders, internal, external – and place them around the project.
- Draw in reporting and communication lines.
- Identify needs and fears per stakeholder, for example, the need for success versus the fear of failure.
- Mark anticipated conflict areas and relationships.
- Draw in weak and strong connections.

Once you have drawn this map, it can be used to identify strategies to avert problems and enhance relationships and communication. The World Bank (1996) suggests some guiding questions for identifying stakeholders:

- Who might be affected (positively or negatively) by the development concern to be addressed?
- Who are the “voiceless” for whom special efforts may have to be made?
- Who are the representatives of those likely to be affected?
- Who is responsible for what is intended?
- Who is likely to mobilise for or against what is intended?
- Who can make what is intended more effective through their participation or less effective by their non-participation or outright opposition?
- Who can contribute financial and technical resources?
- Whose behaviour has to change for the effort to succeed?

Case Study

Figure 2 identifies the key stakeholder groups and organisations that will be affected by a public rail IT transportation project. All of the parties have a stake in the successful implementation of the project, so it is important to identify which stakeholders will have an impact on the work of the project team. For example, at the final implementation phase of a project, the potential for misuse and malfunction of a proposed system must be analysed in terms of its impact on all of a project organisation's present and potential stakeholders. This analysis not only clarifies that nature of potential problems, but may also lead to a practical solution.

Stakeholder Participation

Theorists (see references) emphasise that evaluation of stakeholder participation is:

- 1 Concerned with processes which are qualitative and not results that are quantitative; and
- 2 More concerned with description and interpretation than with measurement and prediction.

The measurement of participation requires:

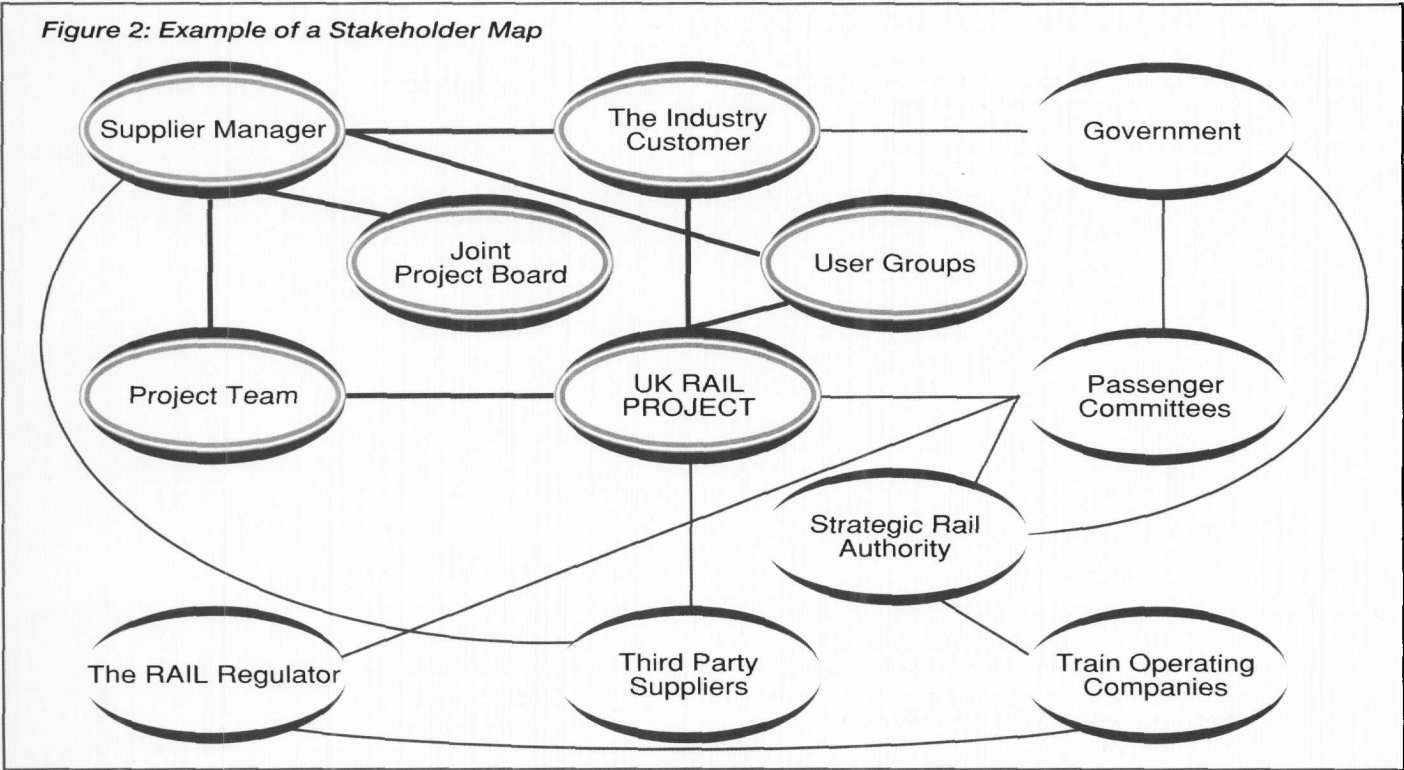
- 1 Valid criteria for understanding the nature of participation in a project;
- 2 A set of indicators to give form to these criteria;
- 3 Appropriate methods at project level for monitoring the indicators and maintaining a continuous record of the process of participation; and
- 4 Interpretation of the information recorded in terms of making a judgement concerning participation.

Because traditional monitoring and evaluation have been concerned with quantifiable measurements, there is a new focus on the qualitative aspects of participation and on the participation process itself. However, both qualitative and quantitative aspects of participation are important (Clayton et al 1998).

This requires two forms of monitoring and evaluation:

- Measurement based on numerical values leading to judgement.
- Description leading to interpretation.

Figure 2: Example of a Stakeholder Map



Because participation is a dynamic process that must be evaluated over time, conventional ex-post evaluations are inadequate. Ongoing monitoring is the only way qualitative descriptions can be obtained over time. It should be participatory – involving all the key personnel involved in the project.

Key characteristics to this qualitative approach to evaluating stakeholder participation are described as (Clayton et al 1998):

- **Naturalistic:** a study of processes rather than on the basis of pre-determined and expected outcomes.
- **Heuristic:** subject to continuous redefinition as knowledge of a project and its outcome increases.
- **Holistic:** viewing the project as a whole, needing to be understood from many different perspectives.
- **Inductive:** seeking to understand outcomes without imposing predetermined expectations or benchmarks. It begins with specific observations and builds towards a general pattern of outcomes.

And the steps involved are:

- Collecting the data and information that will reflect the process of participation during the lifetime of the project; and
- Analysing this data and information and making some form of judgement on the participation that has occurred.

Indicators of participation

There are no generic indicators of participation. The indicators selected will vary according to the project and its objectives. However, Bhatnagar and Williams (1992) propose two very broad categories of indicators Empowerment indicators – eg how many new initiatives were launched? and how proactive is the group – as measured against a specially devised index? Other authors have drawn up categories or questions that can be used in developing indicators of the extent and quality of participation. Table 3 opposite gives an example.

Participation Matrix

Projects fail because the various stakeholders have different and conflicting expectations about their roles. The participation matrix is a dynamic tool, which provides a means for identifying potential

areas of disagreement between the various stakeholders. As already stated, stakeholders have varying degrees of power and access to resources; some may lack the organisational basis for negotiation – indeed, at the identification stage of a project intended beneficiaries may not even be aware that they are stakeholders in the project. The participation matrix is likely to be used at the negotiation stage between the project manager and perhaps only some of the concerned formal stakeholder groups on the recipient side, with informed guesswork about the possible type of participation from beneficiaries and other institutions. But agreement as to how to include these other stakeholders so that they can be involved, as appropriate, in subsequent negotiations is essential.

For example, in Bid or Tender related work this may often mean funded activities to enable less powerful stakeholders to organise and equip themselves for negotiations.

Table 3 Qualitative indicators

| Indicators   | Questions  |
|--|--|
| <b>Organisational growth:</b><br>eg internal structuring of project group, leadership, formalisation of group structure.   | <b>How</b> are groups expected to achieve stability?                                     |
| <b>Group behaviour:</b><br>eg changing nature of involvement of project group members, emerging sense of collective will and solidarity, involvement in discussions and decisions, ability to analyse and explain issues and problems.                           | <b>What</b> capabilities are participating groups being encouraged to develop?           |
| <b>Group self-reliance:</b><br>eg increasing ability to propose and consider courses of action, knowledge and understanding of policies and programmes, changing relationship with project staff, formalisation of independent identity, and independent action. | <b>What</b> are the expected qualities of participants' contributions?                   |
|  | <b>What</b> behavioural characteristics are groups and participants expected to display? |
|  | <b>Are</b> groups achieving increased self-reliance and control?                         |

What Influences Stakeholder Values?

It was suggested previously that organisations have limited resources and the elite normally controls much of those resources. In projects, policy debates on resource use often involve the balancing of a variety of values, some of which compete: – employment, profit, intrinsic values, recreation, and for example social status and power. Many of these can be attributes of a single site simultaneously, yet while we can conceptualise a wide variety of types of values, policy debates and solutions require an understanding of how things are actually valued by different people.

Little of the work on values has been empirically based to this point. Defining the values being promoted and the sources of these values could facilitate project management and conflict resolution between groups, both within a project and in disputes over inter-organisational resources. A variety of methods are possible for assessing different types of stakeholder values. Some values may be quantifiable by their very nature, (see figure 3) however, there are also ranges of other types of intrinsic values that have been variously referred to as having non-commercial, non-quantitative, and non-market values.

Intrinsic Values

Intrinsic values are often associated with what behaviourists call ‘higher needs’ that is trust, motivation, empowerment, success, relationships and influence. People are a project organisation’s only real resource. It is the individuals associated with any project who create and implement ideas. Without them, nothing would exist: there would be no memory, no strength, and no advantage. The basic value, which is so important, is ‘respect for people’. As pointed out in Table 1, individuals have rights and duties, and the most essential of these is the right to do an excellent job coupled with the duty to do so with satisfaction (Guilmette et al 1996).

There are eight other stakeholder values:

- 1 Power rests with ideas. Ideas, much more than financial resources, should dominate the agenda, and policy should stem from a great vision.
- 2 Respect for knowledge and intellectual rigour. Ideas do not come freely: they mature in the painstaking search for facts, concrete experience, and respect for know-how.
- 3 Relevance remains the most fundamental value. When all is lost – richness, beauty, and power – only relevance remains to justify human intelligence.
- 4 Anticipation preserves relevance. The tendency to make decisions based on outdated information leads inevitably to an ‘irrelevant’ response to perpetual evolution. Forward thinking is vital if we wish to focus on action, anticipate danger and opportunities, and especially allow the project organisation to take its destiny into its own hands.
- 5 The search for excellence develops the necessary leadership. Many decisions cannot be made except in a climate of uncertainty. This uncertainty constitutes a serious handicap when people must be convinced of the usefulness of taking complex avenues and risks that cannot really be evaluated except intuitively, based on past experience. The sustained pursuit of excellence, and the recruitment and training of top-notch employees, is essential to building up such leadership.
- 6 Integrity is preserved by the search for productivity. Integrity is a moral virtue that is paramount to any successful project undertaking. Without integrity, there is nothing but lies and sloth. The true search for productivity constitutes a subtle tool for preserving integrity.
- 7 To be efficient, attention must be directed toward goals. Action must be strategic, precise, and properly focussed.
- 8. Nothing can better preserve these values than the relentless pursuit of the mission.

Figure 3 Stakeholder Value Quantifiable Statement

Stakeholder

A stakeholder is a Customer or other individual, who has a vested interest in the success or failure of the project, and who can exert some influence over the outcome. It is important to understand why the customer is embarking on the project, who the main supporters are, and if there are any openly disgruntled personnel who may be negatively disposed to the project. Understanding the stakeholders and their organisational environment may provide a subjective view of how to maximise their involvement and participation in the project.

Supplier Stakeholder Value

- Responsiveness to Customer Demands:
- Recognises that you have satisfied commitments on the project.
  - The customer perceives that real value was derived through the project and that the benefits gained were worth their participation.

Value Statement and Vision:

- Stakeholder needs are continually identified, assessed, and satisfied.
- Discussion with customer:
  - Understand the customer’s project organisation.
  - Obtain an organisational chart that shows who will be involved, or impacted by the project, and develop an appreciation for their responsibilities and their interrelationships. Interview key people to obtain their perspective on the project and improve your knowledge of their operation.

Stakeholder Metrics

Project Manager develops metrics for information systems that respond to stakeholder interests and demands.

Organisational Financial Metrics

Develop financial metrics for long-term relationships that can be incorporated into information systems, such as market share and goodwill, increased capability, defensive positioning, and robustness (adaptability).

Classification Checklists

When assessing the importance of stakeholders to the success of a project, the use of ‘checklist’ questions is a good way of structuring thoughts and obtaining answers to which policy or strategy may be developed.

For example:

- Which problems, affecting which stakeholders, does the project seek to address or alleviate?
- For which stakeholders does the project place a priority on meeting their needs, interests and expectations?
- Which stakeholder interests converge most closely with policy and project objectives?

Assessing influence is often difficult and involves interpretation of a range of factors. By way of example, some of the factors that may be involved are illustrated in Table 4 opposite.

Social Interaction

It could be argued that Project Managers and other stakeholders seek to define themselves and impress their values and understanding on others through an interaction occurring in a particular context with a salient audience. Individuals enter a social interaction with prior beliefs about their self-concepts, values, and goals, and they make initial assessments of their audience (eg their expectations, goals, and beliefs) and situational characteristics (eg social rules and roles) within which interaction will occur.



Drawing on this information, individuals construct their desired identity images – that is, self-images that preserve or enhance their self-esteem and that serve their goals and values with their immediate audience.

So What Impact do Stakeholders have on Projects?

In essence they can have both a positive and negative impact on projects. One of the most common ways of examining the impact of stakeholder participation on project and programme management is through case studies. Sometimes these case studies are based on project appraisal and/or evaluation documents. One approach is to analyse why projects were not as successful as expected and deduce where participation of stakeholders, particularly in the design and implementation stages, might have helped avoid some of the mistakes made.

Going back to the case research that the Standish Group did (in 1995) – the group surveyed IT executives on their opinions about why projects succeed. The three major reasons why a project will succeed are: user involvement, executive management support, and a clear statement of requirements. Without them, the chances of failure increases dramatically. Another key finding of the survey is that a high percentage of executive managers believe that there is more project failure attributed to stakeholder mismanagement than any other factor. For example, the survey identifies the following attributes as major challenges:

- Lack of user involvement
- Lack of resources
- Unrealistic expectations
- Lack of executive support
- Lack of IT management and,
- Unclear objectives

Case

To confirm these points, they cite a case concerning the California Department of Motor Vehicles (DMV). The DMV embarked on a major project to revitalise their driver's licence and registration application process. In 1993, after \$45 million dollars had already been spent, they cancelled the project.

According to a 'lesson learned' report issued by the DMV, the primary reason for redeveloping this application was the adoption of new technology. They publicly stated: "The specific objective of the project was to use modern technology to support the DMV mission and sustain its growth by strategically positioning the DMV data processing environment to rapidly respond to change." Also, according to the DMV special report "The phasing was changed several times, but the DMV technical community was never truly confident in its viability".

The project had no monetary payback, was not supported by any of the key stakeholder groups, including executive management, had no user involvement and unclear objectives. It also did not have the support of the State's information management staff. Because of internal state politics, unclear objectives and poor planning, the project was doomed from the start.

The Argument

The argument of this 'lessons learned' report is that the lack of support from stakeholders forced the project into disarray. Why? Because the majority of projects are not self-contained or self-sufficient, the stakeholder groups must be relied upon to provide support. For continuing to provide what the project needs, the external stakeholders may demand certain quid pro quo from the project in return. In short, it is the dependence of the project on external stakeholders for favours (and resources) that give those individuals involved leverage over a project.

In applying this leverage, power and influence plays a large part. Power can be defined as: "the structural determined potential for obtaining favoured payoffs in relations where interests are opposed" (Willer et al 1997). Power is structurally determined in the sense that the nature of the relationship – that is who is dependent on whom and how much – determines who has power. Going back to the DMV case, there is some evidence to suggest that the project manager did not have the influence or power over key stakeholders. Initially the problems stemmed from poor perception and political issues that damaged relationships with the external stakeholder community which were not addressed early enough in the project's life.

What strategies can be adopted to deal with stakeholders?

In the world of projects and project management, it is perhaps true to acknowledge that it is highly unlikely that all stakeholders' expectations will be met. Therefore, the project organisation must somehow ascertain which stakeholders should be satisfied. Since stakeholders have the ability to positively or negatively influence the project, integrating the right group is essential.

Specific organisational and project strategies used to integrate stakeholders will differ, depending on the issue and the groups' potential to co-operate or threaten the firm's performance. In developing strategy, the project organisation needs to consider that each stakeholder has the ability to both threaten and co-operate. The objective of the game is to reduce the threatening element and increase the co-operative behaviour of the stakeholder.

It is important to realise that the stakeholders' potential to act and their willingness to act are not directly related. Therefore, when looking at strategies, it is important to examine not only strategies addressing stakeholders who are positively disposed towards a project but also those who are negatively disposed towards a project. Some strategies may only be appropriate for a stakeholder with a specific disposition towards the project, that is, positive or negative. In other cases a given strategy may be appropriate for either type of stakeholder.

As can be seen in Table 5 overleaf there are several different strategies for different types of stakeholders. Each strategy is not mutually exclusive but some are more appropriate for more than one type of stakeholder group.

Table 4: Variables affecting Stakeholders

| Within and between formal organisations   | For informal interest groups and primary stakeholders                              |
|---|--|
| Legal hierarchy (command and control, budget holders)   | Social, economic and political status  |
| Authority of leadership (formal and informal, charisma, political, familial or cadre connections) | Degree of project organisation, consensus and leadership in the group              |
| Control of strategic resources for the project (eg suppliers of hardware or other inputs)         | Degree of control of strategic resources significant for the project               |
| Possession of specialist knowledge (eg engineering staff)   | Informal influence through links with other stakeholders                           |
| Negotiating position (strength in relation to other stakeholders in the project)                  | Degree of dependence on other stakeholders assessing importance to project success |

Table 5: Stakeholder Strategies (modified for projects) after Polonsky: 1995)

| Type           | View  | Strategy   |
|----------------|---|--|
| Mixed Blessing | These stakeholders are extremely important, for they have the ability to co-operate with the project or threaten the achievement of the project objectives.   | One appropriate strategy for Mixed Blessing stakeholders is to integrate them into the project strategy development process. This will ensure that the objectives of the stakeholders are included in strategy as it is formed and thus will not require a later 'redevelopment' of strategy                                   |
| Supportive     | These stakeholders have the ability to co-operate with the project, but have little ability to threaten its activities.   | This group may require extremely innovative strategies to be developed in order to diffuse negatively disposed stakeholders within the group.  |
| Non-Supportive | These stakeholders have the ability to threaten the project activities, but have little ability to be co-operative with the project organisation. Governmental bodies are often considered to be Non-supportive stakeholders. | Use collaborative strategies, for example, Joint Project Boards. The UK Rail Settlement Plan is one regulatory body that has to co-operate with the Strategic Rail Authority and other key rail groups. Using a collaborative strategy minimises the potential for threatening behaviour and increases co-operative behaviour. |
| Marginal       | These stakeholders have little ability to threaten the project activities or to co-operate with the project. This group may have little interest in the project activities at a given point in time.                          | Interest may change over time and therefore the potential for co-operation or threat may change. Under such circumstances a collaborative strategy minimises the potential for threatening behaviour.  |
| Bridging       | One definition of the term Bridging stakeholders is all groups who forward their own ends as well as serving as links between other stakeholders.   | One positive strategy would be to have open communication channels with the Bridging stakeholders. This would allow projects to 'influence' the Bridging group's actions and therefore indirectly affect the 'influenced' group's expectations or behaviour towards the project itself.  |

Communication

The principal theme running through each of the strategies outlined in Table 5 is communication. Developing good communication channels between the project and its stakeholders is a very effective strategy. Though if the information obtained is not incorporated into the project's management information system and used when developing strategy, the project organisation has not maximised the value of its communication with stakeholders. Information is more than a simple monitoring device, it is also an important strategic tool.

According to Polonsky: in those cases where stakeholders cannot be communicated with, due to their negative disposition towards the project, alternative strategies need to be developed. These strategies may attempt to change the stakeholder group's disposition, or minimise its negativity. Strategies to undertake this 'change' may require the project to use 'Bridging stakeholders' to 'communicate' on behalf of the firm with these negatively disposed stakeholders.

In cases where stakeholders' expectations cannot be met or changed, the firm will at least be able to develop contingency plans to minimise any potential harm (Polonsky 1995). Figure 4 opposite summarises the development of a communications plan.

Bibliography

ANSOFF, I. 1965. *Corporate Strategy*. New York: McGraw Hill, Inc.

BRENNER, S.N., AND COCHRAN, P. 1991. *A stakeholder theory of the project organisation: Implications for business and society theory and research*. Proceedings of the International Society for Business and Society: 449-467.

BHATNAGAR, BHUVAN (1992) *Participatory Development and the World*

*Bank: Opportunities and Concerns*, in BHATNAGAR, BHUVAN AND AUBREY C. WILLIAMS (EDS.), *Participatory Development and the World Bank: Potential Directions for Change*. World Bank Discussion Paper 183, Washington D.C.: The World Bank.

BUCHHOLZ, R.A. 1993. *Principles of environmental management: The greening of business*. Englewood Cliffs, NJ: Prentice Hall.

BURTON, B.K., AND DUNN, C.P. 1993. *The application of Code's epistemic and moral models to management theory*. Proceedings of the International Association for Business and Society: 384-389.

BURTON, B.K., AND DUNN, C.P. 1996. *Feminist ethics as moral grounding for stakeholder theory*. Forthcoming in Business Ethics Quarterly, 6:2.

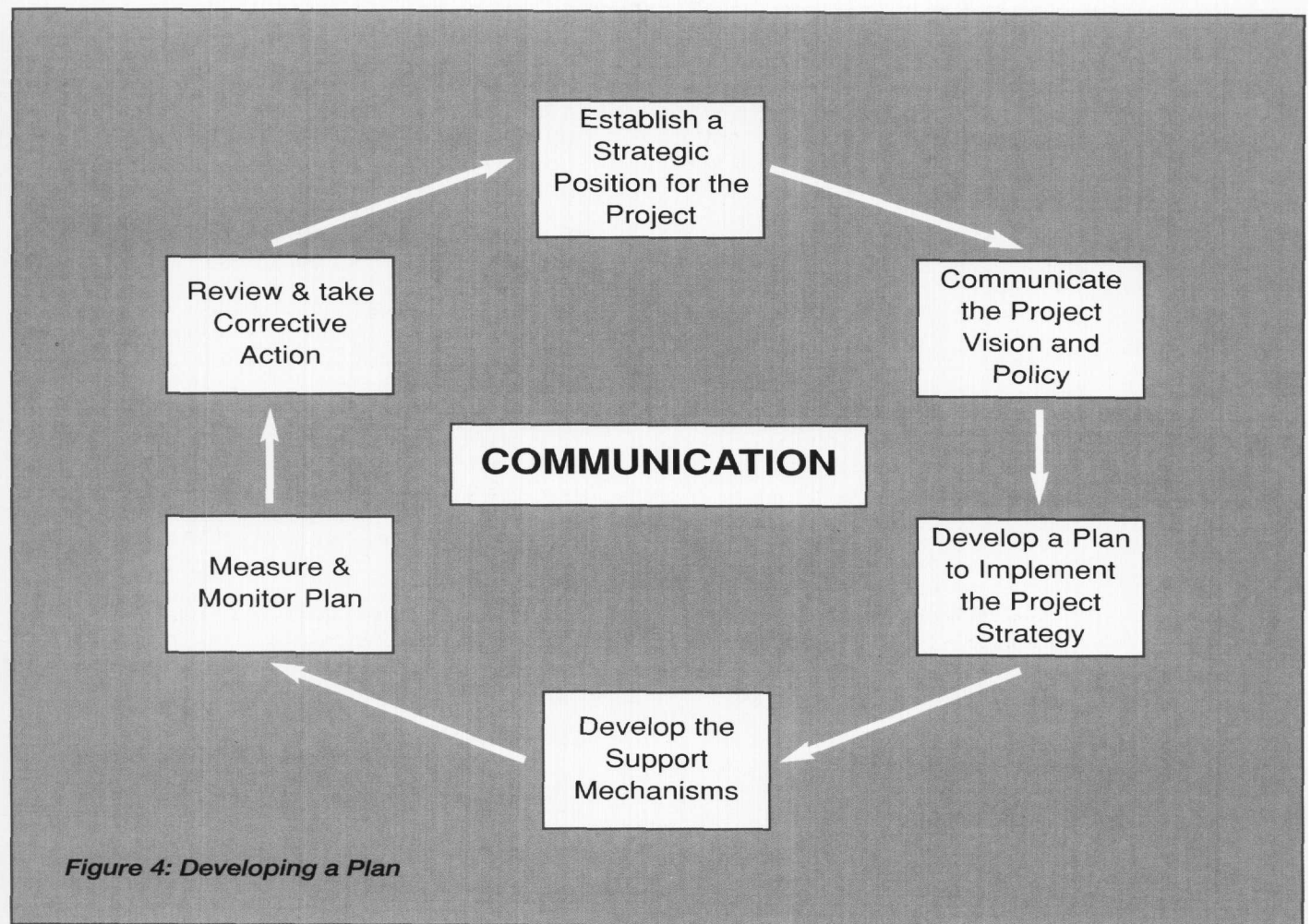
CLARKSON, M.B.E. 1995. *A stakeholder framework for analyzing and evaluating corporate social performance*. Academy of Management Review, 20: 92-117.

CLAYTON, ANDREW, PETER OAKLEY AND BRIAN PRATT (1998). *Empowering People: A Guide to Participation*, New York: UNDP.

DOBSON, J., AND WHITE, J. 1995. *Toward the feminine project organisation*. Business Ethics Quarterly, 5: 463-478.

DONALDSON, T. 1982. *Corporations & morality*. Englewood Cliffs, NJ: Prentice Hall.

DONALDSON, T., AND PRESTON, L.E. 1995. *The stakeholder theory of the corporation: Concepts, evidence, and implications*. Academy of Management Review, 20: 65-91.



DUNN, C. 1990. *The stakeholder approach as ethical theory: – A critical review.*  
Paper presented at the annual meeting of the Academy of Management.

DUNN, C. AND BRADY, N. 1995. *From rules to relationship: A review of the search for an ethical justification of stakeholder interests.*  
Proceedings of the International Association for Business and Society: pp 47-52.

FINLAY, J. RICHARD. 1986. *Ethics and accountability: The rising power of stakeholder capitalism.*  
Business Quarterly 51(1): 56-63.

FREEMAN, R.E. 1984. *Strategic management: A stakeholder approach.*  
Pitman Publishing Company. Boston, Massachusetts.

GRAY, BARBARA AND HAY, TINA M. 1986. *Political limits to interorganizational consensus and change.*  
The Journal of Applied Behavioral Science 22(2): 95-112.

GUILMETTE J.H. ET AL. *Au-delà de l'aide d'urgence: alerte précoce, prévention des conflits et prise de décision.*  
in Actes de la rencontre internationale francophone, Ottawa, September 19 – 22, 1995.  
Ottawa: Government of Canada, 1996.

HILL, C.W.L., AND JONES, T.M. 1992. *Stakeholder-agency theory.*  
Journal of Management Studies, 29: 131-154.

KILPATRICK, JOHN A. 1985. *Corporate response to social pressures: A typology.*  
Journal of Business Ethics 4(6): 493-444.

MCALLISTER, K (1999) *Understanding Participation: Monitoring and Evaluating Process, Outputs and Outcomes,*  
Ottawa: IDRC.

MCCANN, JOSEPH E. AND GRAY, BARBARA. 1986. *Power and collaboration in human service domains.*  
The International Journal of Sociology and Social Policy 6(3): 58-67.

POLONSKY, MICHAEL J. *Incorporating the Natural Environment in Corporate Strategy: A Stakeholder Approach,*  
The Journal of Business Strategies, 12, No 2, University of Newcastle, Newcastle, Australia.

PORTER, M.E. 1980. *Competitive strategy: Techniques for analysing industries and competitors.* The Free Press. New York:

THE STANDISH GROUP, *Unfinished Voyages*, Sample Research paper, 1995.

TULEJA, TAD. 1986. *Broadening the base.*  
Modern office technology 31(8): 14-22.

WICKS, A.C., GILBERT, D.R., JR., AND FREEMAN, R.E. 1994. *A feminist reinterpretation of the stakeholder concept.*  
Business Ethics Quarterly, 4: 475-497.

WILLER, D., LOVAGLIA, M. J., AND MARKOVSKY, B. 1997, *Power and Influence: A theoretical bridge.* Social Forces, 76: 571-603.

WORLD BANK (1996) *The World Bank Participation Sourcebook,*  
Washington D.C.: The World Bank.

The Author's own books include:

***Competitive Strategies for Service Organisations***  
***How to Reengineer Your Business***  
***The Role of the Project Manager*** and  
***Resisting Change***

In addition to books John McManus has authored numerous journal papers which have been translated into French, German and Japanese. John can be contacted at his email address:

john.mcmanus@sema.co.uk