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A comparative study of factors affecting the external stakeholder management process

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There is a natural tendency for stakeholder groups to try to influence the implementation of construction projects in line with their individual concerns and needs. This presents a challenge for construction project managers in analysing and managing these various concerns and needs in a stakeholder management process falling within the limits of the project. The aim of the research presented here was to show the factors affecting the stakeholder management process positively or negatively from the perspective of project implementation. A comparative study of two railway projects in Sweden was undertaken to analyse these factors. The study showed that the outcome of the stakeholder management process depended mainly upon how well the project managers presented the benefits and negative consequences brought on by the construction project. Techniques and tools exist for this purpose, but must be appropriate, and these are discussed in the context of the two projects. The challenge for project managers is to implement the project in such a way that the effects of negative impacts are minimized and, if possible, the benefits for all stakeholders are maximized. Project managers must communicate and interact with stakeholders so that the perceived benefits and negative impacts are realistically defined.

Keywords: Customer relations, stakeholder, railways, Sweden.

Introduction

There is a growing and natural tendency for external stakeholder groups to try to influence the implementation of facility development projects (Boholm *et al.*, 1998). This process can, to a degree, be described within the boundaries of the NIMBY (not in my backyard) syndrome. This concept is used to describe opponents of new developments who recognize that a facility is needed but are opposed to its siting within their locality (Burningham, 2000). NIMBY characterization is built on two inherent premises (Lake, 1993). First, the facility is needed to provide an important social benefit; and second, that selfish parochialism prevents realization of a societal good.

Opponents of a development project are often keen to assert their local identity, but at the same time need to fend off the inference that their protest is simply the act of a NIMBY (Burningham, 2000), with the consequence that if all opposition is labelled as NIMBY protests the multitude of underlying motivations is missed and the opportunity to learn about the problems that anger people is lost (Pendall, 1999). Rather than disparaging NIMBYism as irrational obstructionism it should be recognized for what it is, an expression of people's needs and fears (Lake, 1993). Thus, it is necessary for project managers of facility development projects to analyse the concerns and needs of different stakeholders, external as well as internal. In the early feasibility and conceptual design stages external considerations have been shown to be far more pressing than those that are internal to the project (Olander and Landin, 2005).

From a total quality management (TQM) perspective, there is a series of supplier/customer transactions in which the customer of one transaction becomes the supplier in the next transaction. In a wider perspective, external stakeholder groups could be treated as customers in a quality management context. If all suppliers are 'keeping their customers happy' the process is successful. Total quality management is about continual process improvement leading to continuing customer satisfaction that in

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turn leads to a more productive and profitable organization (Landin, 2000).

The customer–supplier relationship as described above does, to some extent, determine the attitudes of different stakeholder groups towards each other and towards the project. Attitudes of stakeholders have been shown to be important factors in the planning and location of facilities (Rogers, 1998). If the potential impact of a proposed facility is not adequately communicated in the early stages of the project, controversy and conflict may arise over the location, size and design of that facility (Olander and Landin, 2005). One explanation for the difficulty in finding the proper location for a facility can be the failure to recognize the weakness of providing a purely technical rationale instead of offering a cultural rationale too (Dorshimer, 1996). Improper and arbitrary decision making often becomes an issue when engineers make decisions on issues they believe to be purely technical and professional in nature, but which those affected regard as matters of political power (Connor, 1988). The premise is that decisions are best based on data; the best decisions are based on the clearest, least ambiguous data. Those subscribing to this view believe that when the technical facts are clearly communicated, all reasonable hearers will arrive at similar conclusions. Yet in public policy making, engineers must present data to audiences that do not share the values of the technical culture they represent (Hynds and Martin, 1995).

The aim of the research presented here was to show the factors affecting the stakeholder management process from the perspective of project implementation. The basic issue is that if a facility is to be built certain stakeholder groups will be affected by that development and in a variety of ways. This presents a challenge for construction project managers in analysing and managing the various stakeholder concerns and needs in a stakeholder management process within the limits of the project. In the context of the construction process and its participants, it is obvious that there is a state of conflict between parties. Given the complexity of most organizations, it is important for quality management purposes to highlight, simplify and assign priorities to the major processes. The long-term performance of any construction and its ability to satisfy stakeholder requirements depend on decisions made and on the care taken by decision makers in stakeholder communication (Landin, 2000).

The projects

A case study was conducted comparing the stakeholder management process in two railway development projects in Sweden: the City Tunnel project in Malmö and the expansion of the west coast line through the city of Lund. The rationale for choosing the case study approach was to gain an in-depth understanding of the outcomes of the two projects and the events leading to them. The case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 1994). Unconstrained by the limits of surveys and questionnaires, it can lead to new insights for both researchers and practitioners (Voss *et al.*, 2002). More projects could have been chosen to widen the search for information; however, fewer study objects can improve the prospect of in-depth observation (Voss *et al.*, 2002). The study was limited to the early stages of the projects, because this is where external stakeholders exert the strongest influence.

Data gathering was mainly through interviews and documents. The interviews were 'semi-open', where the interviewee was asked some basic questions and then answered them freely. The respondents were project managers, people responsible for stakeholder communication within the project, politicians, planning officials and representatives from organized action groups. The documents examined were both internal project documents and public documents and reports. The study was limited to the early stages of the project leading up to the start of construction work on site.

Another reason for choosing the two projects was because they had common features, yet led to a very different outcome in terms of their management of stakeholders. The common features are that they are public railway projects with the same project owner, the National Railroad Administration. Both projects fall under the same national rules for financing and planning. The projects are also located in town centres, which are densely populated.

Even though there is a difference in size and budget between the projects they are both part of the multi-billion SEK[1] investment connecting Copenhagen with Oslo, via Malmö and Gothenburg, and in the long run with Germany through the construction of the Fehmarn Belt fixed link between Rødby (Denmark) and Puttgarden (Germany). Together with the Öresund fixed link, the projects are integral to the future development of the Öresund region[2] and the realization of the EU's Trans-European Networks (TEN).

Project 1: City Tunnel in Malmö

The large increase of train traffic brought on by the Öresund fixed link has placed undue pressure on the existing tracks in and around the city of Malmö.

Basically, there is insufficient capacity at current levels of service, let alone over the longer term. Six schemes where evaluated with the results indicating that a tunnel was the one that best fulfilled the objectives set for the project. In 1996, the Swedish government declared its intention to construct a railway tunnel under Malmö, triggering the start of planning and design, as well as environmental impact and other studies. In 2001, the decision to start construction was taken.

The project consists of 18km of tracks, where 6km run in two parallel tunnels under the city. In addition, two new stations are to be built and the existing central station in central Malmö is to be expanded. The project has seven aims:

(1) Increase the competitiveness of rail traffic in the south of Sweden.
(2) Contribute to improved integration in the Öresund region.
(3) Strengthen the competitiveness of rail traffic at the national level.
(4) Decrease environmental problems from over-used rail infrastructure in Malmö, arising from the increased traffic brought on by the Öresund fixed link.
(5) Strengthen the development of communities in the south of Sweden that are connected to Malmö via the railway.
(6) Improve the significance of the city centre of Malmö.
(7) Contribute to an environmentally well-adapted transport system and sustainable societal development.

At the beginning of the project in 1996, a consortium was formed consisting of the National Railroad Administration, the Regional Council of Skåne, the municipality of Malmö and SJ (the national railway company). In 2001, the project was reorganized and the National Railroad Administration took over the sole responsibility for the project. The early schedules estimated that construction work could begin in 2003 and that the project would be completed in 2008. The start of construction work in 2005 was delayed by two years and the latest prognosis for completing the project is 2011. The delay was due mainly to a prolonged environmental inquiry and procurement process, including final approval to start construction. The budget for project costs increased by 7%, from 8.8 billion SEK in 2001 to 9.4 billion SEK in 2005, mostly because of stricter environmental requirements and better understanding of the risks in the project.

Project 2: expansion of the west coast line through the city of Lund

The west coast line between Gothenburg and Malmö is one of the most important communication links in Sweden. The line is an important component from a Nordic and European perspective since it is a part of the link between Copenhagen and Oslo. Several sections of the line needed upgrading in order to cope with growing traffic projections. One of these was the section that runs through the city of Lund.

The decision to proceed with expansion of the line was based on making it a competitive alternative to transport by car, truck or air. On a regional level, there was the aim of creating a better labour and housing market through improved communications. The existing single-track line through Lund was one obstacle to achieving this aim. Expansion to a twin-track line would increase capacity to a sufficient level.

The initial evaluation of the project started in 1989 and in 1993 the plan of how the project was to be implemented was communicated to affected parties. The National Railroad Administration—then the project owner—held the project to be sufficiently advanced for construction to begin; no further evaluations were considered necessary and the project was scheduled for completion in 1997. However, since the project ran through an urban area it was up to the municipality, through the normal planning process, to give the final approval to start construction. The municipality of Lund did not agree with the National Railroad Administration that the project required no further evaluation. There was, according to the municipality, an insufficient analysis of alternative solutions for the design and implementation of the project. This led to an additional four years for evaluating different solutions and further consultations with various stakeholders.

In 1997, the municipality took the decision to allow the project to proceed mostly in accordance with the plan made by the National Railroad Administration in 1993. However, by that time active and aggressive resistance towards the project had developed. This opposition took the form of a local interest group covering residents living in areas close to the proposed route of the expanded line. The main argument was that there was a better alternative for the expansion of the railway that would impact on the living conditions of a smaller population. This alternative had, in many evaluations, been shown to be a worse solution from both economic and technical perspectives. The interest group did, however, consider all these evaluations to be untrustworthy and merely an expression of the special interest exercised by the National Railroad Administration. Consequently, they appealed the

municipality's decision to approve the proposed alternative.

The poor quality of the early evaluations and active opposition from various stakeholders meant that all levels of appeal took a long time to consider and six years passed before the last instance of appeal, the national government, rejected the 2003 decision and approved the project according to the proposed alternative. In 2005, construction was completed after a delay of eight years. The direct construction costs were surprisingly unaffected since the scheme implemented was the proposed alternative from 1993. However, indirect costs increased significantly from delays, engagement with stakeholders and the demand for more evaluations.

Differences in stakeholder management

Traditional quality measurement tools are effective means for improving performance in construction projects. Their use and application require careful thought and consideration if project managers are able to measure customer satisfaction in a systematic way. There are many factors that affect how such quality measurement tools should be used and from a stakeholder management perspective the customer has to be defined in a broader sense than merely those having a contractual relationship. All stakeholder groups should be included in a quality management system in accordance with ISO 9000:2005, especially those parts regarding customers' communication (ISO 9001:2000, 7.2) and the measurement of customer satisfaction (ISO 9001:2000, 8.3).

The City Tunnel project succeeded in developing, maintaining and even enhancing its positive image. Since 2000, as a part of its quality management system related to customer satisfaction, an annual opinion poll has been conducted to measure the public's perception of the project. The latest results available (2005) for one of the most affected areas in Malmö reveal (TEMO, 2005) that:

(1) 68% of respondents have a positive attitude towards the project, 17% are neutral and 15% have a negative attitude;
(2) of the negative respondents, 88% still accept that the project should be built;
(3) 52% claim that they have high confidence in those working within the project and only 10% have low confidence.

Given that one of the objectives stated by the project owners early on was acceptance by those affected, the figures presented above are encouraging.

For a construction project of this kind in Sweden, the positive image is quite exceptional. How can this be explained? One factor is that early on the project management team regarded stakeholder acceptance as a critical success factor and set the framework for stakeholder communication to be:

- open;
- trustworthy;
- cooperative;
- respectful; and
- informative.

Possible conflicts were dealt with proactively by interaction with affected parties. In addition, seven reference groups covering stakeholders were established early on in the areas most affected. These groups discussed and addressed issues of relevance to the satisfaction of the parties involved, thereby heading off open conflict.

Another explanation for the positive image generated by the project can be found within the project organization. Since the project was originally organized as a consortium, the project team could be assembled outside the existing organization of the National Railroad Administration and thus recruit its own key personnel. From a stakeholder management perspective, a team was developed for the project with the sole responsibility for communicating with stakeholders in order to address the concerns they might have.

In project 2, an almost opposite approach to stakeholder management occurred. The project management team limited its ambition in stakeholder relations and communication to do nothing above what was required by the legislation concerning the development of railway projects. Expressed from a quality management perspective, this is an example of how a process with a focus on strict contractual demands could have a negative influence on the process itself. If, however, the project were the focus from a quality management perspective, the likelihood of engaging stakeholders would be greatly improved. There are means at hand in the form of 'guidelines for quality management in projects' (ISO 10006) to bring about such a change. In the event, the lack of project focus created a stakeholder management process that to a large extent was a matter of one-way communication—informing stakeholders about decisions made. The project manager did not respond to any criticism advanced by opponents; instead, he saw his role in engineering terms and not one of communication. This resulted in a rearguard stakeholder communication process built on mistrust and conflict, where every decision was questioned and/or disregarded by opponents. In fact, opponents produced their own evaluations to promote their case. Since there

were no responses to this action, the opponents' view became the one reported in the media.

One of the reasons for this low ambition in stakeholder management was fear among the project managers of being labelled as lobbyists for a special cause. However, this became a kind of paradox because the project management team was representative of a special interest, namely the project owner, and was seen as such by all other stakeholders. In a sense, this was a typical case of how the managers of a construction project see themselves as engineers and do not recognize the communication aspects of implementing the project. For this particular project, a delay of some eight years was caused by conflict with local residents.

Factors affecting the stakeholder management process

The stakeholder environment has a strong effect on project implementation as indicated by the above discussion. The environment will change in its nature depending on actions taken by different stakeholders and will affect project implementation in a certain way. The stakeholder management process can thus be defined as having the aim of maintaining the desired implementation of the project and avoiding unnecessary conflict and controversy with stakeholders.

From the comparative study, it is clear that ambitious and distinct stakeholder management, as in project 1, will support the project management team in its efforts to implement the project according to the objectives of the project owner. Project 2 shows that the opposite is equally true. If there is no clear strategy for how to manage and involve stakeholders in the project implementation process, the project manager will end up in a rearguard action, fending off claims from stakeholders. The study reveals that five different factors can be identified as explanations for the differences in the outcomes of the stakeholder management process:

(1) analysis of stakeholder concerns and needs;
(2) communication of benefits and negative impacts;
(3) evaluations of alternative solutions;
(4) project organization; and
(5) media relations.

Analysis of stakeholder concerns and needs

One explanation for the poor outcome of the stakeholder management process in project 2 is that no analysis of who the stakeholders were and how they could be affected, or were affected by the project, was made. In project 1, initial stakeholder identification defined six major groups:

(1) project owner;
(2) authorities and politicians;
(3) the public;
(4) local trade and industry;
(5) employees and suppliers; and
(6) the media.

Early on, the view was that the public should be regarded as a key stakeholder. It was a large infrastructure project and public acceptance was deemed to be necessary in order to achieve a successful outcome: this became an expressed objective of the project. So far, it has been successful.

Stakeholder impact analysis

There are methods for analysing and determining the claims of stakeholders and their possible effect upon project decisions. Olander (2007) presents a conceptual model, the stakeholder impact index, which comprises three different parts.

The first part is about evaluating the type of stakeholders involved in the project. This part of the model is based on the work of Mitchell *et al.* (1997), where it is suggested that stakeholders can be divided into different groups according to the attributes they possess. These stakeholder attributes are power, legitimacy and urgency. The power of stakeholders may arise from their ability to mobilize social and political forces, as well as from their ability to withdraw resources from the project organization (Post *et al.*, 2002). Legitimacy can be defined in terms of stakeholders who bear some sort of risk in relation to the organization, be it beneficial or harmful. The dynamic character of stakeholder influence is covered by the term 'urgency', which is defined as the degree to which claims (or stakes) call for immediate attention. At any given time, some stakeholders will be more important than others (Jawahar and McLaughlin, 2001). Concerns and priorities change over time, with new classes and configurations of stakeholders appearing in response to changing circumstances.

The second part of the stakeholder impact index as suggested by Olander (2007) is based on the work of Bourne and Walker (2005), who present the vested interest/impact index (ViII). The parameters vested interest levels (v) and influence impact levels (i) are qualitatively assessed on a scale from 1 to 5. The vested interest index is then calculated as $\mathrm{ViII}=\sqrt{(v*i/25)}$. The index scales the level of the impact and interest of project stakeholders. This model could be compared

with the power/interest matrix (Johnson and Scholes, 1999), where the key questions are:

- How interested is each stakeholder group in impressing its expectations upon project decisions?
- Do they mean to do so?
- Do they have the power to do so?

With the power/interest matrix, it is possible to interpret how the influence of various stakeholders has developed over the course of project implementation (Winch and Bonke, 2002; Newcombe, 2003; and Olander and Landin, 2005). The model does, however, not scale the levels of power and interest; rather it evaluates different stakeholder groups depending upon whether the level of power or interest is high or low. The vested interest impact index as proposed by Bourne and Walker (2005) does give the opportunity to exercise this option. It can be argued that the vested interest level (v) corresponds to the level of interest, which is basically an evaluation of how likely it is for the individual stakeholder to impress expectations on the project decision-making process. Bourne and Walker (2005) use the level of impact instead of power, which in terms of scaling is a more relevant concept. Power is something that a stakeholder possesses or not, which is evaluated in grades of high or low within the power/interest matrix.

The last part of the stakeholder impact index is the evaluation of each stakeholder's position towards the project: are they proponents or opponents? Here, Olander (2007) uses the work of McElroy and Mills (2000), where they propose five different levels of stakeholder position towards the project: active opposition, passive opposition, not committed, passive support and active support. The position that each stakeholder has towards the project sets the direction of the impact that each stakeholder has on the project decision-making process.

The different parts of the stakeholder impact index are important issues to address when evaluating the impact that stakeholders have on a project. However, the model of the stakeholder impact index is conceptual and, as such, will need further development especially where there is a need for (sensitivity) analysis of how the weighted distribution of stakeholder attribute value will affect the result and conclusions drawn from it.

In the comparative stakeholder impact analysis of the two case study projects, all aspects covered in the index are implicitly addressed; however, they have not been quite so explicitly evaluated. Essentially, two groups stood out when comparing the external stakeholder management process for the projects: the public and the media. In project 1, an active and organized strategy was implemented; but in project 2 no explicit strategy was formalized and no additional efforts were made above the informational procedures required by law. The analysis that follows focuses on these two stakeholder groups.

Members of the public directly affected have been managed very differently by the two projects. In project 1, the project organization, from the very beginning, had the responsibility for managing public relations. This presented itself in an ambitious policy of informing and communicating with the (local) public. The project organization was accessible when concerns arose from someone who was, or who would be, affected by the project. In addition, seven reference groups were organized in particularly affected areas of the community. All these efforts are examples of a proactive stakeholder management process, where good relationships have been built up with the public and have resulted in a high degree of acceptance of the project. With this stakeholder group, project 2 took an opposing position. It had no active policy of dealing with the concerns of the public; rather the project team did the minimum that was required by law. This lack of communication became a growing source of discontent for the forces opposing the project. Strong and active interest groups were formed and these actively attempted to change the project outcome in accordance with their wishes.

The public often has no formal power to affect the decision-making process for a project. However, it does have an informal power that, when exercised, can press more powerful stakeholders into changing their position towards a project. This was what happened in project 2. A poorly executed communication process meant that opposition by the public created a strong powerbase with the media and politicians. Apart from being a legitimate stakeholder, it also gained some power in the process and when their claims became urgent they appealed against the municipal decision to approve the project. This resulted in a delay of six years. The main difference between project 1 and project 2 is that in the former the public were considered to be a legitimate stakeholder and were involved in active communications. This more proactive strategy resulted in the public accepting, and even supporting, the project and its implementation thereby decreasing both the probability of this stakeholder group affecting project decisions and the impact if they did. For project 2, the opposite was true. The lack of communication encouraged some members of the public to organize in active opposition, increasing both the probability of their having to be engaged and an impact on the project from doing so.

The media is another stakeholder group where opposition was deployed against the two projects. In project 1, the responsibility for public relations also

brought with it responsibility to inform and communicate with the media. Members of the project team were required to be accessible in order to respond to the subjects promoted in the media. In fact, media coverage for the project became a supporting factor for the project, where the largest local newspaper became one of the strongest advocates for the project. The media, as a powerful stakeholder, can be an ally for project managers in communicating project progress and project decisions with a relatively low risk of harming the project. In project 2, the opposite was the case: the project managers adopted the position where they would not respond to criticism expressed in the media. This resulted in negative articles about the project, promoting the views of opponents only. There was no explanation from the project managers about why certain decisions were made. The views of the project portrayed in the media then became the views adopted by other stakeholders, often in active opposition to the project. This negative media coverage also had an impact on other stakeholders, e.g. politicians, which resulted in demands for more evaluations and a prolonged approval process. The main difference between the two projects in regard to media relations is that project 1 acknowledged the media as a powerful stakeholder that can be a supporter or an opponent, despite not having legitimacy. In project 2, the power of the media was underestimated by the project managers, while the media was actively used by opposition stakeholders in order for them to exert an influence over the decision-making process in the project.

Communication of benefits and negative impacts

While the project managers of project 2 were deaf to the concerns and needs of affected stakeholders, project 1 engaged resources to analyse and manage these aspects. Those responsible for stakeholder relations in the project engaged the public in seven areas most affected by the implementation of the project through the medium of reference groups. Meetings of these groups gave the project managers essential information on the issues most relevant to these stakeholders and could thus proactively plan and design the project with these claims in mind. The clear ambition of project 1—to have open and trustworthy communication with stakeholders—could be one explanation for the high rate of acceptance of the project by stakeholders. Another difference between projects 1 and 2 is that the latter was not open to all the negative impacts that might materialize and, thus, could not justify these impacts in relation to the positive benefits. In the case of project 1, there was a clear directive from the project manager to all participants that it was not acceptable to withhold information that someone demanded. No decision was permitted in the project if that decision could not be made public.

The empirical data indicated that the acceptance level sets stakeholders' disposition towards the project and defines the extent and direction of stakeholders' influence. The level of acceptance depends on two basic considerations: the concerns and needs of stakeholders and the stakeholder management process, i.e. how they are treated. An analysis of the consensus-building idea (e.g. Susskind and Cruikshank, 1987; Susskind and Field, 1996), when compared with the measures taken in project 1, provides an indication of the key points to consider in the stakeholder management process. From this analysis, the acceptance level towards the project is based on the ability of the project manager to acknowledge the concerns of stakeholders and maintain or increase the received acceptance level through an effective stakeholder management process. The main aspects of this process are to:

- build and maintain a base of trust;
- communicate all positive and negative consequences about the project; and
- implement the project in such a way that the potential negative impacts are minimized.

Evaluations of alternative solutions

In project 2, one of the major issues that created conflict was that those stakeholders living in the vicinity of the proposed route were certain there were other alternatives that were better and these should be properly evaluated. This problem was created early on in the project because no analysis of alternative routes was undertaken. The project managers were later forced to conduct further, deeper evaluations of different alternatives. These all showed that the proposed alternative was the best considering a majority of the relevant aspects, but was slightly worse from the perspective of living conditions. However, the technical difficulties and increased construction costs that other alternatives would bring were considered to be more critical to project success than deterioration in living conditions. The stakeholders promoting these other alternatives did not accept the evaluations and made their own, which showed that certain alternatives were better even from economic and technological perspectives.

Without passing judgement as to which evaluations were correct, if the project manager does not evaluate different alternatives early and openly define the criteria for making judgement, a climate of mistrust may become established. Project 1 had a number of clear objectives for the project, which helped to set the evaluation criteria for the analysis of alternative solutions. This made it possible

to explain and justify why the proposed alternative was chosen when questions arose about its choice. A clear and transparent evaluation of alternative solutions for the development of a construction project based on the concerns of stakeholders would help project managers to establish the basis of trust needed for an adequate stakeholder management process. Emphasizing all positive and negative aspects of the project is needed for each option.

Project organization

When comparing the two projects, it was evident that the project organization was relevant to the outcome of the stakeholder management process. The main difference was that project 2 was implemented within the existing organization of the National Railroad Administration, whereas project 1 started as an independent organization where the National Railroad Administration was one party of four. This made it possible to define the project organization outside the traditional culture of the National Railroad Administration and to recruit personnel to achieve the objectives for the project. As one objective was stated as gaining acceptance by stakeholders on the implementation of the project, an organization was built containing sufficient resources for communication and interaction with stakeholders.

The importance of the resources and competences needed in a project have to be noted and dealt with carefully (ISO 10006) if the project manager is to be able to create the necessary conditions for an adequate organization. In project 2, this task was handled within the existing organization of the National Railroad Administration, which mainly consisted of engineers. Thus, there was little competence within the area of communication, as was the case in project 1. The project managers positioned themselves in a way that saw problems as purely technical and monetary, and they did not sufficiently address the concerns that project stakeholders expressed.

Media relations

Media coverage of both projects was extensive, but very different in nature. While project 1 has had a fairly positive media image, the coverage for project 2 was to a large extent negative. Opposing stakeholders effectively used the media to express their opinions, and many prominent local spokespersons, architects, professors, politicians, etc. were eager to give their views on the project. The result was that the project managers in project 2 had to handle negative press coverage, in addition to an already difficult process of managing the views of different stakeholders. This led to a process where the media had a strong influence on decision makers, politicians, and local and national authorities.

The difference between the two projects can also be explained by the resources and organization associated with each project. In project 1, personnel had been recruited with experience and knowledge of the media and thus had an open and active communication with them. The project managers in project 2 chose to be inactive in the media. They did not respond to the opposing views that the media presented with the result that coverage, rightly or wrongly, became the official version of the truth.

It is difficult to estimate the impact of media coverage, but an open and trustworthy communication with the media and affected stakeholders is essential. In project 2, the project managers have found themselves fighting a rearguard action against negative public opinion and negative press coverage, while in project 2 decisions made in the project were clarified and, to some extent, supported in the media thus helping rather than hindering implementation of the project.

Conclusions

The empirical findings show that conflicts between external stakeholders and project managers depend to a large extent on their perceptions of each other. If the developer fails to acknowledge the concerns of stakeholders, an environment of distrust would likely be the outcome. An effective stakeholder analysis should identify the possible trade-offs that can be made without compromising the purpose of the project. Thus, the aim of the stakeholder analysis process should be to identify the extent to which the needs and concerns of external stakeholders can be fulfilled, and to analyse the possible consequences if they are not. A clear challenge is to find trade-offs that satisfy as many stakeholder concerns and needs as possible, and thus provide a base for forthcoming project decisions. One definite source of controversy and conflict is that decisions on a course of action for the project were made without analysing the consequences the decision would have on different stakeholders. This tends to result in project managers being unprepared for the conflicts that can arise, and thus having no plan of how to handle or resolve them.

The implementation of TQM values, principles and procedures could yield many benefits, including more satisfied stakeholders. The satisfaction of stakeholders is the key variable; however, other variables can be tracked on individual projects to provide valuable feedback. Although the team for each project must select the appropriate variables carefully, there are

several general measurements that can be used to measure the overall impact (Landin, 2000). For sufficient performance of a stakeholder management process, there needs to be an understanding of the complexity of stakeholder influences. The impact of stakeholders' changes throughout the life of the project depends largely on the perceptions stakeholders have of the project. The conflict that was observed was due mainly to miscommunication and to the mismanagement of the impacts and concerns of stakeholders. Project managers should acknowledge the stakeholder management process as an important activity for which adequate resources should be committed. One objective of this process should be to communicate the various aspects of a project correctly, be they good or bad. The challenge for project managers is then to implement the project in such a way that the effects of negative impacts are minimized and, if possible, the benefits for all affected stakeholders are maximized. They must communicate and interact with stakeholders so that the perceived benefits and the negative impacts are realistically defined.

Notes

1. SEK=Swedish krona.
2. The eastern part of Denmark and the southern part of Sweden.

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