From client to project stakeholders: a stakeholder mapping approach

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In contemporary management theory and practice the rise and role of stakeholders as major players in organizational dynamics are widely recognized and recorded. This pluralistic view of the identity of those who have an investment and an interest in an organization extends well beyond the traditional concept of shareholders to include employees, suppliers, customers, trade unions, communities, etc. The concept of stakeholders has been applied to projects in general but has not, to date, been extended to the context of construction projects although it is accepted that the traditional view of the client as a single entity does not reflect the reality of stakeholder configurations for most projects. Different stakeholders have different levels and types of investment and interest in construction projects and can be seen as multiple clients or customers for the project in which they are involved. This paper argues that the concept of client, which has prevailed throughout the twentieth century, is now obsolete and is being replaced by the reality of project stakeholders. A novel application of the technique of stakeholder mapping to a large construction project demonstrates the importance to project managers of conducting the analysis of the power, predictability and interest of key project stakeholders.

Keywords: Construction, projects, clients, stakeholders, stakeholder mapping, project management

Introduction

In the last 50 years in the United Kingdom the role and nature of the construction client have changed dramatically. The rise of the corporate client, the greater penetration of the construction industry by the continuing client and the separation of ownership and occupation of buildings have led to confusion about the client's identity and interaction with the construction industry. This confusion is compounded by the emergence of the concept of project 'stakeholders', which extends the traditional definitions of the client still further to include the users of the facility, the community at large and many others. This paper explores the concept of project stakeholders as multiple 'clients' for construction projects and uses stakeholder mapping to analyse the nature and influence of various stakeholders on a major construction project in the UK.

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Two propositions are explored.

- **Proposition 1:** The concept of the client as a single entity, which has prevailed throughout the twentieth century, is now obsolete and does not reflect the reality of stakeholder configurations for most projects where the client is only one stakeholder out of many.
- **Proposition 2:** Stakeholders with different levels and types of power and interest in construction projects have expectations that the project manager must manage.

Given the definition of the client as a configuration of stakeholders, this raises three questions, which are addressed in this paper.

1. Who are the project stakeholders?
2. What do these stakeholders expect from a construction project?
3. How do project managers manage these stakeholder clients?

Project stakeholders

The view of projects as a coalition of powerful individuals and interest groups was explored in a previous paper (Newcombe 1996) and stems from the pioneering research of Cyert and March (1963). Their view of the organization as a 'shifting multi-goal coalition' was novel at the time it was proposed but subsequent research by Mintzberg (1983), Johnson and Scholes (1993) and others (Bacharach and Lawler, 1980; Kanter 1983; Kotter 1985; Greiner and Schein 1988; Bass 1990; Cohen and Bradford 1990; Rudolph and Peluchette 1993) have confirmed that the power bases of the main actors and indeed the actors themselves 'shift' over time and that organizations, especially project organizations, operate with a system of multiple and often conflicting objectives. The way in which the potential conflicts are handled through a system of sequential attention to conflicting objectives and the use of 'side payments' to 'buy off' opposition gives a very strong political flavour to the project process.

Project strategy thus evolves through a bargaining process between the key actors or stakeholders and dramatic changes in strategy may emerge as the power of the participants rise and wane over time (Tavistock Institute, 1966). It was argued in my previous paper that, within the construction industry, the traditional design-tender-build procurement path exhibits many of these characteristics.

In parallel with the growing trend in society towards greater participation in decision making there has been a trend towards a wider view of people with an interest or 'stake' in organizations – the stakeholders (Mitroff, 1983; Freeman, 1984; Harrison and Caron, 1993).

From the perspective of project stakeholders, Morris (1994) has pointed out [drawing on Imai (1984) and Horwich and Prahalad (1981)] that 'it is important that the project's objectives mesh with its "stakeholders", and that they continue to fit stakeholders' interests as the project evolves, conditions change and the interdependencies of key systems, stakeholders and their objectives change.

Project stakeholders are groups or individuals who have a stake in, or expectation of, the project's performance and include clients, project managers, designers, subcontractors, suppliers, funding bodies, users and the community at large. Stakeholder analysis (Johnson and Scholes, 1993) has become a recognized technique for determining how stakeholders interact with organizations and more specifically how they may respond to changes. Traditionally, project stakeholders have been seen as the primary participants directly involved in the project, with others seen as secondary stakeholders. The extension of stakeholder mapping to cover these

secondary stakeholders in a construction project context is a pioneering feature of this paper.

Power is the mechanism through which stakeholders influence the direction and decisions for a project. This power can be used to retain the *status quo* or to enforce fundamental change. Gaining approval for controversial decisions or implementing successful change during projects is therefore largely dependent on stakeholders' attitudes and motives.

Stakeholders interact with the project in two primary arenas.

- *The cultural arena* – this is represented by the ideology or shared values of the project participants and may be used to shape or constrain changes. Culture is a force for co-operation between project stakeholders.
- *The political arena* – this is the arena where powerful individuals and interest groups (stakeholders) exercise power to achieve their objectives; these often conflict with the objectives and expectations of other stakeholders involved in the project.

Thus stakeholders interact with the project through two opposing forces, the *centripetal* force of co-operation through the culture and the *centrifugal* force of conflict and competition in the political arena (Mintzberg, 1995). However, unlike other forces which operate in organizations, for example, differentiation and integration which may create different organization structures for different projects in a *diffused* way (Morris, 1972), cultural and political forces are i*nfused* into the whole project organization.

Balancing these opposing forces and stakeholder interests is a major role of the project manager for any project. In this paper, we will first look at the nature and role of project stakeholders on a large, complex construction project using the technique of stakeholder mapping. We shall then spell out the implications for the project manager and, finally, the general conclusions for managing multiple stakeholders on large construction projects.

The project

Figure 1 shows the key stakeholders involved in a major redevelopment project of the old railway engineering yards in the centre of Swindon (a fast growing town in the UK) in the early 1990s. The development, a joint venture with the then British Rail, included shops, entertainment and leisure facilities, light industrial and housing.

An in-depth interview with the project manager was conducted using the stakeholder mapping instrument to assess the power and interest of the key stakeholders; the key stakeholders were readily identified by the project manager.
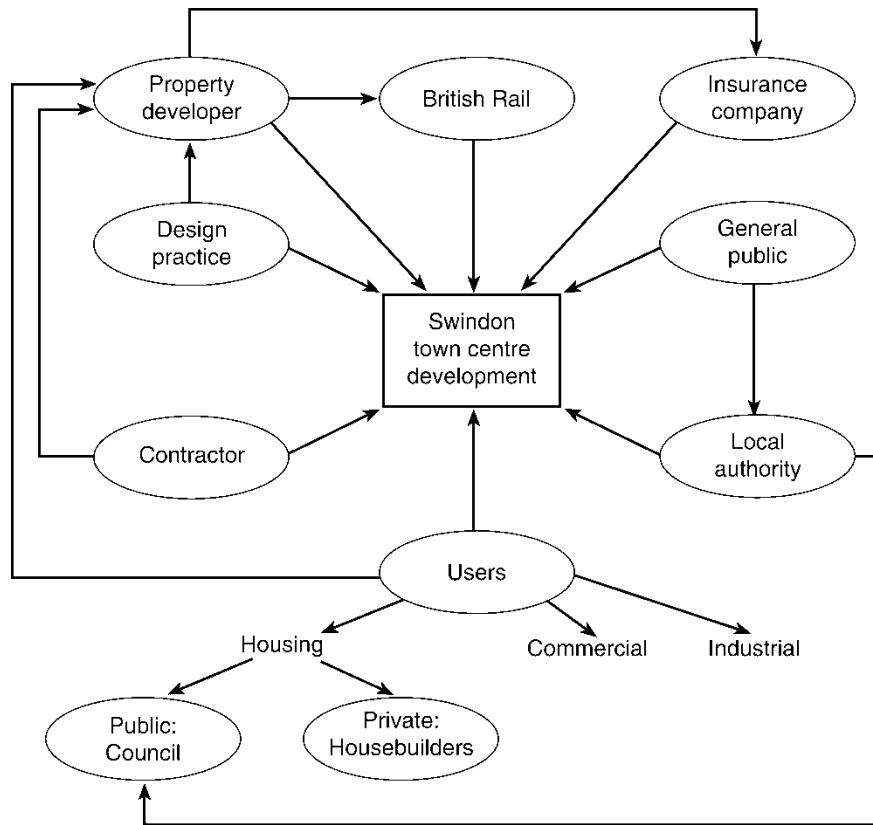
Figure 1 Key stakeholders in the Swindon redevelopment project

Looking at the network of relationships in Figure 1 it is clear that there are a large number of stakeholders involved in this project:

- the insurance company who are providing the funding;
- the developer who is orchestrating the proceedings;
- British Rail as owners of the site;
- the potential users of the facilities;
- the local authority responsible for infrastructure, public facilities and housing;
- the designers whose reputation for aesthetic and economic design is at stake;
- the contractor for quality and timeliness of construction;
- the private speculative housebuilders; and
- the community as a whole (i.e. the general public) who will have to ultimately accept the finished result as a part of their town.

These are only the key players; we have not taken into consideration the supporting actors, e.g. subcontractors and suppliers, local councillors who may have a political investment in the success of the project etc.

Stakeholder mapping

We have already defined stakeholders as groups or individuals who have a stake in or an expectation of the project's performance and indicated that this would include people *inside* the project, e.g. designers and contractors, and people *outside* the project, e.g. users and the community. A powerful individual stakeholder may have a significant influence on project decisions but it is usually groups of stakeholders, who combine to form temporary coalitions, who are most influential in shaping the strategy of the project. These groups have expectations which the project is under pressure to fulfil; this may not be a problem were it not for the fact that different groups of stakeholders often have conflicting expectations. Frequent conflicts between stakeholders revolve around long term versus short-term objectives, cost efficiency versus jobs, quality versus quantity, and control versus independence.

This last conflict area is particularly evident in the relationships between the various stakeholders.

Many construction project managers face this particular dilemma.

Identifying formal groupings of stakeholders is relatively

easy; identifying informal groupings is much more difficult. These informal groupings are likely to have a changing membership with ad hoc coalitions springing up in response to specific events. *Stakeholder analysis* or *stakeholder mapping* has evolved in recent years as a technique for analysing the likely interests and actions of stakeholders (Johnson and Scholes, 1993). Assessing the importance of stakeholder expectations is a key part of any project strategy analysis. It consists of making judgements on three issues.

- How *likely* each stakeholder group is to enforce its expectations on the project?
- Whether these groups have the *means* to do so. This is concerned with the power of stakeholder groups.
- The likely *impact* of stakeholder expectations on future project strategies.

To assess these three contingencies two methods of stakeholder mapping will be discussed: the *power/predictability matrix* and the *power/interest matrix*.

The power/predictability matrix

Figure 2 shows the power/predictability matrix on which the stakeholders can be plotted.

In Zone A stakeholders who are highly predictable with low power bases present few problems; equally, stakeholders who are unpredictable but have little power are easily manageable. Powerful but predictable stakeholders in Zone C can have a conservative and constraining influence on project strategy which may not be a problem during periods of continuity and stability

but may mitigate against fundamental change in response to pressures in the project environment. The most difficult stakeholders to manage are those who are unpredictable but powerful. These groups of stakeholders may represent the greatest danger by using their substantial power to torpedo project strategies; conversely, unlike the stakeholders in Zone C, they are open to persuasion and may be marshalled to support innovative solutions to problems.

The allocation of groups of stakeholders to these zones enables project managers to assess the size of the stakeholder problem they face. Making decisions which will be acceptable to Zone C stakeholders may influence or overcome resistance from Zone D stakeholders. Although stakeholders in Zones A and B have less power this does not mean that they are unimportant; the support of these stakeholders may have a strong influence on the attitudes of more powerful stakeholders.

The power/interest matrix

A further way of mapping stakeholder influence is the power/interest matrix shown in Figure 3.

This classifies stakeholders in relation to the power that they hold and their level of interest in the project. The type of relationship, which the project manager will need to establish and maintain with each type of stakeholder grouping, is shown for each of the four zones. Stakeholders with little interest in the project activities and little power to influence them (Zone A) will require minimal effort on the part of the project manager. Those stakeholders in Zone B with a high level of interest in the project's activities but little power
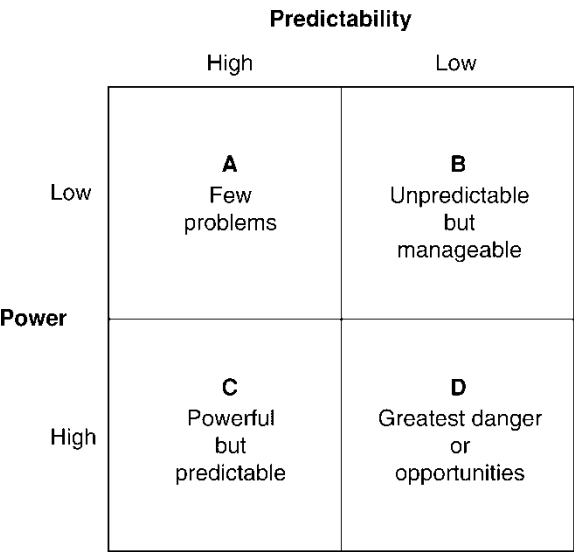
Predictability

	High	Low
Low	**A** Few problems	**B** Unpredictable but manageable
High	**C** Powerful but predictable	**D** Greatest danger or opportunities

(Power on the vertical axis: Low / High)

Figure 2 Stakeholder mapping: power/predictability matrix

Level of interest

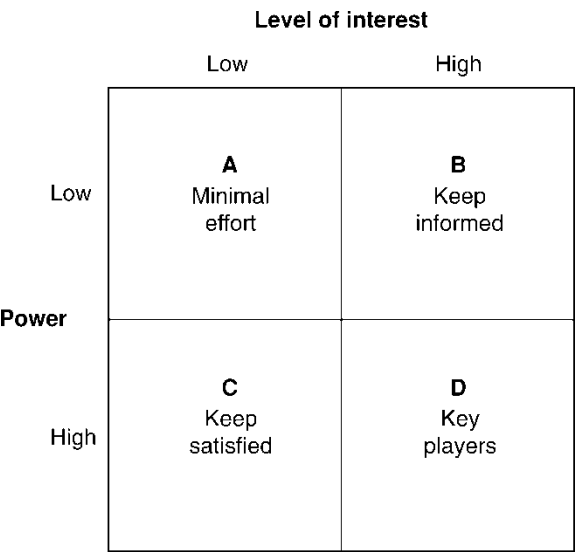|	Low	High
Low	**A** Minimal effort	**B** Keep informed
High	**C** Keep satisfied	**D** Key players

(Power on the vertical axis: Low / High)

Figure 3 Stakeholder mapping: power/predictability matrix

to influence them will need to be kept fully informed of the major decisions which have been made, so that good communication with this type of stakeholder is essential. Stakeholders in the other two zones represent different but equally important problems.

Clearly the acceptability of decisions to the key players in Zone D is a major consideration when formulating project strategy but often the stakeholders in Zone C are the most difficult to manage.

Their level of interest in the organization's strategies will remain low as long as they feel satisfied with the policies adopted; if they become dissatisfied then, because of their powerful position, they can easily increase their interest and move to Zone D, thus becoming key players.

The problem in both matrixes is the re-positioning of stakeholders from Zone C to Zone D. Again the role of stakeholders in Zones A and B needs to be monitored and controlled because, although lacking in power, they may have disproportional influence on the more powerful stakeholders.

Level of interest

	Low	High
Low	**A** Minimal effort *General public*	**B** Keep informed *Local authority Contractor*
High	**C** Keep satisfied *British Rail Insurance company*	**D** Key players *Designers Users*

Figure 5 Stakeholder mapping: power/predictability matrix for the project

Stakeholder mapping: the project

A *power/predictability* matrix and a *power/interest matrix* for the Swindon project at the early stages of the development are shown in Figures 4 and 5.

The developer is project manager for the development and clearly has a high level of power and predictability. They know what they want and have the power to enforce their demands.

Equally, British Rail and the Insurance Company because of their different but equal investments of land

Predictability

	High	Low
Low	**A** Few problems *Contractor Local authority*	**B** Unpredictable but manageable *General public*
High	**C** Powerful but predictable *British Rail Insurance company (Developer)*	**D** Greatest danger or opportunities *Design team Users*

Figure 4 Stakeholder mapping: power/predictability matrix for the project

and money in the project are powerful but relatively predictable players.

At this stage of the project the design team will have power to shape the final appearance and acceptance of the facility and their design solutions may still be unpredictable. As far as the developer is concerned, the designer represents greatest danger because the nature and quality of the design is unknown, although this is mitigated by the design team's reputation.

The contractor has only just been appointed and has little influence at this stage and is relatively predictable – he will build whatever is designed. As far as the developer is concerned, the contractor represents little threat because there is the opportunity of continuity of work on this and other developments.

The Local Authority, having approved the development in principle, has a low degree of power to change things and is fairly predictable. The developer sees few problems with the local authority, particularly as a number of the elected council members are known to be strongly in favour of the development which will increase their prestige and popularity with the voters.

The general public is, at this early stage, in favour of the development of the site, which has been derelict for years but has no direct influence on events. However, public attitudes to the development are unpredictable and may change as it progresses but the developer feels that the company's public relations machine can handle any problems.

The potential users of the various commercial, industrial and leisure facilities are vociferous in their demands for their part of the development and constitute a potential danger to the developer because of their

power to withdraw from the project and their unpredictability. There is potential for an alliance developing between the designers and the users to agitate for higher specifications and costs.

The *power/interest* matrix gives a similar picture, as shown in Figure 5.

The general public is generally indifferent to the development at this stage and has little influence on decisions in any case. Minimum effort is required by the developer with this stakeholder.

Whilst British Rail and the Insurance Company have potentially enormous power they have little interest in the development itself as long as the agreed return on their investment is achieved, hence the need to keep them satisfied so that they retain a passive rather than an active interest in the project.

The local authority has a high level of interest in the development in terms of future infrastructure maintenance they have little power to influence events and need to be kept informed of developments. The developer will need to establish good communications with this stakeholder.

Equally, the contractor has a great deal of interest in this project as it represents a large part of its future workload but, at this stage, has little power to shape events for the reasons given under the previous analysis.

The designer has a high degree of power to make or break the project but a high level of interest in maintaining its reputation for innovative and workable designs. They are key players whom the developer will need to 'nurse' along.

The potential users are a body of stakeholders who potentially can withdraw from the project and are therefore very powerful but have a strong interest in occupying this high prestige development. They are therefore key players who should be treated with respect by the developer.

This analysis of the Swindon project supports the two propositions proposed earlier.

1. The client is clearly **not** a single entity.
2. Different stakeholders do have different levels of **predictability, interest** and **power** and can be seen as **multiple clients** for the project.

It should be noted that this analysis was conducted at the early stages of the project and that the power, interest and predictability of any stakeholder may rise and wane as the project progresses.

Implications for project managers

The value of this kind of stakeholder mapping is in assessing the following.

*   Whether the *political/cultural* situation is likely to undermine the adoption of a particular project

strategy. The configuration of stakeholders can be seen to constitute the political/cultural context within which project decisions are made. The assessment of the likely acceptability of a particular decision to the stakeholders involved in a project is a major consideration in its formulation.

*   Following from the above, the question of whether to pursue project strategies to *reposition* certain stakeholders will need to be carefully considered. This could lessen the influence of a key player or ensure that more key players or minor players will champion the particular decision (this is often critical in the public sector context).
*   The extent to which it is necessary to assist or encourage stakeholders to *maintain* their level of predictability, interest and power in order to ensure the successful implementation of project strategies. Equally, it may be important to discourage some stakeholders from repositioning themselves, e.g. British rail and the Insurance Company.

This is what is meant by *keep informed* in Zone B and *keep satisfied* in Zone C of the power/interest matrix. As discussed previously (Cyert and March, 1963), the use of *side payments* in some form to stakeholders may be used as a means of securing support for new project strategies, e.g. increasing the social housing content of the housing development to mollify the local authority.

There are important ethical considerations for project managers in deciding the role that they should play in the political activity surrounding the project. Do project managers operate as 'honest brokers' treating opposing interests impartially, or do they align themselves with the stakeholder group which most closely represents their own self-interest?

There is often a conflict between logical changes and changes which will be acceptable to the stakeholders. This is particularly true in public sector projects where a wider spectrum of stakeholders may express active interest in a project.

Alliances between stakeholders inside the project with powerful outside stakeholders are often used as a means of pushing through unpopular decisions. For example, a project manager facing opposition within the project to a preferred strategy may elicit the support of the general public in order to force the change through.

It is easier to plot the two matrices in relation to a specific decision rather than a general case. It must also be realised that the stakeholder maps will vary over time and will be, to a large extent, dependant on the stage the project has reached.

Stakeholder configurations may also change in response to particular decisions. For example, in the case of the Swindon project a decision to increase the industrial

component of the project at the expense of the housing element may generate a storm of public protest whipped up by the local authority and the speculative housebuilder.

Mintzberg (1983) in his book, *Power In and Around Organisations*, identifies an external coalition which interacts with an internal coalition of stakeholders. Both coalitions are shown to be either passive or active, depending upon their level of power and interest in the project (Pfeffer and Salancik, 1978).

This supports the stakeholder mapping perspective.

Stakeholder management principles

The rather Machiavellian approach to stakeholder management suggested in the previous section may seem more pragmatic than ethical.

A more ethical Kantian approach would follow two principles of stakeholder management.

- **Principle 1:** The project should be managed for the benefit of **all** its stakeholders: its clients, sup-pliers, owners, employees, and local com-munity. The rights of these groups must be ensured, and, further, the groups must participate in decisions that substantially affect their welfare.
- **Principle 2:** Project Managers bear a fiduciary (trustee) relationship to the stakeholders and to the project as an abstract entity. They must act in the interests of stakeholders as their agent, and must act in the interests of the project to ensure its survival.

The Kantian approach is likely to become the norm if the culture of the construction industry responds to the trends in developed and developing countries towards more inclusive, stakeholder societies.

Conclusions

The importance of identifying project stakeholders and understanding their expectations for a construction project has been discussed.

The use of stakeholder mapping has been shown in analysing the power, predictability and interest of project stakeholders in a construction project.

The use and abuse of power in the construction project context, which was explored in depth in my previous paper (Newcombe, 1996), can only be understood when the project manager has systematically mapped the current 'power positions' of project stakeholders. Just as managing the client was a skill that project managers developed towards the end of the twentieth century so being sensitive and responsive to stakeholder expectations, in accordance with stakeholder management principles,

is a skill which project managers will need to develop in managing construction projects in the twenty-first century.

Acknowledgement

Dedication

This paper is dedicated to the memory of Syd Urry who, as Head of Department of Building Technology at Brunel University, practised the principles of stakeholder management long before they were fashionable.

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