

Role of Stakeholder Management on Performance of Project”

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Abstract: One of the major concerns coming forth in the management of construction projects is the recognition and management of project stakeholders since the stakeholders are a major source of uncertainty in construction project. In the literature review it was identified that among many causes of project failures poor project stakeholder management has an impact on project performance success. The main objective of the present research was to assess the role of project stakeholder management on project performance in construction industry. This study thus develops and tests the relationship between factors of stakeholder management and performance of project.

With the help of literature review, a conceptual framework was developed showing the variables that are instrumental in determining the stakeholder management and how these variables influence the performance of project. From the literature, in total 28 factors of stakeholder management and project performance were identified and grouped under 6 parameters namely Management Factor Group, Information Input Group, Stakeholder Estimation Group, Decision Making and Action Group, Continuous Support Group and Project Success factors. In order to achieve the objectives, a questionnaire survey was conducted to collect data from the respondents that consisted of project managers, owners, project engineers and other related respondents. 68 responses were received out of 92 questionnaires sent for data collection. SPSS 22 was employed for data analysis. The descriptive statistics was used to describe the general result of the variables. In addition, correlation analysis was done to check the correlation between the dependent variable and the independent variables which revealed that all the factors of stakeholder management are significantly related to project performance.

Overall, the study shows that stakeholder management has impact on performance of project in construction industry.

Keywords- Stakeholder Management, Generic stackholder Model, Relative Importance Index.

1. Introduction: A project is a temporary endeavour undertaken by people who work cooperatively together to create a unique product or service within an established time frame and within an established budget to produce identifiable deliverables. Project success has been defined by the criteria of time, budget and deliverable. Project is

only successful if it comes on schedule, on budget, it achieves the deliverables originally set for it and it is accepted and used by the clients for whom the project was intended. (Antill 2004)

Project success depends on time, budget and deliverables. Definitions on project management are flooded with various scholarly contributions. One of the vital is by association of project manager which defines project management as planning, organizing, monitoring and controlling of all involved to achieve project objective safely and within well-defined time, cost and performance (Fleming, 2005).

Stakeholders need to be identified and their power and influence mapped so that their potential impact on projects can be better understood. Appropriate strategies can be formulated and enacted to maximize a stakeholder's positive influence and minimize any negative influence. This becomes a key risk-management issue for project managers. Failure to appreciate this has led to countless project failures, primarily because construction stakeholders have the resources and capability to stop construction projects (Bourne & Walker, 2005)

Poor stakeholder management can lead to many serious problems in construction projects. Such problems are: poor scope and work definition, inadequate resources assigned to the project (in terms of both quantity and quality), poor communication, changes in the scope of work and unforeseen regulatory changes, all of which may be the major source of delays and cost overruns. Doloi (2011) mentioned that the increasing complexity of modern construction projects and the involvement of a multitude of stakeholders with varied stakes make it nearly impossible to avoid cost overruns. To ensure a successful project, the project team must identify the stakeholders, determine their requirements and expectations, and manage their influence in relation to the requirements (Othman & Abdellatif 2011).

Research suggest that stakeholders with the ability to influence projects play a crucial role in the successful management of projects and in the professional and academic management; a common view is that stakeholder management and performance are strongly related. Among the reasons that affect project outcomes, many scholars have also cited "the ignorance or poor stakeholder management" as one of the key reasons responsible for project failure (Aaltonen, 2011; Chang *et al.*, 2013; Hietbrink *et al.*, 2012; Yang *et al.*, 2011; and Zolin *et al.*, 2012).

Further findings also indicate that issues within the stakeholder environment are mainly related to the stakeholder influential attributes and behaviours and their understanding and management. It is indicated that there is a high correlation between the stakeholder management efforts and overall project success.

Therefore, systematic improvement in project stakeholder management is required to improve the performance of project outcome. Stakeholders representing multiple interests play important roles as advocates, sponsors, partners and agents of change; they make or break a project, and often project managers do not spend the time to effectively manage the stakeholder relationship – to the project's disadvantage. The purpose of this study is to demonstrate how stakeholder can influence the outcome of projects.

The number and nature of stakeholders will vary with the life of the project, it would therefore make sense to carry out the review of identification throughout the project (Moodley 2002). Participation can take place in different places of the project cycle and at different levels of society and take many different forms. These can range along a continuum from contribution of inputs to predetermined projects and programmes, to information sharing, consultation, decision making, partnership and empowerment. Participation is both a means and an end. As a means, it is a process in which people and communities cooperate and collaborate in development projects and programmes. As an end, participation is a process that empowers people and communities through acquiring skills, knowledge and experience, leading to greater self-reliance and self-management.

1.2 Aim

The aim of the research is to assess the factors affecting stakeholder management and their effect on performance of construction projects.

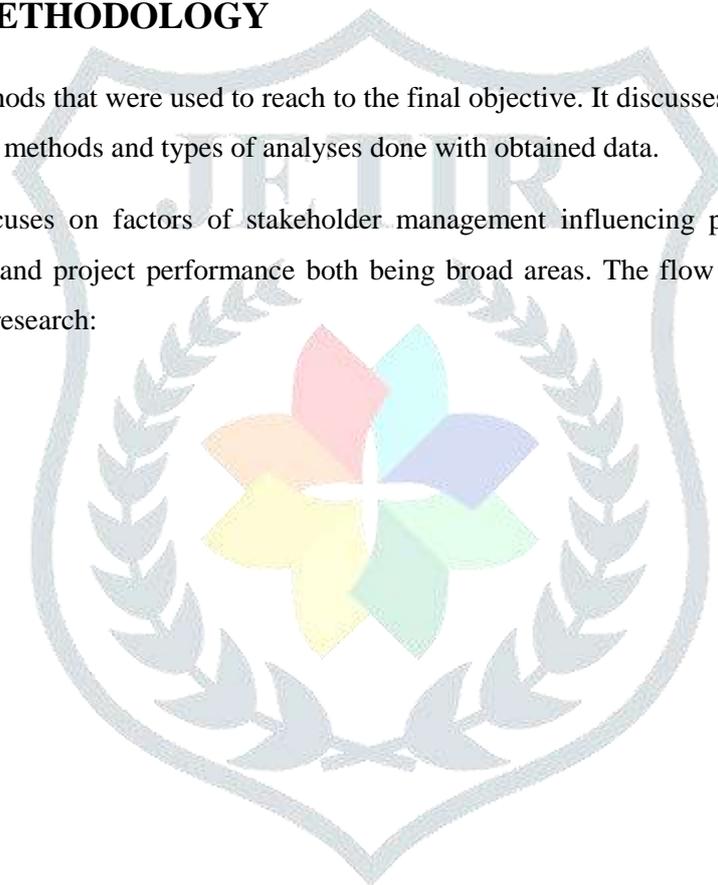
1.3 Objectives

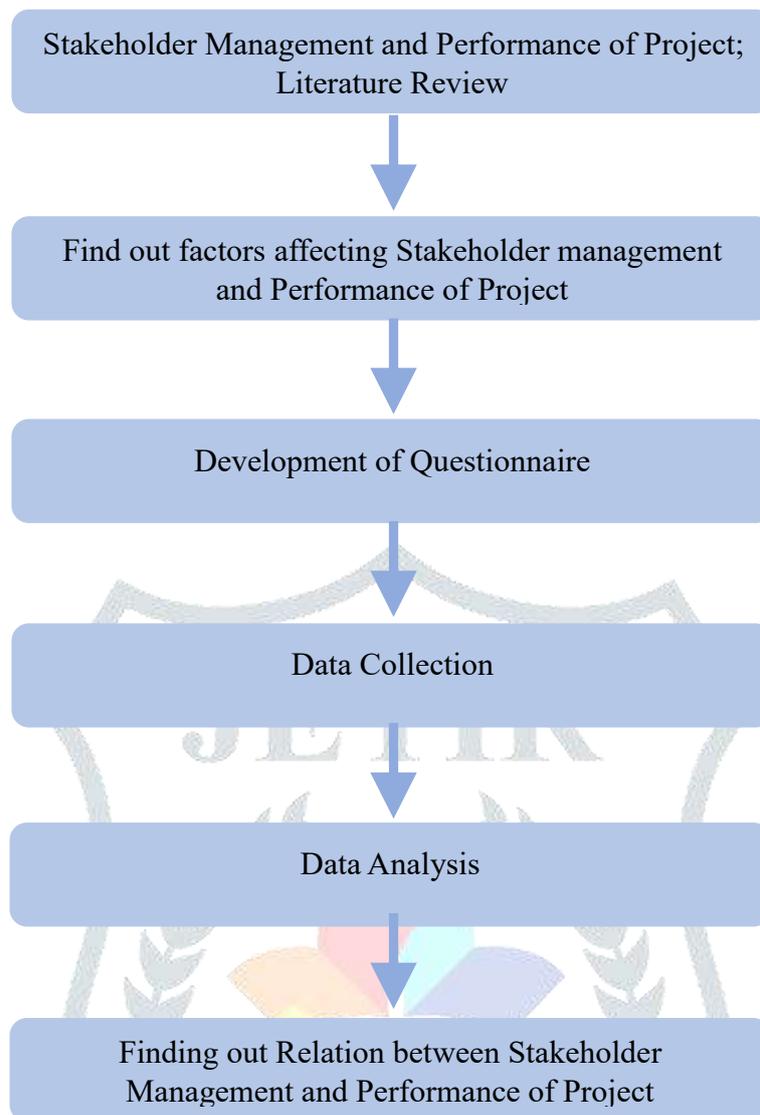
- i. To study the stakeholder management process and performance of project.
- ii. To review the literature and find out factors of stakeholder management and project performance
- iii. Linking the stakeholder management and project performance through analysis on surveyed data

2. RESEARCH METHODOLOGY

This chapter outlines methods that were used to reach to the final objective. It discusses research design, sampling procedure, data collection methods and types of analyses done with obtained data.

This research mainly focuses on factors of stakeholder management influencing performance of project, as stakeholder management and project performance both being broad areas. The flow chart will give idea about methods adopted for this research:





3.1 Research Design

This was a survey-based data collection of parameters of the study. This involved collecting information from a larger number of cases using questionnaires. Research design will give guideline of the thesis. Primarily qualitative method was used to explore the main topics of research and then was followed by quantitative method. The types of methods used for collection of data were Questionnaire survey, Observations.

The procedure followed can be listed as follows:

1. Defining the project: Initially aim was developed and objectives were defined with the help of two researches previously done on partially same topic.
2. Literature review: With the help of previous researches on both the topics, knowledge was gained and factors were listed out, also literature review helped in finding out the method that can be adopted to analyse data to be collected.
3. Survey Instrument: Based on the results from the literature review, a questionnaire survey is prepared. The items for the survey are developed, based on the most important factors identified from the study.
4. Perform data collection: The surveys are distributed to the different target respondents; the questionnaire survey is distributed via email and WhatsApp to construction project professionals.

5. Data Analysis: On obtained data from surveys, analysis was conducted using suitable qualitative and quantitative analyses to fulfil objectives defined earlier for the study.
6. Conclusion: The outcomes of the analysis are studied. Conclusions and recommendations are provided for the carried-out research study.

4. DATA ANALYSIS, RESULTS and DISCUSSIONS

4.1 Demographic Analysis

A total of 92 questionnaires were circulated for the main study, among them 68 valid responses were obtained (Response rate = 73.91%). Further, the response data is categorized based on the demographic profile of the respondents.

4.1.1 Type of Company / Organization:

Among 68 valid responses obtained from main study, the categorization is done based on the type of company/organization. The result obtained are: Contractor (26 responses, 38%) Consultant (15 responses, 23%), Client/Owner (11 responses, 16%) and Developer (15 responses, 23%).

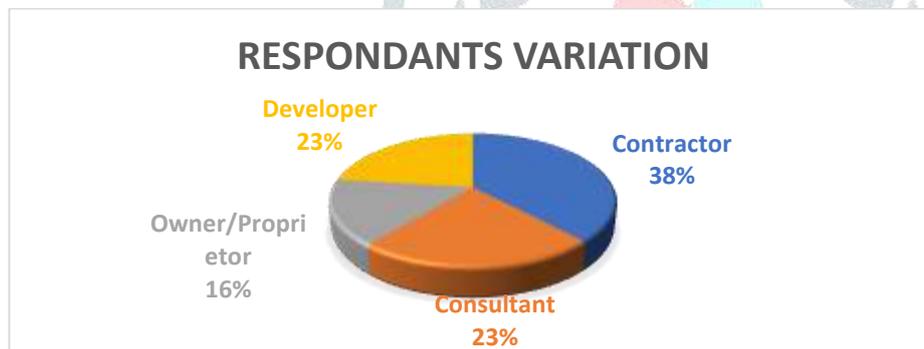


Fig 4.1 organization wise variation of respondents

4.1.2 Job Designation and Experience

Further categorization of the study responses is based on the respondents work designation (Figure 4.1) and years of experience (Figure 4.2) in construction industry. The results obtained for work designation yielded numerous categories. In consideration to further analyses, a common classification/grouping was required. The categorization adopted for working experience of respondents are: 0-2 years (4 responses, 6%), 2-4 years (10 responses, 15%), 4-6 years (14 responses, 20%), 6-10 years (25 responses, 37%) and above 10 years (15 responses, 22%).

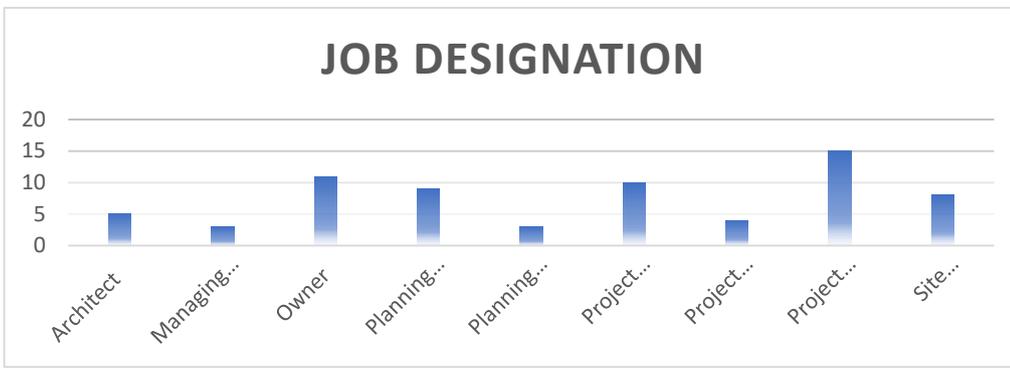


Fig 4.2 Job designation distribution of respondents



Fig 4.3 Work experience distribution of respondents

4.1.3 Location of Working

The categorisation of locations of working is done in terms of states, all the responses received are only from two states viz. Maharashtra and Karnataka. Out of 68 responses received, 57 responses (83%) were from Maharashtra and 11 responses (17%), were from Karnataka.

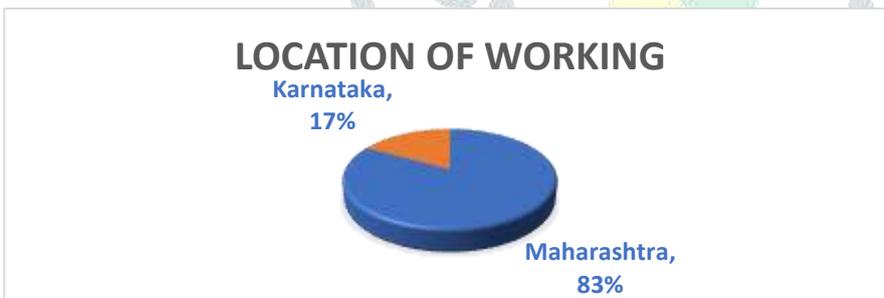


Fig 4.4 Location wise distribution of respondents

4.2 Data Analysis and Findings from Survey

4.2.1 Descriptive Analysis of Stakeholder and Project Performance Factors

This section presents the descriptive statistics of project stakeholder management input factors and project performance factors. It begins with the project stakeholder management input factors through summarizing Management Factors group, Information Inputs group, Stakeholder Estimation group, Decision-Making and Action group and Continuous Support group. This is followed by an assessment of project performance factors. The study

identifies the main input factors that are poorly performed in the studied project according to the mean result of the analysis.

‘Management factors group’ in PSM include the project manager’

5. Conclusion: Stakeholder management in construction industry is required so that conflicts or risks can be avoided in a project. Projects can only be successful through contributions from stakeholders, and it is the stakeholders that evaluate whether they find the project successful beyond receiving the project deliverables. Irrespective of actual project outcome, stakeholders who have been engaged and whose expectations have been managed are far likelier to perceive a project as a success than those who have been ignored.

Due to importance of stakeholder management in construction industry this research aims to study influence of stakeholder management factors to improve performance of project with three primary objectives

This study identified 28 different factors under five groups of stakeholder management and a project success group. The reliability of factors within groups was checked by calculating Cronbach’s Alpha, which appears to be more than 0.6. With the help of relative importance index (RII), ranking of factors among groups was carried out. In which ‘involvement of stakeholders throughout project life cycle’ had highest RII = 84.45%. Through the correlation analysis, it is seen that factors of stakeholder management are highly or moderately correlated with factors of project performance, highest correlation was seen between stakeholder estimation group and cost of project ($r = .825, p = .000$).

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