

# Construction Stakeholder Management and Public Sector Project Delivery – The Perspective of Ghanaian Consultants

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## Abstract

*Construction stakeholder management is a process of systematic stakeholder identification, engagement, analysis, planning actions and communications, aimed at influencing stakeholders position on a project. This is essential for enhanced project delivery. Many good projects have failed due to the absence of effective stakeholder management plan in Ghana including the proposed STX housing project, inland port and many GETFUND projects. This research explored project consultants' understanding, consideration and management of construction project stakeholders' expectation. Using a multiple method survey approach, a purposive sampling of quantitative survey of forty consultants working in firms which manage public projects and six interviews were conducted (80% response rate was achieved). Research findings were validated by triangulation of data, research participants and methods. The results showed that Stakeholder Management Plan was completely new to most consultants. Most consultants lacked knowledge and understanding of stakeholder management hence, the non-consideration. It was found that, consultants' general perspective was that it is a good practice and should be implemented however, the traditional procurement method could be a major challenge.*

**Keywords:** Consultants; Stakeholder Management; Project Delivery; Perspective

## Background

Stakeholder management is an essential aspect of project management if project goals of time, cost and performance are to be achieved. PMI (2008) and OGC (2007) consider stakeholder management as having impact on project success since the success of any project is related to stakeholders' satisfaction and value. This determines the support for subsequent projects (Maister, 1993).

Projects are temporary endeavours undertaken to create unique product, service or result with definite beginnings and end times (PMI, 2004). Construction projects are delivered only when completed and project objectives are achieved. To achieve project goals, unique set of coordinated activities are undertaken within a definite schedule, cost and performance targets by the individual or firm involved (BS 6029, 2000).

The ability to meet delivery targets of quantity, cost, time and performance may constitute

stakeholder value and a measure of project success (Fewings, 2005). According to Wang and Huang (2005), there is a positive relationship between stakeholder role and project success hence, stakeholder impact must essentially be considered.

Stakeholders can be beneficial or antagonistic towards achieving a project goal (Chinyio and Olomolaiye, 2010). Many projects have failed because of weak management implementation, notably problems related to stakeholder involvement (Strassmann, 1985). Stakeholder's interaction with projects is in the cultural or political arena and used to shape, constraint changes or achieve their project objectives hence the need to manage them (*Newcombe, 1996; Fewings, 2005*).

*Project Managers ignore the importance of managing project stakeholders and their expectation* (Maylor, 2003). This together with lack of integration and coordination of stakeholders has been identified as contributory factor to poor project performance (Olusegun *et al*, 2003). Project performance can be improved by implementing strategies which enhance management of stakeholders (OGC, 2007). This is essential for polytechnic projects in Ghana.

It is pertinent to note that construction projects by nature involve many stakeholders depending on the scale and complexity. Research has identified that stakeholder impact can be detrimental to project success as a result of the conflicting interest. Limited research has investigated the impact of stakeholders on construction projects in developing countries (Nguyen *et al*, 2009).

There is an urgent need to increase building projects for polytechnic institutions in Ghana. This problem is compounded by the increased enrolments and expansion of the polytechnics. In Ghana there are ten regionally based polytechnics established in consideration of the government access policies for polytechnic education as the main tool for providing middle-level manpower skill needed for economic growth. This has resulted in demand for building infrastructure expansion. Lack of funds to undertake these projects led to the establishment of Ghana Education Trust (GET) Fund in August 2000 with the mandate to bring improvement in the provision of educational infrastructure in Ghana (Republic of Ghana, 2000). GET Fund, as key sponsor have failed to meet its delivery targets citing lack of involvement in project development and being reduced to only "pay clerk" as factor (<http://allafrica.com/stories/201.002.260404.html> accessed 11/03/14).

GET Fund sponsored projects stakeholders conference held in February 2010 confirmed the need for enhanced delivery through stakeholder involvement. Internal stakeholders' expressed needs and expectations however conflicts with one another; and these are unlikely to be met without management of expectations (McManus, 2002).

The conference identified the inability to meet project set targets of required educational infrastructure as a setback to achieving institutional goals. The research focuses on impact of internal stakeholders management on achieving projects target cost, time and performance which is a measure for project success (Wang and Huang, 2005; Young, 2007).

## **Aim and Objectives**

The main aim of this study was to evaluate the impact of stakeholder management on building project delivery. The objectives of the study were:

- To explore project team members' understanding and consideration of project stakeholders
- To explore stakeholder management consideration process.

## Significance of Study

The research is significant in the context of poor GET Fund project delivery characterised by cost, time overruns, incomplete and increased projects demand. Stakeholder satisfaction is essential considering the demand for improved building projects.

## Literature Review

According to Olander and Landin (2005), stakeholders influence project decisions positively or negatively. Influences that are detrimental and impacts negatively need to be managed while positive influence is an opportunity for the project success (Bourne and Walker, 2005). Stakeholder influence however, depends on their position or importance to the project.

According to the OGC Category Management Kit (2006), stakeholder management involves building and maintaining active support and commitment (of stakeholders) to facilitate the timely implementation of the change or project. The process aims at understanding an individual's motives and position, which makes it possible to influence in a positive way, the process of change and to minimise or resolve issues which may be a barrier to the successful delivery of a project.

Savage et al, (1991) however, defines stakeholder management as the process of balancing the needs of various stakeholders that are critical to organisation or project success. There is the need for organisations and projects to have a planned approach to manage relationships with project stakeholders in action oriented-way by taking into account their goals and relevant concerns for the success of a project (Freeman, 1984).

According to PMI (2008), the Project Manager (PM) is the person responsible for the overall success of the project. Newton (2009), states that successful project management is ultimately about effective communication, people management and not the mechanical or methodological aspects. Lewis (2002), a PM must as such not have only a mind thought on stakeholder consideration but a planned documentation of processes and controls.

Chinyio and Olomolaiye (2010), identify the sponsor as a key and internal stakeholder with responsibility for leading the project through the selection process and play a significant role in the development of initial scope, project charter, authorizing changes in scope and phase-end reviews. Mayor (2009), mentions PRINCE 2 (2009) as referring to the sponsor as the one who ultimately wants the result and has the budget for the project to be carried out. The sponsor is involved throughout the project life cycle

Olsson *et al.* (2008) state that owner responsibilities are not always concentrated on an individual stakeholder in a project. This is because while a traditional owner can be identified for some projects, it is a more complex picture for many others. Zwikael and Smryk (2011) suggest that project owners are accountable for funds and target outcomes provided by the sponsor. Since project owners bear the responsibilities, right and control, they tend to have the greatest influence on a project (Olsson *et al.* 2008; Eikelan 2001). The project team may comprise of individuals with specialised skills contracted to carry out aspect of the work and may include such disciplines as cost management, structural services and architectural design, general construction and supplies. Identifying stakeholders' skills, roles, judgement, intuition and offering training through stakeholder consideration is essential for a project success.

## Stakeholder Management Process

Lock (2007) defines stakeholder management (SM) as the systematic identification, analysis, planning actions, communication, and negotiation aimed at influencing stakeholders. Stakeholder management therefore, involves definition, identification, mapping and analysing which is aimed at stakeholder satisfaction, a key to meeting client's objective, value concern project delivery and success (Mederith, 2006).



Figure 1: Stakeholder Management Process

Young (2003), states that stakeholder identification includes identifying stakeholder objectives, value driver, roles, responsibilities, communication and value. Stakeholders need to be classified either as internal or external, interests, expectations, strength, authority, for and against and history of behaviour listed essential for stakeholder management and communication. Dallas (2006) suggests that in the early stages of complex projects, many stakeholders' may be involved. It is useful holding stakeholders' conference to solicit their interest, objectives, participation and commitment while project goals are explained. Ignoring stakeholders' interests leads to late scope changes, opponents extending their power base, litigations and project delays (Olander and Landin, 2005).

It is primarily focused at getting to know and understanding each other, at the management level. Engagement is the opportunity to discuss and agree on expectations of communication primarily on a set of values and principles that all stakeholders will uphold. Stakeholder mapping involves stakeholder categorization followed by prioritization by considering stakeholder influence, support, interest, power and attitude. Key stakeholders are then highly prioritised and tools for effective management developed. Stakeholder mapping is used to determine the power influence on decisions on a scale of 0 to 10 and analysed using power or interest matrix (Olander and Landin, 2005).

Stakeholder analysis is about understanding stakeholder support, position, predictability, power and influence on the project objectives. It is important to analyse stakeholders who are likely to influence project decisions (Olander and Landin, 2005). Therefore, stakeholder analysis may be based on superficial rather than deep knowledge in the real world situation (Jespen and Eskerod, 2008).

Newcombe (1996) states that, a matrix or a grid can be used to classify stakeholders' impact, determine the required management process and a method for stakeholder mapping analysis. Stakeholders must be prioritized based on their level of impact on the project. Research has shown that there are many matrixes or grids that can be considered and are useful for prioritizing key stakeholders for effective stakeholder management of expectations:

- Power/interest grid, (PMI, 2008; Newcombe, 1996)
- Power/influence grid, (PMI, 2008)

- Influence/impact grid (PMI, 2008)
- Salience model. (PMI, 2008)
- Power/predictability (Newcombe, 1996)
- Power/Interest/attitude (Chinyio and Olomolaiye, 2010)
- Power/importance (Lock, 2006)

|               |                     |                     |
|---------------|---------------------|---------------------|
| High<br>Power | Keep satisfied<br>A | Manage closely<br>B |
|               | C                   | D                   |
| Low           | Monitor             | Keep informed       |
|               | Low                 | High                |

**Figure 5** Example of a matrix: power/interest matrix (Newcombe, 1996)

Stakeholder satisfaction is perception less expectation (Maister, 1985). Meeting the expectation of stakeholders is the minimum project goal criteria while the ability to provide extra as perceived brings satisfaction to the stakeholder. Key project stakeholders' collaboration on further projects depends on satisfaction (Cleland and Ireland, 2007). Meredith and Mantel (2006) suggest that key stakeholders have different perception about project satisfaction.

## Research Methods

The study adopted multiple research approach involving structured questionnaire and interviews. The survey employed structured questionnaire to solicit information from construction consultants (architects, Quantity Surveyors and Engineers). This was useful in comparing and evaluating project stakeholders' perception and the field findings. Forty set of questionnaires were administered through purposive sampling technique. Consultants who had knowledge in stakeholder management were considered. Six semi-structured face to face interviews and focus group discussion were conducted for in-depth qualitative data (Flick, 2009). Team members and industry participants of different disciplines and experience were considered for investigator and data triangulation. The survey achieved 80 percent response rate. Data was analysed using triangulations approach.

## Analysis and Discussion

### *Project Team Members understanding of Stakeholder Management (SM)*

Project stakeholder definition by the primary data sources was closely linked. Key words and phrases such as individuals, persons, groups, interest, influence and 'are affected by the project outcome' were used. Client organisation was emphasized. The survey's respondents confirmed project stakeholders to include all those users, the community and client organisations. They also mentioned classification such as internal, external, primary and secondary stakeholders (Chinyio and Olomolaiye, 2010).

Different investigators identified the client, project manager or team leader, consultant, sponsor, contractor and supplier as impacting most on project outcome. Interviewees mentioned the client followed by the project sponsor. The client's highest rating confirms industry practitioners' view of the traditional client as the only stakeholder (Newcombe 1996).

Only 18 percent of the respondents mainly industry participants consider SM. Interviewees consider SM as a process aimed at achieving project success. The different investigators and methods agree with theory that definite process is required. Team leaders (architects) do not consider SM as a process.

## **SM Process**

Interviewees agree with the statement that SM process is not considered confirming the team leader's assertion during the focus group discussion. A total of 82 percent of respondents were of the view that project team members do not document SM process because of lack of knowledge. Of the 18 percent, majority are industry practitioners and project managers.

Project stakeholders' non-consideration of SM was attributed to lack of knowledge, the fact that it is not a required tender document and client's representatives claim to consider but keeps only mental record. Project client stakeholders understand and consider some form of SM differently. Winche and Bonke (2002), suggest that stakeholder process involves two steps; first an attempt to change project opponents to proponents if it requires modifying project objectives and prevent possible proponents becoming opponents. Participants suggested that stakeholder definition, identification, mapping, analysis satisfaction should be part of SM process. Data, theory, methods and investigators validates the process. Only 10 percent of project stakeholders viewed responsibilities as important, however all industry participants recommended roles identification.

## **Stakeholder Management Consideration**

Client stakeholder considers some form of SM at the project development stage excluding the sponsors and construction team. Other stakeholders consider identified stakeholders at the pre-tender stage. Interviewee who is the team leader however, considers the client at the design stage and others at post-tender stage when project stakeholders are convened for pre-construction meeting. This was confirmed by the focus group and the quantitative data 48 percent (post-tender), 33 percent (pre-tender) and 24 percent (development stage response). Stakeholders identified have different perception of project success impacting differently on the overall project and may be conflicting in some instances (Polonsky, 1995). There is the need for early stakeholder consideration.

The practice by the development committee suggests the need to review the stakeholder group as the project progresses when other stakeholders are appointed. This agrees with secondary data which suggests regular review of stakeholder list of names, contact information, classification, roles and responsibilities (Young, 2007).

## **Conclusion**

This research identified that while respondents agree that all projects have stakeholders it was established that only 18 percent of team leaders and industry practitioners have required knowledge to consider SM process and less than 10 percent of GET Fund project stakeholders consider SM process. Project team leaders who are architects with inadequate knowledge do

not consider SM process except the traditional client. The client's representatives exhibited a better understanding in SM due to the project management background and the existence of the institutional development committees.

The study then sought to establish SM consideration processes. Two sharp opposing views emerged. The view among some stakeholders except the client representatives is that SM is not considered due to lack of knowledge. The only stakeholder who considered SM process was the client while team members also consider stakeholders who can influence the project on their behalf without the entire process and documentation.

Stakeholder meeting which considers all stakeholders is convened at the pre-construction stage when all stakeholders are appointed. This is considered as late consideration of project stakeholders since project set targets would have been determined without the influence and interest of the sponsor and construction team stakeholders.

This study having considered the SM concept, field study, theoretical and empirical literature suggests the following:

- SM process should be modified to suit the Ghanaian context. It should be simple, easy to understand and implemented but the process fully considered and documented.
- The development committee's membership should be enhanced as stakeholder groups to consider the interest of all stakeholders with client's development officers equipped to function in the capacity of project managers capable of considering SM process.
- SM process should be considered for the entire project life cycle however, the stakeholder composition could vary at different stages of the project execution.
- Project sponsor is a key stakeholder whose interest and influence is immense hence, should be actively involved in the SM process.

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