

## Rethink! Project Stakeholder Management

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### ■ ABSTRACT

#### KEY WORDS

*Stakeholder Management  
Project Management*

Many projects fail because stakeholders' expectations and interests are not sufficiently steered and managed. This research analyzes stakeholder management from two perspectives: In a "management of stakeholders" approach, a project needs stakeholder contributions to fulfill its purpose. In contrast, the "management for stakeholders" approach is based on the understanding that all stakeholders are valuable regardless of their help or harm potential. Research results show that a combination of both approaches ensures greater flexibility regarding project stakeholder management.

### ■ THE PROBLEM

*"Stakeholder Management is a key factor of success in any project. In the context of striving for sustainable development, the involvement of stakeholders has become even more important."*

Stakeholder Management is a key factor of success in any project. In the context of striving for sustainable development, the involvement of stakeholders has become even more important, since the cooperation with stakeholders may support the creation of shared benefits. Although project stakeholder management is not a new topic and has been considered an important task in project management, recent stakeholder theories often are not considered in project management.

The primary objective of this research is to develop a more holistic understanding of project stakeholder management that considers new insights from stakeholder theory.

### ■ THE METHOD

This research is based on four case studies across different industry contexts (including the transport sector, municipalities and universities) and countries (Austria, Denmark, Sweden). With three of these four project case studies, the researchers investigated project stakeholder practices, and three were used to experiment with systemic methods for project stakeholder analysis.

The research findings and propositions are based on practices, case studies, group workshops and a review of the literature. However, the qualitative research approach cannot totally prevent the influence of researchers' experience and perceptions.

## FINDINGS AND PRACTICAL IMPLICATIONS

*"The most prominent structural solution is the establishment of expert units. These units include disciplinary experts who are supposed to focus more on a particular disciplinary knowledge domain and less on interdisciplinary teamwork."*

*"Combining both approaches ensures a higher flexibility regarding project stakeholder management."*

*"The findings suggest that stakeholder management be considered a core task of project management. This requires project managers to bear in mind their ethical responsibilities to all project stakeholders, instead of exclusively focusing on the interests of the project owner/investor."*

In the "management of stakeholders" approach, a project needs stakeholder contributions to fulfill its purpose. In this approach, the stakeholders are considered means, and used as instruments to meet project goals. Just as the stakeholders influence the project, the project affects stakeholders. Each stakeholder has his or her own perception about project success. The final outcomes have a major effect on stakeholders' inclination to support future related projects, or even to influence other stakeholders in a positive or negative way.

In contrast, the "management for stakeholders" is a more holistic approach. It is based on the understanding that all stakeholders are valuable in their own right and that they are entitled to receive management attention, regardless of their help or harm potential. Within sustainable development environments, the need for project stakeholder management increases. Transparency and fairness constitute critical success factors.

Both approaches have limitations. The "management of stakeholders" suffers from its manipulative orientation. Values like transparency, justice, and fairness are not important, and there is a lack of ethical consideration. In its pure form, the only focus of management is benefit creation for the organization. Stakeholders are prioritized, and only those stakeholders who contribute to benefit creation for the organization are considered in the decision-making process. In contrast, the "management for stakeholders" approach embraces all the stakeholders and tries to reach win-win situations for them. It suffers from its lack of focus on the most important stakeholders, and generates more work.

Combining both approaches ensures a higher flexibility regarding project stakeholder management. Project managers must be aware that the methods to deal with stakeholder relationships are context- dependent.

The findings suggest that stakeholder management be considered a core task of project management. This requires project managers to bear in mind their ethical responsibilities to all project stakeholders, instead of exclusively focusing on the interests of the project owner/investor. The following propositions are recommended:

### Propositions

- Different organizations have different stakeholders and stakeholder relations. The interactions require special management where knowledge transfers and timing issues are essential.
- Managing OF and managing FOR stakeholders' approaches can be differentiated, but they are two extremes on a continuum. Table 1 summarizes the differences between them.
- "Management for stakeholders" approach is characterized by specific values that are a better fit for sustainable developments.

	Managing OF project stakeholders	Managing FOR project stakeholders
<b>Stakeholders perceived as</b>	Instruments for project success; or, absent—they are ignored	Source of ideas
<b>Values</b>	Manipulative No ethical consideration Economic perspective Short-term oriented Reducing complexity	Ethical consideration Transparency Participation Support sustainability Short/long-term oriented Increasing complexity
<b>Challenges</b>	Short-sighted outcomes Do not provide sustainable solutions	Extra work Slow decision-making Risk

Table 1. Differences between both stakeholder management philosophies

- Expectation alignment is important to ensure a successful “management for stakeholders” approach.
- Stakeholder management is a task for many roles in a project. In large projects, defining a formal role for a project stakeholder manager is adequate. Project stakeholder management is an ongoing, iterative process.
- There are multiple project stakeholder management methods. The choice of an adequate method depends on the context and phase of the project.
  - Starting: Stakeholder definition, analysis workshops, stakeholder reflections, scenario techniques, focus group workshops, stakeholder interviews, developing stakeholder strategies, developing communication/engagement plan.
  - Managing project stakeholder relationships: Dedicated project newsletter, folders, presentations, website, events, social media; as well as stakeholder workshops, individual meetings, integration of stakeholder representatives in workshops or meetings, integration of stakeholder representatives in the project organization.
  - Controlling stakeholder relationships: All methods for analyzing and planning stakeholder relations.
  - Closing down stakeholder relationships: Final project marketing activities, “thank you” email or letter, future-oriented evaluations or workshops, party, opening ceremony, etc.

## ■ FULL CITATION

Huemann M, Eskerod P, Ringhofer C. *Rethink! Project Stakeholder Management*. Newtown Square: Project Management Institute, Inc., 2016.

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