

Stakeholder Management in Infrastructure Projects

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ABSTRACT: A project is a temporary endeavour undertaken to create a unique product, service, or result. Projects can also have social, economic, and environmental impacts that far outlive the projects themselves. The temporary nature of projects indicates that a project has a definite beginning and end. The end is reached when the project's objectives have been achieved or when the project is terminated because its objectives will not or cannot be met. The termination of project is due lack of Budget, Resources, Environmental problems, but this only create temporary shutdown of the project and risk in Project execution. Permanent shutdown of the project is due to stakeholder's issue.

Index Terms –Stakeholders, Organisation strategies.

I. INTRODUCTION

Stakeholders can positively or adversely impact a project's objectives, a project can be perceived by the stakeholders as having positive or negative results. For example, business leaders from a community who will benefit from an industrial expansion project will see positive economic benefits to the community in the form of additional jobs, supporting infrastructure, and taxes. In the case of stakeholders with positive expectations for the project, their interests are best served by making the project successful. In contrast, the interests of negatively affected stakeholders, such as nearby homeowners or small business owners who may lose property, be forced to relocate, or accept unwanted changes in the local environment, are served by impeding the project's progress. Overlooking negative stakeholder interests can result in an increased likelihood of failures, delays, or other negative consequences to the project.

An important part of a project manager's responsibility is to manage stakeholder expectations, which can be difficult because stakeholders often have very different or conflicting objectives. Part of the project manager's responsibility is to balance these interests and ensure that the project team interacts with stakeholders in a professional and cooperative manner. Project managers may involve the project's

sponsor or other team members from different locations to identify and manage stakeholders that could be dispersed around the world..

TYPES OF PROJECT STAKEHOLDERS

Internal and external stakeholders are in infrastructure projects. They include the owners and users of facilities, project managers, facilities managers, designers, shareholders, legal authorities, employees, subcontractors, suppliers, process and service providers, competitors, banks, insurance companies, media, community representatives, neighbours, general public, government establishments, visitors, customers, regional development agencies, the natural environment, the press, pressure groups, civic institutions etc. Each of these would influence the course of a project at some stage. Some bring their influence to bear more often than others. If diverse stakeholders are present in construction undertakings, then the construction industry should be able to manage its stakeholders.

STAKEHOLDER THEORY

Stakeholder theory consists of three main perspectives: (a) descriptive (b) instrumental and (c) normative.

The descriptive aspect of the stakeholder theory explains, how does the firm relates to its stakeholder. It also highlights the interactions between firms and their stakeholders with the aim of contributing to knowledge, theory and practice. Its justifications are to show that theory corresponds to observed reality. It is neither judgmental nor prescriptive. However, it is difficult to claim that it is value neutral, as research and researchers are often and even inadvertently value laden and value driven.

STEPS IN STAKEHOLDER MANAGEMENT PROCESS

Following are the steps in stakeholder management process

1. Identification of stakeholders
2. Analysis of stakeholder
3. Plan stakeholder management
4. Engagement of stakeholder

5. Monitor stakeholder management

6. Control stakeholder management

IDENTIFICATION OF STAKEHOLDERS

The first step in the process of stakeholder engagement is stakeholder identification—determining who your project stakeholders are, and their key groupings and sub-groupings. From this flows stakeholder analysis, a more in-depth look at stakeholder group interests, how they will be affected and to what degree, and what influence they could have on your project. The answers to these questions will provide the basis from which to build your stakeholder engagement strategy. Here it is important to keep in mind that not all stakeholders in a particular group or sub-group will necessarily share the same concerns or have unified opinions or priorities. The most important reason for identifying and understanding stakeholders is that it allows you to recruit them as part of the effort. The Community Tool Box believes that, in most cases, a participatory effort that involves representation of as many stakeholders as possible has a number of important advantages: It puts more ideas on the table than would be the case if the development and implementation of the effort were confined to a single organization or to a small group of like-minded people. It includes varied perspectives from all sectors and elements of the community affected, thus giving a clearer picture of the community context and potential pitfalls and assets. It gains buy-in and support for the effort from all stakeholders by making them an integral part of its development, planning, implementation, and evaluation. It becomes their effort, and they'll do their best to make it work. It's fair to everyone. All stakeholders can have a say in the development of an effort that may seriously affect them. It saves you from being blindsided by concerns you didn't know about. If everyone has a seat at the table, concerns can be aired and resolved before they become stumbling blocks. Even if they can't be resolved, they won't come as surprises that derail the effort just when you thought everything was going well. It strengthens your position if there's opposition. Having all stakeholders on board makes a huge difference in terms of political and moral clout. It creates bridging social capital for the community. Social capital is the web of acquaintances, friendships, family ties, favours, obligations, and other social currency that can be used to cement relationships and strengthen community. Bridging social capital, which creates connections among diverse groups that might not otherwise interact, is perhaps the most valuable kind. It makes possible a community without

barriers of class or economics, where people from all walks of life can know and value one another. A participatory process, often including everyone from welfare recipients to bank officers and physicians, can help to create just this sort of situation. It increases the credibility of your organization. Involving and attending to the concerns of all stakeholders establishes your organization as fair, ethical, and transparent, and makes it more likely that others will work with you in other circumstances. It increases the chances for the success of your effort. For all of the above reasons, identifying stakeholders and responding to their concerns makes it far more likely that your effort will have both the community support it needs and the appropriate focus to be effective. In identifying stakeholders, it's important to think beyond the obvious. Beneficiaries, policy makers, etc. are easy to identify, whereas indirect effects – and, as a result, secondary stakeholders – are sometimes harder to see. A push for new regulations on a particular industry, for instance, might entail greatly increased paperwork or the purchase of new machinery on the part of that industry's suppliers. Traffic restrictions to control speeding in residential neighbourhoods may affect commuters that use public transportation. Try to think of as many ways as possible that your effort might bring benefits or problems to people not directly in its path.

ANALYSIS OF STAKEHOLDER

Ultimately, all projects depend on selecting stakeholders with whom they can jointly work towards goals that will reduce or reverse the threats to your key conservation targets. A stakeholder analysis can help a project or programme identify:

- The interests of all stakeholders who may affect or be affected by the programme/project;
- Potential conflicts or risks that could jeopardise the initiative;
- Opportunities and relationships that can be built on during implementation;
- Groups that should be encouraged to participate in different stages of the project;
- Appropriate strategies and approaches for stakeholder engagement;
- Ways to reduce negative impacts on vulnerable and disadvantaged groups. The full participation of stakeholders in both project design and implementation of is a key to – but not a guarantee of – success. Stakeholder participation: Gives people some say over how projects or policies may affect their lives; Is essential for sustainability;

- Generates a sense of ownership if initiated early in the development process;
- Provides opportunities for learning for both the project team and stakeholders themselves; and
- Builds capacity and enhances responsibility

better management of the resource base and improved community welfare. Gender analysis involves the assessment of:

- The distribution of tasks, activities, and rewards associated with the division of labour at a particular locality or across a region;
- The relative positions of women and men in terms of representation and influence; and
- The benefits and disincentives associated with the allocation of tasks to women and men.

There are a number of ways of undertaking a stakeholder analysis. Workshops, focus groups and interviews are three common approaches. During the course of the project cycle you may use all three, matching the technique to the evolving needs of the project. Whatever approach is used, there are three essential steps in stakeholder analysis:

- 1) Identifying the key stakeholders and their interests (positive or negative) in the project;
- 2) Assessing the influence of, importance of, and level of impact upon each stakeholder; and
- 3) Identifying how best to engage stakeholders

CONTROL STAKEHOLDER ENGAGEMENT

It is the process to monitor overall project stakeholder relationships and adjust strategies and plans for engaging stakeholders. The key benefit of this process is that it will maintain or increase the efficiency and effectiveness of stakeholder engagement activities as the project evolves and its environment changes.

CASESTUDY

The process of building Heathrow's Terminal 5 and its public opening in 2008 is a good example of how different stakeholders have different perceptions of success (or failure) depending on their experiences and expectations, and how the passage of time can affect those perceptions. The whole saga of T5 covers many years, for simplicity this description is broken into two stages:

1. Construction: building of the terminal begins for British Airport Authority (BAA), supported by enlightened contractual arrangements.
2. British Airways (BA) moves into the facility and begins operation

Stage 1 – Construction

The £4.3bn Heathrow T5 project included a new terminal and satellite building, nine new

tunnels, river diversions and road connections to the M25. It was hailed in 2006 as enlightened due to the adoption of innovative project management practices to avert the consequences of the traditional approach used in the UK construction industry. This traditional approach for a project of this size would potentially have resulted in average time overruns of two years, 40% budget overruns and six to eight fatalities, whereas T5 had been completed on time and within budget at the human cost of two fatalities.

Under the unique T5 agreement, BAA absorbed total risk in all contracts for the project, and developed the concept of integrated teams with stakeholders from the designers, builders and suppliers collocates and working together in a partnering relationship. This pioneering approach concentrated on early risk mitigation to anticipate, manage and reduce risks associated with the project. The change in BAA's culture was described as a 'watershed', creating an environment for early problem-solving, sharing of information and collaboration

In July 2007 the terminal was reported as ready with testing on the check-in process and baggage systems being planned. BA management was to take possession of the building mid-September 2007, to test all the facilities and to ensure delivery of the new 'passenger-oriented experience'.

The construction of the terminal was lauded as a success, from a time, cost, scope and quality perspective, but also from the management of risk and reduction of disputes and conflicts. However, in June 2006, BAA was bought by a consortium led by the Spanish construction company Ferrovial, and despite the T5 success has been reluctant to use the T5 agreement on further projects.

Stage 2 – The Opening

T5 was designed exclusively for British Airways' use (BA), providing an opportunity to define specific business processes during the design and construction of a new terminal. Aspects of the new terminal included: seamless check-in, designed to eliminate queuing; improvements in punctuality and baggage handling.

T5 was officially opened on 14 March 2008 by HM Queen Elizabeth and began operating on 27 March. From the first day flights had to be cancelled, passengers were stranded, and more than 15,000 pieces of baggage were lost⁵. The BBC described the opening as a 'national embarrassment'. What went wrong?

Perhaps BA management were indulging in the 'halo effect' – the construction project went

so well, the implementation would also go equally well. They certainly failed to adequately manage many of the people-risks involved in the opening including:

ng show a lack of understanding of the importance of training and adequate preparation for implementation. There was no contingency on that first day, no recognition that something might go wrong:

The CEO of BA, Willie Walsh, was interviewed by The Times on the day before T5 opened. His positive and confident approach in answering questions about T5's readiness was interpreted in the same newspaper after the event as hubris: '... he didn't countenance failure before the event, risking this over-confident interview ... our hunch is that he may be so determined, so driven, he simply does not recognise that incompetence could exist in those below him.'

Management did not ask staff to arrive early to counter potential delays in entering a building they had not entered before. They did not pay for additional staff, merely asking staff to come in on their day off to help out, but due to low morale staff were not prepared to volunteer on their day off. The baggage handlers were unfamiliar with the new technology and processes. They claimed that they had not been adequately trained and did not have any support or back-up even on this first day. The staff were unclear on their assignments for that first day because they did not know how to use the new resource management system. Staff arriving for the first shifts at T5 were delayed by a number of issues: There was a scarcity of specially designated staff car parking facilities, with the staff overflow car parks closed. There were delays in passing through security Staff were unfamiliar with the new terminal building and where they needed to go. Staff were not familiar with the new resource allocation system and therefore did not know what tasks they had been given on that day. Through the life of T5, success, failure, stakeholders and risk management have been inextricably entwined: T5 was hailed as a success in 2006 due to the adoption of innovative project management practices focused on stakeholder engagement and risk management.

□ □ It was seen as a success during its construction, on time, on budget, built to a high quality, with an exemplary safety record; due in no small part to a very strong focus on stakeholder engagement and communication.

□ □ It was seen as a disastrous failure during and immediately after the opening due mainly to the abject failure of BA management to manage the stakeholder risks associated with transitioning staff

to the new facility. Prior to the T5 opening, BA staff knew they were inadequately trained and had identified many of the problems - their management were simply not listening to their internal stakeholders.

□ □ But during the intervening years T5 has gradually become recognised as an outstanding international terminal with a fantastic baggage handling

II. CONCLUSION

The importance of adopting a sustainable stakeholder management system in projects, specifically in public projects like infrastructure projects have both positive and negative influence among people. Thus Such a system helps in understanding information requirements of stakeholders, generating positive image of projects, and avoiding or minimizing negative impact of stakeholders on projects. Thus, through adoption of such a system, all stakeholders would get the required information in the required format and at the specific stage of project when it is most useful for them. A proactive communication management system is more effective than a reactive system. Mr. Larsen used to say, "In any business you can have land, money, equipment, and make buildings; but all this is nothing compared to your people. Unless your people are happy you cannot do anything." In other words, people satisfaction is primary. Only when they are motivated and willing to work, the company can run. The delay and cost overrun of infrastructure project is mainly due to stakeholders issue. Project manager plays a major role to minimize the issue and thus make project success.

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