THE DYNAMISM OF STAKEHOLDERS' POWER IN CONSTRUCTION PROJECTS

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Stakeholders abound in construction projects and often have diverse interests. These stakeholders also have different levels of power which influence certain decisions and sometimes control actions. Given the diversity of stakeholders, it is not unexpected if certain stakes conflict with each other. When this happens, some stakeholders may use their power to gain an upper hand either in negotiations or in the extreme imposing their desires. The interests and powers of stakeholders are dynamic and so it is worthwhile to track these in the course of a project. Stakeholder management advocates for this tracking as well as responding to conflicting stakes. Research was carried out to study how internal stakeholders are managed. That research informs this article which dwells on the dynamic nature of stakeholders' levels of power as a project passes through different phases. The research involved eight interviews with project participants who have interacted with stakeholders. Qualitative data was generated from these interviews by means of audio-recording and transcribing. Content analysis was then used to identify the emerging issues in terms of power and other considerations. The result of the research confirms the position of literature that the level of power of a stakeholder can indeed change during a project; the level of power depends on knowledge and expertise of a stakeholder pertaining some aspect of the project, the legal/contractual authority invested on a stakeholder and status of a stakeholder in terms of ownership. These findings suggest that stakeholders should be tracked during a project, to determine when their level of power changes. That way, stakeholders will relate with each other in a proactive, and not reactive, manner.

Keywords: conflict, knowledge, power, project management, stakeholder management.

INTRODUCTION

Stakeholders and how they are managed are discussed with a particular emphasis on 'internal stakeholders' and their powers. A research project which aimed to formulate effective tools and techniques for stakeholder management informs this paper. Freeman's (1984) definition of a stakeholder is widely used often or adopted, i.e.: "any group or individual who can affect or is affected by the achievement of the organization's objectives". The associated term stake is a benefit or risk arising from organizational activities that is actual or perceived (Donaldson and Preston 1995; Post *et al.* 2002).

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Construction projects tend to have many stakeholders who in turn have many stakes. For example, subcontractors and suppliers of materials would be stakeholders to a main contractor and some of the stakes of the former would be to make as much profit as possible, obtain repeat business, etc. Each person or organization that is involved in a construction project would be a stakeholder to another participant. Even people or organizations who are not involved with the physical construction process directly can be stakeholders. For instance, a project within an existing shopping mall will have passers-by and neighbouring businesses in operation as stakeholders, as they could be affected by the on-going project in many ways.

Stakeholders interact with each other in diverse ways in the course of a project. Stakeholder management is a part of project management that requires inta alia good communication and relationship networks. This paper talks about the interaction of stakeholders during the construction phase of a project and at stages before that. The powers which the stakeholders have as the project progresses are discussed. In this regard, the next section introduces the stakeholder management concept and after that, the research method informing the paper is discussed. The findings of the research, concerning the powers of stakeholders, are subsequently presented and discussed before conclusions are made.

STAKEHOLDER MANAGEMENT

Stakeholders have often been categorized into subgroups according to particular criteria. A popular categorization is to distinguish between internal and external stakeholders with the former having a very high interest in the outcome of the project (Fewings 2005). Table 1 depicts this categorization and also shows how internal stakeholders can include members of the client's organization, project delivery team and regular users of facilities.

Table 1: Project Stakeholders (Source: Winch 2002).

Internal Stakeholders		External Stakeholders	
Demand Side	**Supply Side**	**Private**	**Public**
Client	Architects	Local residents	Regulatory agencies
Financiers	Engineers	Local landowners	Local government
Client's employees	Principal contractors	Environmentalists	National government
Client's customers	Trade contractors	Conservationists	
Client's tenants	Materials contractors	Archaeologists	
Client's suppliers			

Stakes have cultural, political or other origins (Mintzberg 1995) and may manifest the attributes of legitimacy, power and urgency (Carroll and Buchholtz 2006). Freeman (1984) theorized that an organization relates with many constituent groups and can create and maintain the support of these groups by considering and balancing their relevant interests. The origin of this theory is often attributed to Freeman (Goodpaster 1991; Logsdon and Wood 2000). Stakeholder management is rooted in business management and often associated with 'Corporate Social Responsibility' where ethical considerations are emphasized but an economic factor influences the implementation of the concept also. Stakeholder management should ideally be auditable and supported by the executives of an organization (Wheeler and Sillanpää 1997).

Urgency is the level of priority attached to a stake (Mitchell *et al.* 1997) and thus determines the type or nature of attention to be paid to stakes (Gago and Antolìn 2004). In this regard, stakeholder management will first identify the stakeholders in a

project and their associated stakes; then evaluate their urgency and prioritize and optimize the realization of these interests. Sometimes it may not be possible to grant all the wishes of stakeholders, so prioritization and optimization helps in making the best possible decision in each situation. Different sub-groupings of stakeholders will likely have different stakes in a project and their diversity amounts to a risky and potential source of conflict (Karlsen 2002). Stakeholder management acknowledges this risk and aims to avoid it. A formal approach is better for implementing stakeholder management (Cleland 2006).

Stakeholders also have different levels of power with which they can influence the course of a project. They have power to be either a threat or benefit to an organization (Gibson 2000). The power of stakeholders could be high or low depending on their involvement in the project and what they are expected to contribute. For instance, the conditions of contract might empower the project manager to issue instructions to the contractor wherein the later must comply. So during construction, the project managers will have high power relatively. The understanding is that people or organizations with power do make decisions or pronouncements that are weighty. It is often difficult or impossible to ignore the decisions and interests of those with power. So the magnitudes of both interest and power are considered when dealing with stakeholders and a template such as the one shown in Figure 1 can be used to map these.

A proper and accurate evaluation of the interests and powers of stakeholders will inform the prioritization and optimization of the achievement of their desires. Sometimes stakeholders with high power have high interests that are conflicting. In such situations compromises may be inevitable (Chinyio and Akintoye 2008).
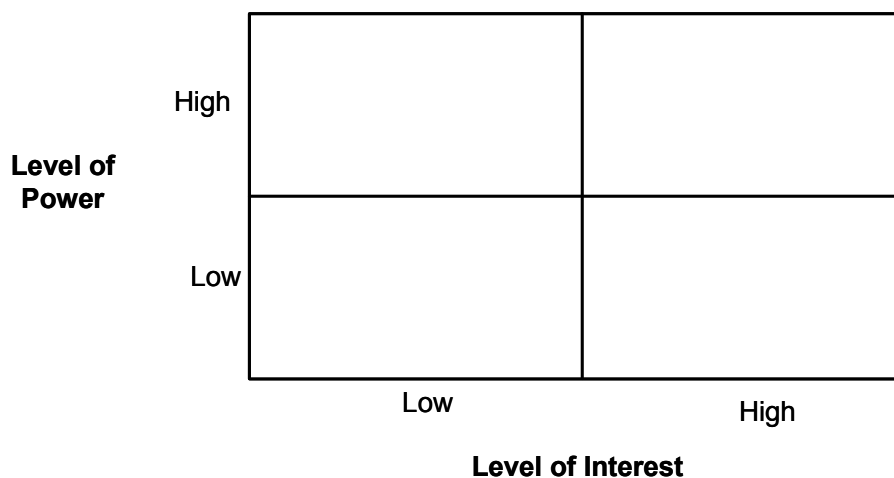

Figure 1: A stakeholder monitoring matrix (Sources: Adopted from Winch and Bonke 2002; Newcombe 2003)

The relationships between internal stakeholders depends firstly on the Client's organization and how much involvement and experience the client possesses, as to whether all parties of the project team have direct contact with the client, or the project manager who may be the main contact point that instructs and advises the client and project team (Walker 2007). Either way the project manager must ensure that the client understands the decisions to be made and that there is a balanced opinion in making those decisions. There is a case too for all internal stakeholders to understand the importance of each other party and demonstrate balanced views in making their appropriate decisions, particularly where staff, employees and end-users

are involved as some of these may have little knowledge of construction procedures. These stakeholders could affect the project, for example; they could argue that the facility being built is not fit for purpose and thus unsuitable to them (Walker 2007). A very wary project manager will ensure that while meeting the project objectives and expectations of all stakeholders, all decisions made are controlled and communicated to the relevant parties.

Stakeholder issues can be quite intricate and are often fluid in nature. So stakes have to be monitored continuously and actions taken as quickly as possible. Greater details about stakeholder management are discussed in Chinyio and Olomolaiye (2010). Meanwhile, research into the concept is being carried out (Kolk and Pinkse 2006) but more is needed. One aspect that is worth researching is the dynamic nature of stakeholders' powers and interests. This aspect was researched in a study that aimed at understanding stakeholder interactions and formulating effective tools and techniques for coping with these thus improving the success of construction projects. The objectives of this exploratory study include the identification of any key issues or factors therein; finding out how communication issues affect stakeholders; analysing constructs pertaining to roles, responsibilities and relationships between internal stakeholders; and tracking the changing interests and powers of internal stakeholders.

RESEARCH METHOD

A qualitative approach was ideal for such a study and was thus selected for the research, more so that it can produce in-depth information and scope (Fellows and Liu 2003). Semi-structured interviews were used in generating data noting that this technique enhances dialogue, thus allowing for deeper investigation of relevant issues.

Eight interviews were conducted concerning four projects which are reflected in the data of Table 2. As advocated by Knight and Ruddock (2008), the same set of open-ended questions was posed to all the interviewees. This gave each of them the opportunity to express their own thoughts and opinions based on personal knowledge, experiences and relationships with internal stakeholders.

During each interview a power-interest matrix, as in Figure 1, was used to identify other stakeholders whom the interviewees reported on. Using the matrix as a basis, the interests and powers of these stakeholders were assessed at three stages of a project: pre-contract, pre-construction and construction phase. The pre-contract phase in this context refers to the early stages of a scheme, from the time a client conceives an idea, through its development and up to and including when a contractor is selected. The construction stage is the time the contractor(s) carry out work on site while the pre-construction phase is the relatively short time between contractor selection and physical construction.

The interviewees were contacted initially by telephone to request for their involvement in the study. As suggested by Fellows and Liu (2003) the next step was to send them further information in writing, explaining the research and guaranteeing confidentiality in the treatment of any data they would supply. The respective locations of where the interviews were to take place were agreed with the interviewees.

Purposive sampling can be used when access to data is crucial and generalization is not necessarily the main goal (Flick 2009). This fitted the context of this exploratory research and so purposive sampling was employed in sourcing the interviewees from amongst project managers, contractors, architects, suppliers, clients, etc. Eight

interviews were conducted ultimately: seven of these were carried out on a face-to-face basis while one was done over the internet. The interviewees are labelled as A to H for anonymity in Table 2. Although some of the interviewees had interacted with each other through the projects they had carried out, their opinions in this research were offered as professionals and not with a view to gaining or losing anything. This minimized or avoided any biased views.

Table 2: Interviews conducted

Interviewee	Designation	Role	Type of Organization	Project
A	Project Developer	Work alongside Client	Developer	Shopping Centre
B	Project Manager	Project Management	Consultancy	Shopping Centre
C	Director of Estates	Project Management	Local Authority	New College Campus
D	Architect	Project Management	Local Authority	Children's Residential Home
E	Architect Assistant	Project Management	Local Authority	Nursery
F	Project Manager	Project Management	Consultancy	New College Campus
G	Strategic Director	Client	Local Authority	Shopping Centre
H	Lecturer	Staff/End-user	Local Authority	New College Campus

The interviewees designated as A (Project Developer), B (Project Manager) and G (Strategic Director) offered their views on a project they had done jointly, which was a new shopping centre development. In this project the land was owned by a certain Local Authority and the Developers had invested in the scheme as a partnership between the former and the later.

The interviewees C (Director of Estates), F (Assistant Project Manager) and H (Lecturer) based their views on a new college campus project. This scheme too was executed in partnership between the college and a Local Authority. The other two interviewees, D and E (both Architects) discussed on two different other Local Authority projects but not executed as joint ventures. D discussed on the basis of a children's residential development while E's opinions were based on a Nursery development.

Four projects which were known to one of the authors were targeted as a basis for the interviews; these four projects are shown in Table 2 as being a shopping centre, new college campus, children's residential home and nursery. So the project managers and other stakeholders in these projects were approached for participation in the research.

The interviews were recorded with the use of a dictaphone and transcribed in order to analyse the data collected. Once transcribed the data was separated into smaller portions on the basis of the meaning represented. Having reached that stage, Dawson (2009) suggests that the data could be treated as being ordinal and amenable to coding and counting.

The principle of qualitative content analysis was used to discern actions and meaning in the relationships between internal stakeholders. Firstly, and in the context of this paper, the interviewees were asked to rate the level of interest and power of the stakeholders in the project. They were asked to rate these attributes as high or low by

using the template of Figure 1. The powers ascribed to these stakeholders are discussed in the next section. Where the assessment of the interviewees was not apparent, the transcripts were read through and key statements highlighted from the responses to each question. These statements were then reviewed and reduced into categories to help establish the level of power of the stakeholder being considered. The two categories considered were high or low. Likewise, the associated interests of the stakeholders were categorized but only the categorization of power is discussed here.

Easterby-Smith *et al.* (2008) indicated that counting is a type of content analysis. Taking a cue from this, counting was used to determine the number of stakeholders with low or high power at different project stages. There was no preconception of the levels of power of the different stakeholders.

Table 3: Perceived powers of stakeholders

Rating		Pre-Contract phase		Pre-construction phase		Construction phase	
Tending towards	Stakeholders	Low	High	Low	High	Low	High
H-H-H (7 in Number)	Project Manager		✓✓✓✓		✓✓✓✓		✓✓✓✓
	Architect		✓✓✓✓✓		✓✓✓✓✓✓	✓	✓✓✓✓
	Client		✓✓✓✓✓	✓	✓✓✓✓✓	✓✓	✓✓✓✓
	Contractor		✓✓✓		✓✓✓	✓✓	✓✓✓✓
	Structural Engineer	✓	✓✓	✓	✓✓		✓✓✓
	Quantity Surveyor	✓	✓✓	✓	✓✓		✓✓✓
	Funders		✓✓	✓	✓		✓
H-L-L (5 in Number)	Interest Groups		✓✓	✓✓		✓✓	
	Media		✓✓	✓✓		✓	
	Property Advisors		✓	✓		✓	
	Consultants		✓	✓		✓	
	Planner	✓	✓✓✓	✓✓✓✓		✓✓✓	✓
L-H-L (4 in Number)	Users	✓✓✓			✓✓✓	✓✓✓	
	Staff	✓✓✓			✓✓✓	✓✓✓	
	Solicitor	✓✓			✓✓	✓✓✓	
	Design team / Other designers		✓✓		✓✓	✓	✓
L-L-H (2 in Number)	Mechanical Engineer	✓✓✓		✓✓	✓	✓	✓✓
	Building Control	✓		✓	✓		✓✓
L-L-L (2 in Number)	Local community + surrounding business	✓✓✓	✓✓	✓✓✓✓		✓✓✓	
	Sub-contractors / Suppliers					✓	

RESULTS

The perceived powers of the stakeholders that were investigated and the way the interviewees rated these is displayed in Table 3. Although the research was designed to investigate internal stakeholders, the interviewees could not resist talking about external stakeholders too. It was considered worthwhile not to disrupt the discussions

and to allow the interviewees express their opinions. Thus a few external stakeholders were mentioned frequently and these are highlighted too in Table 3.

The ratings of stakeholders' powers are varied and seem to suggest that no stakeholder's power is static. Sometimes the power of certain stakeholders were rated high and sometimes low. However, some trends are worth noting. For instance, Table 3 shows that the powers of the client, contractor, architect and project manager were rated on the high side most of the time while those of the local community and neighbouring businesses (i.e. adjacent to the location of the project being discussed) were rated low most often.

In the first column of Table 3, H stands for high power while L denotes low power; and for instance, H-H-H means high power at all three stages studied, i.e. pre-contract, pre-construction and construction. The H-H-H stakeholders seem to be those who are involved in the project more frequently in the period leading to and including construction. Their responsibility in the project is such that they can induce changes that may be significant to the programme and cost.

Some stakeholders could have a high power in a project at the beginning but less so after the contract is signed. Suggested examples of such from Table 3 are planners, the media and interest groups. The profile of power of the planners is plausible in that they ensure that a scheme is designed in accordance with the regulations. Once this is done and a contract is agreed, the need for planning permission is greatly minimized and hence the power of the planners goes down at that stage.

Some public schemes could elicit a sustained media interest however the rating of the media as high at one stage only is a bit surprising because it is not always the case that they loose interest/power in a project once the contract is signed. It could be that after a contract is signed the media might still have an interest in a project but without power to change its course. It also demonstrates that high interest does not mean high power. Someone could have a high level of interest but low level of accompanying power.

Staff of organizations, other users of facilities and solicitors were rated as having high power in the pre-construction phase. Maybe, these stakeholders come to full comprehension at this stage and would want to influence the final outlay of facilities. They may also press for changes at this point and such changes, if effected, could overturn some decisions that were made at the earlier stages. That is one way in which stakeholders' interest could conflict with each other.

Stakeholder management seeks to understand the interests and desires of all stakeholders and to achieve these as much as possible. Where there are conflicts in this regard, ways of resolving these are sought and the powers of the relevant stakeholders are taken into account in the decisions. In this regard, it is not always the simple tactic of satisfying those with high power to the detriment of those with low power, but to balance all interests by looking at the broad picture. That is what makes stakeholder management quite intricate.

As stakeholder management takes into account both interests and powers in its considerations, it is worthwhile to study these two attributes together. The research informing this paper did investigate the levels of interests of stakeholders, but that aspect is outside the scope of this paper.

DISCUSSION

The foregoing results considered possible patterns in the stakeholders' powers. However, the interviewees established that the level of power varied according to the type of construction project and the type of contract used because these factors influence the roles, responsibilities and powers of certain individuals.

The Project Manager was indicated as having a consistent high level of power over the three phases studied; however the contractor was noted as taking on an increased level of power at the construction stage. The contractor's power was high consistently, due to the type of procurement used, i.e. 'Design and Build', where the contractor is brought in earlier compared with the situation in traditional procurement.

The external stakeholders that were indicated included external landowners, local communities and surrounding businesses. The local community was indicated as having low levels of power at pre-contract and pre-construction stages. This could be perhaps due to the local community not being made aware of the new development until construction works are about to begin, which can result in negative impacts. External landowners are indicated with a high level of power at the pre-contract stage as they have the power to influence the project if they are not in agreement with its objectives. At pre-construction and construction stage their level of power was said to decrease and, it was suggested this was due to the businesses that are a part of the scheme.

Coalitions of powerful stakeholders can emerge in the course of a construction project and these are not static and conflicts within these coalitions can manifest (Newcombe 2003). So the findings of the research reported here are in accord with expectations: that stakeholders' powers and interests are dynamic. However the present research has began to show the pattern of the dynamic nature of these shifting powers and interests.

One limitation of this study is the low number of interviews. Definitive conclusions cannot be made at this stage. However, the results have opened up opportunities for further research. At least, this study has shown that stakeholders can assess the power of their counterparts.

CONCLUSIONS

This research has created the possibility of subsequent studies as the findings point to future investigations, e.g. how power is exercised and how other stakeholders respond to this. Meanwhile, it can be concluded tentatively that power is not perceived to be static but transient. Even for a particular type of stakeholder, their power could be high on one project and low on another. Table 3 demonstrates this point where the power of the structural engineer was rated as both high and low at the pre-contract and pre-construction stages. It means that one respondent felt that the engineer's power was low on one occasion while another felt that it was high on another project. It thus means that the power of a stakeholder is quite circumspect. This fluid nature of stakeholders' powers reinforces the need for stakeholder management, which is to track the interests and powers of stakeholders and endeavour to balance and satisfy the former optimally. The interests of the stakeholders are not discussed in this paper but in a sequel. Albeit, there is a need to monitor stakeholders constantly, as their positions keep changing. However, when their needs and associated levels of power are known, then means of dealing with them can be selected or determined accordingly.

Since stakeholders can affect the objectives of a project, it is worthwhile to identify them and their potential impacts. Without that, there is a risk that the project could face some impediments. A brainstorming session can identify many of the stakeholders and their potential powers. Other avenues like use of past checklists can help in identifying the stakeholders in the current project. For instance, Table 1 provides a more generic list of project stakeholders which can serve as a starting point.

The research findings suggest that stakeholders should be tracked during a project, to determine when their level of power changes. Such monitoring will ensure that organizations are aware of the true positions of their stakeholders, which will inform how they communicate and relate with them. If this up to date tracking can be achieved, then stakeholders will relate with each other in a proactive, and not reactive, manner; and many conflicts between them will be minimized.

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