PROCESS ANALYSIS - PROJECT STAKEHOLDER MANAGEMENT IN A SELECTED OUTSOURCING COMPANY

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Introduction/background: A great many factors influence the course of a project. Both internal and external ones. One of the most important of these is undoubtedly the project's stakeholders, i.e. all those persons or entities who have an influence on and interest in the project. Stakeholder management focuses on the relationship between the project company and its stakeholders. These relationships can have both positive and negative impacts on the success of the project.

Aim of the paper: The aim of the paper is to diagnose and analyse the project stakeholder management process in a selected outsourcing company.

Materials and methods: This paper is based on a critical analysis of the literature and a questionnaire survey among 56 employees of the outsourcing company under study.

Results and conclusions: Based on the results obtained from the questionnaire survey, the rationale for improving project stakeholder management in the surveyed outsourcing company was identified.

Keywords: stakeholder management, outsourcing, project management, project success.

1. Theoretical basis for project stakeholder management

Stakeholders are individuals or a group of individuals directly involved in a project. In the literature we can come across many definitions describing who stakeholders are. Among the most common characteristics of stakeholders in these definitions are their influence on the achievement of the objectives and the implementation or completion of the project (Dinsmore, 1990), the fact that they have a "vested interest in the outcome of the project" (Cleland, 1985) and that they have an interest in it (Wright, 1997). In the European commission publication Aid delivery methods 2004 you can also find a definition where stakeholders are not only individuals but also institutions whose direct or indirect influence can be both positive and negative (European Commission, 2004).

They all have in common the fact that they are influenced by the project, and have an impact on the project and thus on the activities of the organisations that carry out the project. According to R.E. Freeman's assumptions about stakeholders, each stakeholder wants his or her interest and opinion to be prioritised. This implies that there are specific expectations of the stakeholder from the company carrying out the project. The stakeholder expects the completion of their designated tasks as soon as possible. These assumptions serve the decision-making processes taken by organisations during the implementation of a given project (Encyclopedia of Management).

Among the stakeholders, we can distinguish two main subgroups related to the implemented project. These are internal and external stakeholders. Both the former and the latter have an equal influence on the initiation, course and success of a project.

Understanding the importance of stakeholders to the effective and efficient implementation of projects has led to the development of principles, ways and instruments for interacting with them that make up what is known as project stakeholder management (Trocki, Grucza, 2009). In fact, according to J. K. Pinto, stakeholder management consists, as in the case of a project, of the process of planning, organizing, directing, motivating and controlling the resources necessary to deal with various groups of external and internal stakeholders (Pinto, 2009).

Project stakeholder management includes the processes necessary to identify individuals, groups or organizations that may influence or be influenced by the project, in order to analyse stakeholder expectations and their impact on the project, and to develop appropriate strategies for stakeholder involvement in decisions and execution (PMBOK Guide, 2013). In addition to identifying them all, it is important to consider and analyse their expectations and impact on the project, because as Cleland and King point out (Cleland, King, 1998), they influence the project at all times.

Stakeholder management includes three phases: analysis, planning and implementation, which are linked to the various project management processes. This is because it is important to effectively involve all of these individuals and groups in the work of the project. This is because an important part of stakeholder management is not only establishing, but constantly maintaining communication with stakeholders and identifying their needs. Stakeholder management is mainly related to the sphere of contacts between people involved in the project.

2. Research methodology

The aim of the research contained in this paper was to diagnose and analyse the project stakeholder management process in a selected outsourcing company. In order to achieve the main objective of the research, an attempt was made to find answers to the following research questions:

- Does the surveyed outsourcing company use project management methods, if so, which ones?
- Are project stakeholders identified during project planning and what methods and tools are used?
- Does and how does the company manage and interact with its stakeholders, and what factors influence stakeholder relations?
- How does the surveyed company communicate with project stakeholders?
- What is the degree of stakeholder influence on project parameters?
- What stakeholder attributes influence project success?
- What is the impact of stakeholders on the success or failure of the project?

In order to obtain answers to the research questions posed, a questionnaire survey was carried out based on a prepared survey questionnaire. The survey questionnaire was developed on the basis of a critical analysis of the literature on the topic of the paper. The questionnaire was distributed via the Internet and took the form of an online survey distributed using Microsoft Forms application in the internal network of the surveyed company. The survey was prepared in two language versions - English and Polish. The survey was conducted between January 2022 and April 2022.

The survey questionnaire contained closed and open-ended questions. It consisted of 23 questions, of which 21 questions were closed questions and the remaining two were open questions. The first 4 questions were aimed at identifying and characterising the surveyed group of respondents (metrics). The next two questions were about the impact of stakeholders on the project. The next questions were about stakeholder identification, stakeholder involvement and numbers, and the stakeholder attributes that have the greatest impact on the project. The survey also explored respondents' attitudes towards the project, project management methods and methodologies used, modes of preferred communication and stakeholders' expectations of the project. The final three questions of the survey explored the success or failure of projects and respondents' views on the impact of stakeholders on project success and opportunities to prevent project failure.

The selection of the research sample was purposive. The request to complete the questionnaire was sent to employees of the surveyed outsourcing company who directly managed projects or indirectly manage project stakeholders. These individuals were identified by analysing their job description according to the company's existing structure.

Statistical methods such as arithmetic mean, median, percentage were used to analyse the survey results obtained.

3. Survey results

Fifty-six respondents took part in the survey, with the questionnaire being sent to 70 respondents, representing an 80% return of completed questionnaires. Respondents who participated in the survey were 45% (25 people) with a Master's degree. Those with a Bachelor's degree taking part in the survey represented 30%. The remaining groups were those with a master's degree in engineering (6% of respondents), postgraduate education (6%) and the smallest group of respondents had a secondary or baccalaureate degree. More than half of the respondents, i.e. 34 people, had completed more than 6 projects in the last five years, with 13 people (23%) having completed more than 10 projects. A quarter of the respondents (14 people) had carried out between 3 and 5 projects in the last five years and 8 people (14%) had carried out only one or two projects. Respondents to the survey are those who have worked for the company for more than seven years - 19 people (34%). 25% (14 people) of respondents are employees who have been with the surveyed company for five to seven years, and 13 respondents (23%) have been with the company for three to five years. Five respondents (9%) have been with the company for less than one year and only five people (9%) have been employed with the company for one to a maximum of two years. The respondents of the surveyed outsourcing company are mostly employees of the Operations department (22 people - 39%) and the Service Readiness department (20 people - 36%). Three (5%) of them were employed in the Vendor Management department, two (4%) respondents each worked in the Account Management and Products departments. One (1.5%) each worked in Delivery and Sales. Five respondents (9%) worked in other departments.

The data collected shows that the vast majority of respondents have experience of working on projects in the outsourcing company surveyed and are employed in a department that has close contact with project stakeholder management. In addition, the vast majority have completed a larger number of projects in recent times, which provides a basis for their opinion and assessment of the impact of stakeholders on project success.

3.1. Application of project management methodology in the outsourcing company under study

According to the respondents, project management methodologies are used in the surveyed outsourcing company, as evidenced by 73% of positive answers. Only 14% of respondents, i.e. 8 believe that no methodologies are used in the company, while 7 have no opinion. The most commonly used methodologies are the traditional ones, such as Kanban and the waterfall model. 18 respondents indicated that they use Agile, 13 respondents use PRINCE2 and 26 respondents use Six sigma and Lean Management. Only five respondents indicated that they use the Project Management Body of Knowledge and Project Management Institute methodologies. 22 respondents answered that they also use other methodologies not specified

in the survey. Building an organisational policy, following the procedures and processes within it can sometimes be difficult to reconcile with stakeholder expectations. The survey shows that this is usually possible, but sometimes it conflicts with stakeholder interests. 23 respondents, or as many as 41%, believe that the organisational policies, procedures or processes built do not allow stakeholder expectations to be taken into account. The implication is that current company policy may in some cases hinder the implementation of a project or require an individual approach with the client in order to reach a compromise and thus the success of the project.

3.2. Identification of project stakeholders at the project planning stage in the surveyed company

When starting a project and planning its course, one of the key tasks is to identify the project stakeholders. Knowing who you will be working with or potentially dealing with is essential to planning how you will work on a project. By identifying the project stakeholders, we can plan how many people or groups of people we will communicate with, how much communication will take place and we can speculate on which stakeholder relationships may present possible difficulties later in the project.

In the surveyed outsourcing company, between 6 and 10 stakeholders are involved in the project according to the answers given by the respondents, this was indicated by as many as 36% of the respondents, i.e. 20 people. 28% of respondents indicated that between 1 and 5 stakeholders are involved in their project and 23% work in a project involving between 10 and 20 stakeholders.

In the surveyed companies, respondents identify stakeholders based on their own and others' experiences (71%, i.e. 30 people), by heuristic methods, i.e. brainstorming (26 people) and by using a stakeholder matrix (36%, i.e. 20 people) and the organisation's stakeholder register (29%, i.e. 16 people). Only 9% of the respondents (5 people) indicated that they use benchmarking for stakeholder identification and 6 people (11%) also indicated other stakeholder identification methods and tools not specified in the questionnaire. From the responses received, it appears that 6 people (11%) do not identify project stakeholders. It can therefore be concluded that the vast majority of respondents do not use specific stakeholder identification methods, but base the process on their own experience, intuition, logic or information exchange with other project participants. Figure 1 shows the methods and tools used to identify project stakeholders.
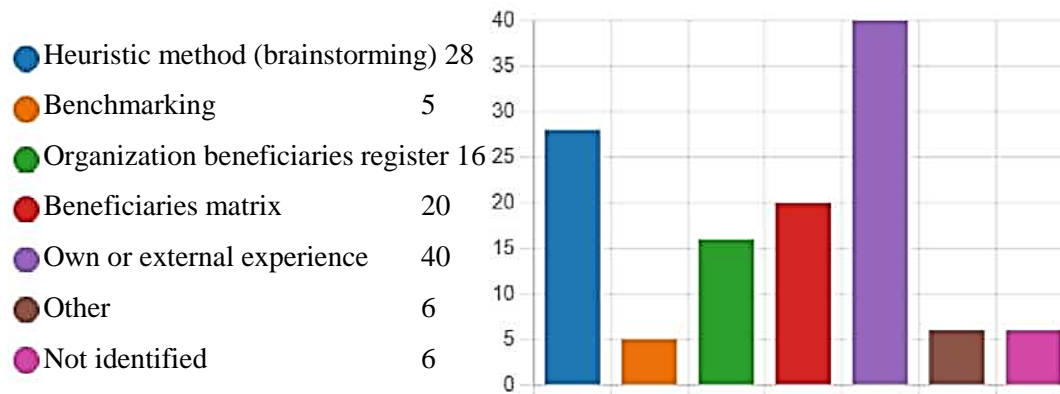
Heuristic method (brainstorming) 28
Benchmarking   5
Organization beneficiaries register 16
Beneficiaries matrix   20
Own or external experience   40
Other   6
Not identified   6

Figure 1. Methods and tools for identifying project stakeholders.

Source: own study.

3.3. Performance management with project stakeholders

Respondents, according to the answers given, manage stakeholder relationships (68% of respondents). Achieving the organisation's mission is a key part of any business. Every employee should constantly remember to fulfil their responsibilities based on it. The responses show that by building relationships with stakeholders, the vast majority of respondents, as many as 79%, achieve the organisation's mission. However, 12 respondents (21%) say the opposite which we can interpret in two ways. Either the organisation's mission conflicts with the building of stakeholder relationships (which, however, seems unlikely), or the stakeholder relationships being built are not in line with the organisation's mission. However, among these 12 respondents, two do not manage stakeholder relations at all. We can therefore conclude that the actual percentage of respondents who build stakeholder relationships that do not allow the organisation to achieve its mission is only 3%.

In project management, stakeholder relationship analysis can assist in planning project work and also help to forecast the occurrence of potential difficulties. This can contribute to increasing the probability of project success. Identifying stakeholder expectations based on their needs certainly has an impact on stakeholder communication, and meeting these needs can sometimes improve the quality of project delivery. When we identify stakeholder expectations and needs correctly, we can avoid communication noise that can disrupt the project. The survey responses show that 71% of respondents carry out a stakeholder analysis, i.e. who the project stakeholders are and what they expect. However, 29% of respondents do not carry out such an analysis. This can not only affect the success of the project, but also hinder ongoing collaboration.

An important factor influencing stakeholder relations, especially in multinational companies or those that collaborate with other foreign companies, is the culture of the country and of the region. Another equally important factor influencing stakeholder relations is the experience of the stakeholders as well as the project team itself. There are also internal factors

within the company, i.e. factors that are directly influenced by the company, such as the bonus system for an employee based on the performance evaluation on a particular project. At the same time, there are also external factors, i.e. factors on which the company has only indirect influence, for example the prestige of the implemented project. In the surveys conducted, respondents identified factors that influence the relationship with stakeholders. Among the key factors influencing relations with stakeholders, as many as 49 people (88%) indicated experience, 39 people (70%) indicated the culture of the country. Conversely, 25 people (45%) of respondents felt that internal factors influence stakeholder relations and 15 people (27%) felt that external factors do. Factors such as common language, soft skills, analytical skills, knowledge of the implementation environment, policy, legal changes, communication, mutual respect, attitude, relationship and trust were also among the indications of respondents. Figure 2 shows the factors influencing stakeholder relations in the surveyed company.
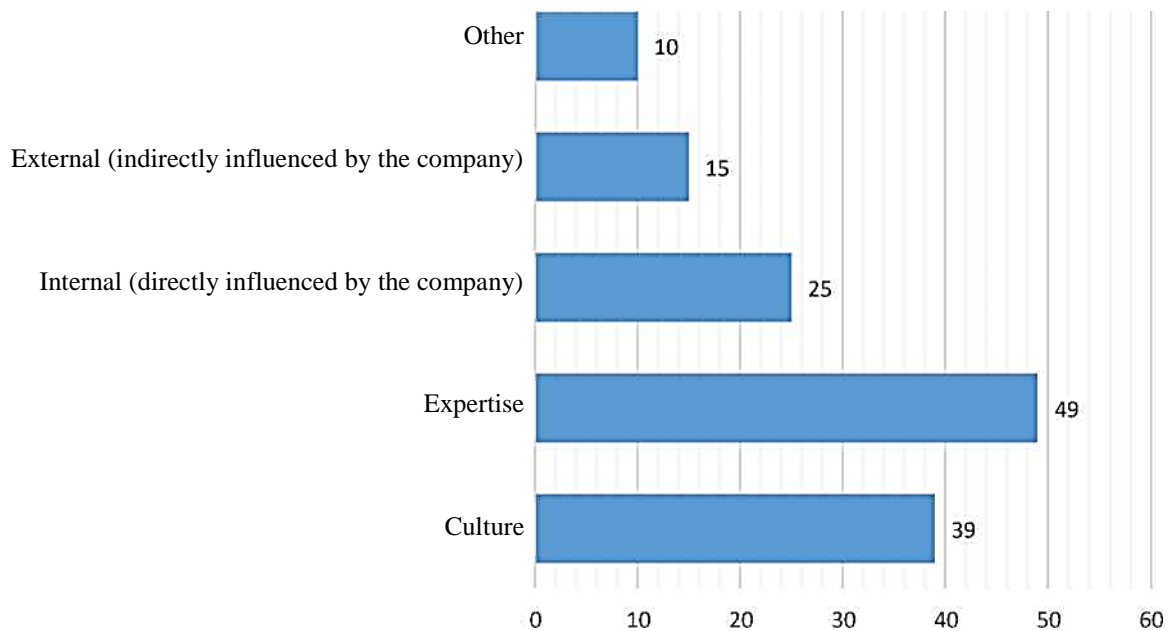

Figure 2. Factors influencing stakeholder relations in the surveyed company.

Source: own study.

3.4. Type of communication with project stakeholders in the surveyed company

Ways of contacting both stakeholders and colleagues have undeniably changed since the outbreak of the Covid-19 pandemic. Originally, people were forced to contact each other via telephone and the internet. As restrictions eased, the possibility of personal contact increased significantly. The change that occurred may have been a hindrance for some, but for others it may have been a more comfortable form of contact. In the company surveyed, online meetings are the preferred form of communication with stakeholders. A similar, but slightly lower level of popularity than online meetings was also enjoyed by personal contact and email. Contact via chat was most ambivalent about, but a positive attitude to this form of communication prevailed. The survey also found that telephone contact was the least preferred form of contact

with stakeholders. This may be partly due to the fact that not all employees in the company have access to a company phone, and using a private phone for business purposes can be costly and uncomfortable.

3.5. Degree of influence of stakeholders on individual project parameters

The timeliness of the project, the quality of its execution and the scope of work and budget are the main project parameters that can be influenced by stakeholders. The degree of this influence is difficult to quantify. However, it is possible to see during project work that some of these parameters are less influenced by stakeholders and others more influenced during the project. Employees of the outsourcing company surveyed believe that project stakeholders have the greatest influence on project quality. Slightly less influence was observed in the aspect of the timeliness of the project. Much less influence was observed in the aspect of project scope and the least influence was observed in the aspect of project budget.

3.6. Stakeholder attributes influencing project success

In addition to the fact that stakeholders can influence project parameters, it is significant that stakeholder attributes themselves can influence project success. The stakeholder identification referred to earlier may allow the identification of those attributes that have the greatest impact on project success or failure. Respondents indicated that communication with stakeholders has the greatest impact on the project (50%). One fifth of respondents (11 people) indicated that their involvement in the project was the most important. 7 people (12%) responded, that stakeholders' experience is the most important influence on the project and slightly fewer (9%) that their motivation is the most important. Only 3 people (5%) thought that the stakeholders' attitude towards the project was the most important. The remaining two people indicated other attributes not specified in the survey. This suggests that communication with stakeholders is the aspect that most strongly influences the project and should therefore be strongly considered in project planning. This can take place through pre-planned regular meetings, conferences, assemblies, meetings and the like. Figure 3 illustrates the stakeholder attributes that influence project success.
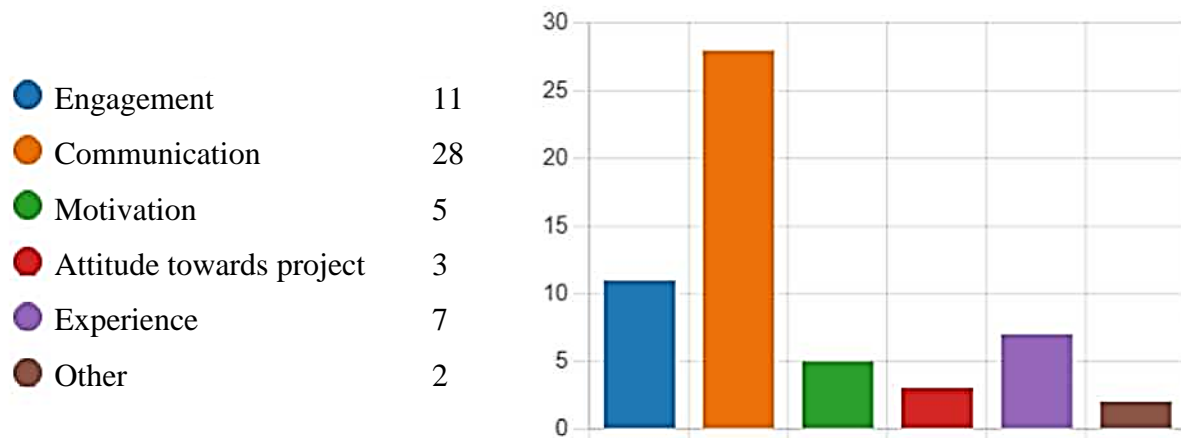
🔵 Engagement	11	
🟠 Communication	28	
🟢 Motivation	5	
🔴 Attitude towards project	3	
🟣 Experience	7	
🟤 Other	2	

Figure 3. Stakeholder attributes that influence project success.

Source: own study.

3.7. Influence of project stakeholders on the success or failure of the project

Respondents of the surveyed company (with the exception of one respondent), say that stakeholders have a high (17 people - 30%) or very high impact (28 people - 50%) on the success of the project. 10 respondents considered that stakeholders have a medium influence on the success of the project. This allows us to conclude that the influence of stakeholders on project success is a key element that should be taken into account when planning and implementing a project. When talking about the success of a project, one should not only think about the fulfilment of the project's objectives, the completion of the tasks or the achievement of the set goal. A project can only be successful if it is completed on time. Failure to meet the project deadline does not necessarily mean that the project has failed completely, however, it may be related to its incomplete success. In the surveyed outsourcing company, as many as 80% (45 people) took part in a project which was not successful, i.e. a project which did not meet the assumed premises and did not finish on time. This suggests that there were some difficulties in these projects, which may not have been taken into account when planning the project.

Project failure can result from many different factors. Changing circumstances, changes in personnel, changing needs of the contracting authority, and other internal and external factors can make changes to a project or even make it fail. Stakeholders can also have an equally strong influence on its success or failure. From the survey responses, the failure of the project in which the respondents were involved was largely related to stakeholders. Of the 45 people who experienced project failure, two thirds (30 people) indicated that the project was not successful because of a stakeholder or group of stakeholders. The opposite opinion was held by 15 people. This therefore supports the assumption that stakeholders are a key role in projects and that effective stakeholder management can help to reduce the risk of project failure.

4. Recommendations for improving stakeholder management in a selected outsourcing company

Based on the results obtained from the surveys, participatory observation and the experience gained as a member of the project team at the surveyed company, it can be concluded that, despite the best efforts, in order for the project plan to be successfully implemented as a key factor, it is necessary to take into account the cooperation with the project stakeholders and at each stage of the project implementation to revise the established plan in this regard. While making changes may prove difficult for some, it can be a key factor that will ultimately lead to project success. In order to improve the management of project stakeholders in the studied enterprise, it is suggested to implement the following measures:

1. Wider use of agile management methodologies, so as to plan the various stages of projects more in real time, or to adapt more flexibly to customers' expectations.
2. More in-depth analysis and identification of all stakeholders during the project planning phase.
3. Develop and introduce a consistent stakeholder identification model, which will be valid in the company.
4. Develop internal standards for project stakeholder management using a permanent workflow based on proven management models and methodologies.
5. Detailed planning of collaboration with project stakeholders taking into account the preferences and effectiveness of different communication channels.
6. Carry out systematic supervision and control of the progress of the project, especially with regard to the completion of tasks, timeliness and quality of services delivered.

5. Summary

A survey conducted at a selected outsourcing company provided insight into the stakeholder management process in projects there.

The results from the surveys show that the selected outsourcing company does not have developed stakeholder management tools. The company's employees use a variety of methods to identify and manage stakeholders and rely heavily on personal experience (71%) and heuristic methods (50%).

Online and face-to-face meetings proved to be the most preferred form of contact with stakeholders according to survey respondents, indicating that real-time contact with the possibility of non-verbal feedback is an important part of relationship building and collaboration for respondents.

Significantly more of the company's projects than expected are not fully successful (80% of the respondents were involved in a project that was not fully successful) and, according to the respondents, this is very often influenced by individual stakeholders or stakeholder groups - this opinion was expressed by one third of the respondents. At the same time, the same number of respondents said that these failures could have been prevented by better stakeholder management.

Based on the results from the surveys, the rationale in for the improvement of the company to improve stakeholder management was identified. It was recommended that the company should focus more attention on stakeholder management in the project planning and stakeholder identification phase and keep a close watch on the project progress, especially when it comes to internal project stakeholders.

In addition, it was suggested that there is a need for a greater exchange of experiences from the projects carried out and the development of schemes and approaches to improve stakeholder management and thus reduce the rate of project failures.

Acknowledgements

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