Improvement of Stakeholders Management In Malaysian Construction Projects: A Review

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ABSTRACT

Background: Stakeholder management in construction industry is well-known as one of the most important significant factor of construction projects in developing countries. From the time when the construction projects have developed more complex and bigger, the connection to the several stakeholders who are involved in the project became much more changeable for the duration of 20 years in developing countries. Based on difficulty and indecision of the projects, the construction project management has low record of managing stakeholders in the past 20 years. This paper purposes to clarify all factors in relationship to stakeholders who are involved in Malaysia construction projects and then try to find the most suitable alternatives and recommendations which can help for achieving stakeholders and especially key stakeholder’s interests that will affect the success of this project. In this study the main objective is: (1) to identify and analyzing of those stakeholders who have more impact over construction projects in Malaysia, (2) appoint of the stakeholders who are involved, (3) having clear objectives of the stakeholders, (4) have sufficient communication with key stakeholders, (5) identify stakeholder interests in Malaysia construction projects. To obtain these objectives literature review of past scholar researches have done to outline some significances and recommendations for managing stakeholders in construction industry of Malaysia.

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INTRODUCTION

From the time when the construction projects have developed more complex and bigger, the connection to the several stakeholders who are involved in the project became much more changeable for the duration of 20 years (Jawaharshen and Price 1997). Based on difficulty and indecision of the projects, the construction project management has low record of managing stakeholders in the past 20 years (Loosemore 2006). This is for this reason that many number of researches previously acknowledged significance of stakeholder’s management in construction project management industry. As Deming (1986) stated that the value of key stakeholders in finding the most essential information which can help to achieve a successful projects. The stakeholder’s realization of the project quality is important to achieve this goal. For making a project success, in the literature of construction project management it is usually suggested the considering of the all stakeholders interest as key stakeholders which are involved in the project (Wateridge 1998; Boddy 2002; Achterkamp and Vos 2008). Many problems of stakeholder management which is faced in Malaysia construction projects previously were identified by earlier researchers which is include insufficient appointment of the stakeholders, hard to clarify some stakeholders who are invisible in project, having uncertain objectives of the stakeholders management by the project managers team and insufficient communication with key stakeholders of the project (Bourne and Walker, 2006; Loosemore, 2006; Pouloudi and Whitley 1997). According to Cleland and Ireland (2002) to solve all problems mentioned, the project management team in Malaysia construction projects must know main fundamentals in managing of stakeholder especially those are key stakeholders. Jergeas et al. (2000) said two main points of perfection for stakeholder management which are aims and project importance, communication to stakeholders and making joint goals. By improvement of stakeholder’s involvement in the project, it can support in supplying the needs of stakeholders, decreasing unpredictable risks and also reducing...
negative actions that can have bad effect on whole project success (Aktin and Skitmore 2008). The project success principle contains key stakeholder approval and their integration with the project (PMI 2004).

To recognizing the fundamental and alternatives of stakeholder management in the Malaysia construction projects, literature review of past scholar works is used in this study to find most appropriate recommendations for enhancement of stakeholder management. This paper purposes to clarify all factors in relationship to stakeholders who are involved in Malaysia construction projects and then try to find the most suitable alternatives and recommendations which can help for achieving stakeholders and especially key stakeholder’s interests that will affect the success of this project. As stated by Cleland (1995b) the successful project must consider key stakeholder’s outlooks throughout project’s process which is the essential in developing of construction management science.

Research Methodology:

The particular methodology that is used in this study is based on literature review of some previous scholar researches on the issues faced in some constructions projects to find suitable strategies for managing of stakeholders in Malaysia construction projects. The following figure shows the research flow:

Fig. 1:

Literature Review:

Stakeholders in the project:

As Boonstra (2006) states the stakeholders of a project can be defined as different types of parties or individuals such as people, team or group inside or outside of a company. Stakeholders of a project are behaving based on their interests and they try to apply their power to impact on the project in a way that they want. Many scholars such as Clement (2005), Boonstra (2006) and Freeman (1984) defined that stakeholders can be every individual or group of people or organization who will have impact or will be impacted by the accomplishment the company objectives. In addition, stakeholders are every individual or corporations that have higher interest for the project. They also have measurable, association, governmental, symbolic, and informational in a particular company which will support their interests by political power and formal economic (Holtbrügge, Berg and Puck 2007). Stakeholders can be impacted by the companies with their performances in management (Lim, Ahn and Lee 2005). On the other hand, all stakeholders of the project are related to the particular issue. Success of a company or a project does not mainly depend on the effective direction or management of its processes, but it is depend on the all related external and internal stakeholders that may impact on the success of the project or company in negative way or positive way (Holtbrügge, Berg and Puck 2007).
Stakeholders Identification in the project:

Identification of stakeholders is the first task in developing projects and without identification of stakeholders probably the project will not be thought successful. Any project managers in a project must have knowledgeable and logical skills to identify of the stakeholders who are related to the project and try to work with them within the project to realize their interests, expectations and impacts on the success of the project. By doing this acts and skills, project managers can take full advantage of stakeholder positive inputs in the project success and reduces any possible harmful influence in the project (Bourne and Walker 2005). As Vos and Achterkamp (2006) stated the identification of the stakeholders is like making a line among the people or organization who involved in the project and others who are not involved. Following table shows some definitions of stakeholders which stated by previous authors. Table 1 shows stakeholders definitions by different authors:

Table 1:

<table>
<thead>
<tr>
<th>Definition</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those that have any input in decision making</td>
<td>(Phillips 2003)</td>
</tr>
<tr>
<td>Those that benefit from the outcomes of a decision</td>
<td>(Phillips 2003)</td>
</tr>
<tr>
<td>Those that contribute voluntarily or involuntarily to the organization’s wealth-creating capacity and activities (i.e. potential beneficiaries or risk bearers)</td>
<td>(Post et al. 2002)</td>
</tr>
<tr>
<td>A person who has or group of people who have a ’vested interest’ in the success of a project and the environment within which the project operates</td>
<td>(McElroy and Mills 2007)</td>
</tr>
<tr>
<td>People or groups that have, or believe they have, legitimate claims against the substantive aspects of a project. A stake is an interest or share or claim in a project; it can range from</td>
<td>(Cleland 1998)</td>
</tr>
</tbody>
</table>

In any construction project key stakeholders must be identified earlier to identify other stakeholders of the project. Key stakeholders of the project can be defined as who are able to meaningfully impact, or who are important in the success of the project (Salam & Noguchi 2006). Also the mentioned that the stakeholders have power to impact over the project for controlling decisions which are made for the project, simplify the operation of the project or try to apply impact which can have negative affect over the project. Therefore the stakeholders in project can be defined as following:

- **Key Stakeholders:**
  They are individuals or group of the people who are important in project and to project be successful, their interest should be identified. They are exactly who will have positive or negative impact on the project while the project is processing and also on successfully accomplishment of the project.

- **Non-Key Stakeholders:**
  They are individuals or group of the people who are not important as key stakeholders in project and to project be successful, their interest should not require to be identified, but still will be recognized to have complete lists of stakeholders.

According to Salam and Noguchi (2006) there is requirement for knowing who is stakeholder and who not stakeholder is and also there is a point which we need to know that all stakeholders of project are not required to be known for successful of the project. Based on what Bourne & Walker (2005) mentioned “legitimate and valid” stakeholders must be recognized and also there impacts and powers mapped to their influence on the project can be analyzed better. Based on many reviews of this, many authors faced difficulty in identifying stakeholders. Vos and Achterkamp (2006) stated that “There is no equivalent between identifying stakeholders and classification of them”. Classification of stakeholders is an essential stage so identification of the stakeholders goes outside of this stage. In projects, there are some different group of stakeholders that have different outlooks and properties. Every stakeholder in the project must be classified or grouped to find appropriate application of their rules (Lim, Ahn and Lee 2005). There are some classifications that have classified by some studies such as Internal and external stakeholder, Primary, secondary, Non-Social stakeholders (Freeman 1984) and political stakeholders (Holtbrügge, Berg and Puck 2007).

External stakeholders can be listed as suppliers, traders, laws and regulations, users and customers, distributors, users and customers. Internal stakeholders can be listed as the group in the marketing specialists, buying, designers, assembly, manufacturing and sales. According to Gibson (2000) they are those individual or group who have contractual, official and formal relationship. The influences of their relationship are direct and they include people such as employees, customer and investors. Vandekerckhove and Dentchev (2005) and Hillman and Keim, (2001) stated that “These stakeholders cannot be survived without contribution of the
company”. In addition, based on what Clement (2005) defined, the primary stakeholders are those ongoing
collection of interest is dangerous to survival of the company or project. Secondary stakeholders are those who have
special or public interest in company or project and also they have less direct involvement in project but
however in some cases they are really powerful such several interest groups, society of civil (Clement 2005).
This kind of stakeholders still is able to be affected or affect the company or project. Non-Social stakeholders is
not dealing with human relationship. This type of stakeholder also can be divided into two types which are
primary (direct) and secondary (indirect) such as non-human types, natural environment and future generations.
According to what Freeman (1984) stated that it is easy but it is very harmful for the managers of a project to
accept that the stakeholders that face them are unreasoned and reasonable. Political stakeholders can be included
national stakeholders who are in the country that project is running and international stakeholders who are
outside of country that project are running (Holtbrügge, Berg and Puck 2007).

Stakeholders Impacts and interests on the project:
For showing the matrix of power/interest of stakeholders which is also to demonstrate amount of their
impacts over the organization and project, stakeholder mapping will be used which is modified by Johnson and
Scholes (1993). They showed an environmental scanning model which is in background of stakeholders and
their power on organization or project (Olander and Landin 2005). In this mapping power and interest are
related. They can be Static to dynamic and low to high. This mapping technique is will be applied to improve
management of the dissimilar stakeholders (Winch 2004). It can contain of two different dimensions which is
the power that stakeholders have to impact on the classification of project and also interest’s level that those
stakeholders have in that classification of the project. Following figure shows this mapping.

Fig. 2:

As we can see in above figure, the interest mapping of the stakeholders in the project should be the first
possible stage to manage them which is concentrating on mission of the project; this mapping is representing
making final product instead of operation itself. This mapping also is showing the way that can change
challengers of project to supporters with recommending appropriate changes for the project operation (Winch
2004).

Analysis of stakeholders in the project:
Analyzing of the stakeholders is the identification of the stakeholders of the project, valuation of their
interest and how their interest can affect the project and find way which can evaluate their affect over the
project. The analyzing of the stakeholders support to have valuation of project to find put the interests of the
stakeholders in connection to project problems. In analyzing of stakeholders Salam and Noguchi (2006)
recommends the using of ‘4Rs’ idea. The idea is applied for examining stakeholders by showing the affiliation
and connection between stakeholders. Following is explanation of 4Rs idea:

Table 2:

<table>
<thead>
<tr>
<th>Idea</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationships</td>
<td>This idea is includes stakeholders in the battle</td>
</tr>
<tr>
<td></td>
<td>and their history with other one.</td>
</tr>
<tr>
<td>Rights</td>
<td>To contact and usage products and contact to</td>
</tr>
<tr>
<td></td>
<td>employment</td>
</tr>
<tr>
<td>Responsibilities</td>
<td>Making decision and rules, actions and</td>
</tr>
<tr>
<td></td>
<td>receivers and accept by rules</td>
</tr>
<tr>
<td>Revenues</td>
<td>Accumulated from resources accessed, employment</td>
</tr>
<tr>
<td></td>
<td>and also from indirect profits</td>
</tr>
</tbody>
</table>
Managing of stakeholders in the project:
This is defined by Lim, Ahn and Lee (2005) actual management of relationship among stakeholders. Stakeholder’s management can be focused on three main subjects: Recognizing the nature of stakeholders, investigate that under which environment they are and they can impact decisions of the organization or project and recognizing dissimilar strategies that face with stakeholders. Some studies have different ideas about management strategies for stakeholders. Four types of stakeholder management strategies based on resources requirement theory which is named direct usage, indirect usage, direct withholding and indirect withholding (Frooman 1999). Oliver (1991) suggests organization strategies which are agreement, negotiation, avoid, challenge and control. There are six strategies which are lead, cooperate, involve, protect, educate and monitor or control. The last management strategies are defensive, reactive, proactive and accommodative which are presented by (Lim, Ahn and Lee 2005).

Recommendations:
All the methods that used in management of stakeholders should be applied to help managerial issues and matters in project management team concerns for Malaysia construction projects which are regularly treated individually. Thus, project management team can connect the main problems to the improvement of plans or strategies, conducting possible battles for success and competence from different stakeholders. The recommendation for project management teams in managing the stakeholders, issues like communication, relationship, leadership, commitment, interests and impacts must be identified and spoken and should be discussed earlier to have more suitable collaboration with stakeholders and equally determined realization on the way to success. Project management teams can escape decisions that may push stakeholders to disappoint it objectives by paying attention to these issues. The first step which is recommended to project management teams is identifying of whole stakeholders of project that involved to have better understanding and picture of them and their relationships within the project. The following figure shows a picture of stakeholders for construction projects in Malaysia.

Fig. 3:
expectations and by grouping the stakeholders of the project in the power/interest matrix, project managers can be able to make a more suitable picture of how relationships and communications within stakeholders of the project can impact on the project success and implementation. Project management team can clearly understand that the successful accomplishment of the project objectives and its deliverables are analytically in need of their relationship management skills which will completely show expectations of the project’s stakeholders (Bourne and Walker 2005).

Communication with stakeholders of the project and understanding of that is vital project manager by having relationship with those who are unfriendly to the significance of the project vision and targets (Bourne and Walker 2005). According to Briner et al. (1996), for Malaysia construction projects should use “Early-Warning Systems’ which can be provided by “Active Communication” systems. If project management teams are able to make a reliable basis of analyzing stakeholder impact and its strength then they will be able to involve powerful stakeholders in the project which have good communication and challenges will be prevented. As long as stakeholders of the project have interaction together therefore their interactions should be understood by project management teams. Following shows some importance which should be noted by project management teams for Malaysia construction projects in understanding of communications and interaction among stakeholders:

- What are the interactions among different stakeholders?
- What are the importance requirements for every stakeholder?
- What are the impacts every stakeholder requirement has on the requirement?
- What are the association among the stakeholders and the developed project?

This is important for project management teams to realize that leadership, mission, management and essential principles in the project should be combined in the stakeholder management. Therefore, project management teams must ensure that organization or project includes rich vision to ensure stakeholder commitment. To achieve this protection the short or medium terms of objectives and goals must be achieved. In Malaysia construction projects, many dissimilar and inconsistent interests should be determined by project management teams and also there should be less thought of developments and inspirations which is used by business to prevent or omission of stakeholder’s force and power (Olander and Landin 2005). The project manager of projects should note about the variation between impacts of international stakeholders and local stakeholders. International stakeholders are interests more in monitoring and assessing the impacts of the project to ensure that the impact is not better than what was measured prior while local stakeholders care about the impact of construction processes during their routing processes and daily life.

All tools apply for management must deal with the similar problem in its implementation of the project particularly a negative realization. For Malaysia construction projects, negative realization by its stakeholders may strictly close the project. Project management teams should avoid of insufficient management of stakeholders which can affect to the missing of requirements, identifying stakeholders and failure. Project manager can group the impact of this project on stakeholders into negative and positive impacts. Negative impacts can be declined of the physical environment in construction project and one stakeholder of the project can have negative impact on the other ones while positive impact contains greater communication and better standard.

Conclusion:

In this research, the author purposed to provide greater understanding and gratitude of the issues and problems which is faced by project managers in Malaysia construction projects according to stakeholder management. It highlighted the overall literature reviews and theoretical of stakeholders management and their usages for this project’s stakeholder management. Important issues and problems were identified on managing stakeholders of Malaysia construction projects by reviewing previous references. As we learned in this study, management of stakeholders is about achievement and management of objectives by some people or group. Managing of stakeholders might be problematic because of stakeholders may have dissimilar and inconsistent objectives and goals through project. On the other hand, the path of solving these problems will be related to the manager of the projects in a way that is desirable for the client based on combined solutions. To have success project, project management teams should have better identifying, analyzing and managing of the stakeholders. Project management teams can increase good advantage by appropriate management of project stakeholders. Project management teams can achieve successful project by applying stakeholder management which has greater features such as relationships, interactions, communications, appropriate commitment and leadership of the management, improvement of assessment of interests, impacts and importance of project stakeholders.
REFERENCES


