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Stakeholder Orientation as a Predictor of Project Success

TREO Talk Paper

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Abstract

Annually, companies are losing billions of dollars due to projects failing, and the trend is not improving. Many factors can contribute to the failure, but stakeholders are a common denominator (Keil et al., 1998; Kappelman et al., 2006; Williams et al., 2012). Project studies have evaluated stakeholder relationships (Mazur et al., 2014; Wang & Huang, 2006) and stakeholder groups and engagement (Jenkin et al., 2019). Stakeholder relationships, particularly project sponsors and executive sponsors, have influenced project outcomes. These studies focused on the interaction between stakeholders and the project team.

Stakeholder theory is the premise that an organization exists to provide value to its stakeholders (Freeman, 1984). Stakeholder orientation is a subset of stakeholder theory in which stakeholders exhibit decision-making values that consider the customer, competitor, employee, or shareholder (Duesing & White, 2013; Yau et al., 2007). These vital stakeholders bring a competency to the team that goes beyond interacting with the project team. Stakeholder orientation theories have focused on CSR (Cheung et al., 2018; Erdiaw-Kwasie et al., 2017), but we are interested in the management side (Greenley & Foxall, 1997). The emerging research stream links stakeholder orientation to organizational performance (Brulhart et al., 2019; Vaitoonkiat & Charoensukmongkol, 2020).

Our study seeks to understand the effects of stakeholder orientation on project performance using project sponsors and executive sponsors as our study group. We theorize that the stakeholders possessing a higher level of strategic orientation towards customers, competitors, employees, or shareholders will positively influence project performance. Additionally, we posit that stakeholders with a higher strategic orientation toward customers and employees will achieve higher customer project performance measures. In contrast, we posit that stakeholders with a higher strategic orientation towards competitors and shareholders will achieve higher financial project performance measures.

Project performance measurements vary widely amongst the academic community. The traditional measures of efficiency (time, scope, budget) focus on internal standards for which the project manager is accountable. Our stakeholders have broader management accountability for performance beyond these ‘triple constraints.’ Organizational performance metrics include internal and external constructs, leading toward the organization’s effectiveness. Recently, project studies have expanded their measurements beyond efficiency to effectiveness measures (Iriarte et al., 2020). Project sponsors and executive sponsors are accountable for internal and external outcomes. This study's project performance measurement will use financial (return on investment, business benefits) and customer (quality, functionality, performance) constructs.

This study contributes in three ways. First, it aims to extend the project management literature by providing divergent views of stakeholders beyond their interaction with the project team. Second, practitioners can leverage this information to identify stakeholders with a higher level of stakeholder orientation to minimize one of the common denominators that plague projects moving us away from ‘doing things right’ to ‘doing the right things.’ Finally, this study applies organizational management theories to project studies, opening new application avenues for both disciplines.

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