# REFLECTIVE ESSAY FOR STRATEGIC MANAGEMENT OF PROJECTS

## Reflections on the BIS Project

### Student in Work Role

The purpose of this paper is to discuss my experience of a project, and life after, with the company I currently work for. My work as a software developer for the national power company in its information systems department involved being part of a project known as "THE BIS PROJECT" aptly named to stand for Business Information Systems project. This was an important project in the history of Zesco Limited (Zesco, 2015), which was conducted from 2002 to 2005. However, preliminary project work had started prior to the mentioned start date, at which time I had not yet joined the company.

The significance of the project was that it marked the evolution of the company into mainstream usage of IT systems for its business operations. This included automation of several of the business critical operations from managing of the enterprise to how it conducted its business. There was a monumental paradigm shift for the company hence the requirement to manage the change process effectively.

My role was to be part of the automation of the company's payroll and human resource operations which came from a paper-based legacy system and the use of mundane spreadsheet systems that offered very little in terms of integration with other systems in the organization.

As a project team member, I would work alongside consultants from an ERP company that was subcontracted and given the responsibility of implementing the project. In addition, the role required coordination with what were exposed to use as "relevant" stakeholders who included Human resource personnel and payroll personal. I must admit, this was a narrow way of viewing who could be classi fied as a stakeholder as I soon discovered towards the tail-end of the project and life after we concluded. Conversely, ignored subtleties such as negative perceptions of the

project by employees affected by the project comprise some of the observations that in hindsight led to problems post project such as personnel change management  Furthermore, being able to assess the impact of ignoring certain stakeholders during the project and the consequences that arose after the project was an enlightening experience that cannot be ignored going forward as the company considers an upgrading the current system. As Winch (2010, p.74) points out, the BIS project team as clients need to manage project stakeholders in order to see all projects through to successful completion. This is a salient argument that predicts failure of projects due to sidelining stakeholders.

My reflection paper takes a position on how stakeholders should be managed based on formal frameworks that can be applied. It looks at the stakeholders as dynamic capabilities (MBSStudyguide, 2015, p.14) that were identified and what difference would have been made had they be classified appropriately therefore allowing us as the client to manage them accordingly. This will include providing an understanding of the sort of power the different types of stakeholders wield over a project and provide insights from academic references of how they can be managed. The apex of this endeavor is draw from the initial project key issues that would enable a more successful follow up project with the upgrade implementation.

**Unit concepts and principles – Stakeholder theory**

***Stakeholder Rationale***

The rationale behind bothering about stakeholders in the first place is that they matter to the success of any project whose intention is to add value. According to Aaltonen (2011), in order to reduce uncertainty, a project management team builds up interpretations about their environment by conducting stakeholder analysis. When viewed in the context of project strategy, Artto et al. (2012, p.136) argue viewing a project as a firm which has a strategy of its own and therefore

affects the environment around it. In this regard, stakeholders are described as those actors who will incur or perceive they will incur a direct benefit or loss as a result of the project (MBSStudyguide, 2015, p.41). Although preferable projects are seen as value adding, stakeholders may have a pessimistic view of them if the inherent value creation purported is not shared. Therefore, as Artto et al. (2012) suggests, there are collaborative and competitive forces in the project's business environment which make it critical for the firm to focus on the business outcome of the project in its management of activities.

In their paper, Mitchell, Agle, and Wood (1997) provide two key questions that firms may need to ask before they endeavor into any project: the first is on a normative theory of stakeholder identification and classification (who and what are they?) and the second is on a descriptive theory of stakeholder salience (what conditions classify stakeholders?). Furthermore, they argue that stakeholders could be of primary or secondary depending on the sort of influence they are able to exert on a project.

***Stakeholder Identification***

When identifying who the key stakeholders are for a project, a firm has the option to take a wide or narrow view. Mitchell, Agle and Wood (1997) provide broad definition of a stakeholder as an individual or group who have the ability to affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives. And their narrow definition of stakeholders as those groups on which the organization is dependent for its continued survival.

It is important to understand the context as this provide a means of identifying the type of stakeholder based on the impact they have on the project. Furthermore, it serves as precursor to the stakeholder identification. For the purpose of this reflective paper, the narrow view is

adopted. However, this approach does suffer from the bias of focus on the direct relevance to the firm's core economic interests (Mitchell, Agle and Wood, 1997).

Mitchell, Agle and Wood (1997) further argue that narrowing the range of stakeholders requires applying some acceptable and justifiable sorting criteria to the field of possibilities. They suggest a relationship based approach, built on acknowledged transactional conditions, such as the existence of a legal or implied contract, an exchange relationship, or an identifiable powerdependence relationship (Mitchell, Agle and Wood, 1997).

The identification process does suffer from several challenges some of which Jepsen and Eskerod (2008) identified as lack of clarity in the guidelines that are supposed to help in their identification, importance and expectations.

***Stakeholder Classification***

According to Winch (2010), the problem of stakeholder analysis can be attributed to the lack of classification. He suggests resolving this by way of classifying stakeholders, primarily, into two categories: Internal stakeholders and External stakeholders. The former are those that have a legal contract with client whereas the latter have a direct interest in the project. Winch (2010) further provides a sub-classification that breaks down internal stakeholders into those clustered around the client on the demand side and those on the supply side. Similarly, external stakeholders are broken down into private and public.

However, Mitchell, Agle, and Wood (1997) provide a further classification of stakeholders where they identify what they call primary stakeholders who bear some form of risk as a result of investing capital, human or financial resources to a project. They classify these as stakeholders whose non participation would lead to the project not commencing in the first

place. They include capital suppliers such as shareholders and investors, employees, other resource suppliers, customers, community residents, and the natural environment (Clarkson, 1995). In addition, Clarkson (1995) identifies the secondary stakeholder equivalent as public stakeholders who include the government and communities. These provide the infrastructure and markets, whose laws and regulations must be adhered to, and to whom taxes and other obligations may be due (Clarkson, 1995).

***Stakeholder Attributes and Mapping***

According to Calvert (1995) as cited in Bonke and Winch (2002), stakeholder management has been a subject of growing importance in project management therefore Bonke and Winch (2002) suggest that an understanding of their interests and relative power is vital for the effective management of the inception stages of many projects during scope definition. This involves identifying the different attributes of stakeholders and providing a framework for mapping them.

Mitchell, Agle and Wood (1997) identify three attributes that define stakeholders. The first is power which describes the level of influence a stakeholder can wield over a project even in the midst of resistance. The second attribute is legitimacy which describes the degree of moral claim a stakeholder has over a project and is inferred by level of risk or property rights that articulate the principle of who or what really counts. Suchman (1995) describes legitimacy as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs. The last attribute is urgency which captures the dynamism of stakeholder management. The attribute helps address situations where a project relationship or claim is of a time-sensitive nature and when that relationship or claim is important or critical to the stakeholder (Mitchell, Agle and Wood, 1997).

Mitchell, Agle and Wood (1997) suggest that these attributes are not mutually exclusive and they provide the basis for what they term as the salience of stakeholders which captures the dynamism of these attributes and their trade-off with firm managers. They contend that the attributes are variable, not in a steady state, and socially constructed to the extent that consciousness and willful exercise may or may not be present.

Winch (2010, p.77) provides a useful framework that can be used to manage stakeholders by mapping them based on the power and interest they wield on a project. **Figure 1** illustrates the elements of the framework whose focus is the project mission which is represented as the asset to be created which tends to be the source of contention between stakeholders. The framework therefore identifies proponents and opponents of the projects and seeks to find ways of changing opponents into supporters by offering appropriate changes to the project mission (Winch, 2010).

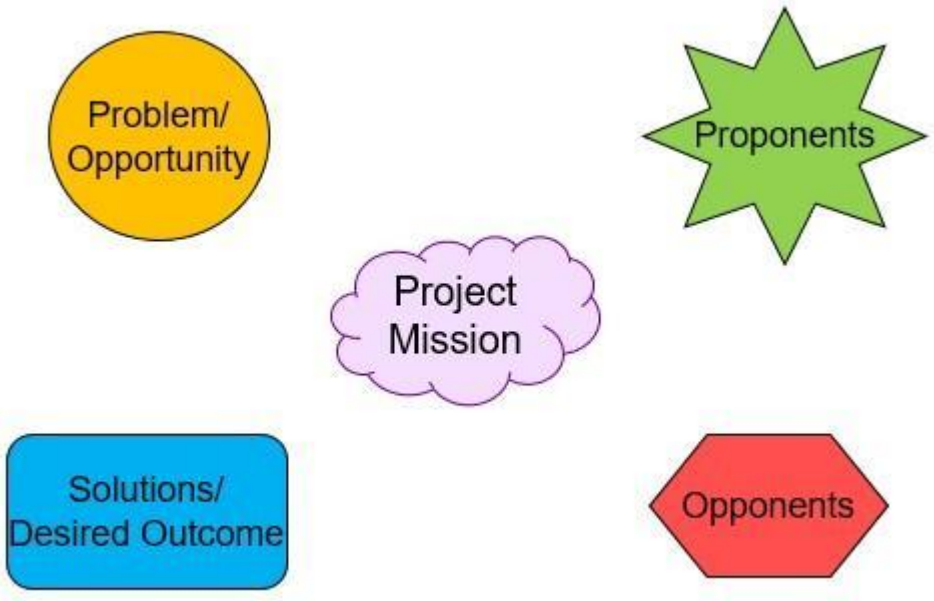


**Figure 1. Mapping stakeholders (source: Winch (2010, p.78))**

Once the stakeholder map has been drawn, the power/interest matrix (structure depicted in **Figure 2**) can be used to develop the strategy towards the management of various identified

stakeholders. **Figure 2** illustrates the two dimensions it consists which include the power of the stakeholder to influence the definition of the project and the level of interest that the stakeholder has in that definition of the project (Winch, 2010, p.77). The matrix consists four categories of possible stakeholder placement, however their position is context specific in relation to the project. The four categories are: keep informed, keep satisfied, key players and minimal effort. **Table 1** provides guidelines as to how these four categories can be dealt with and the associated consequences of dealing with these stakeholders. From this perspective, not only are the stakeholders identified but their potential movement between categories and the effects of handling them are also identified.

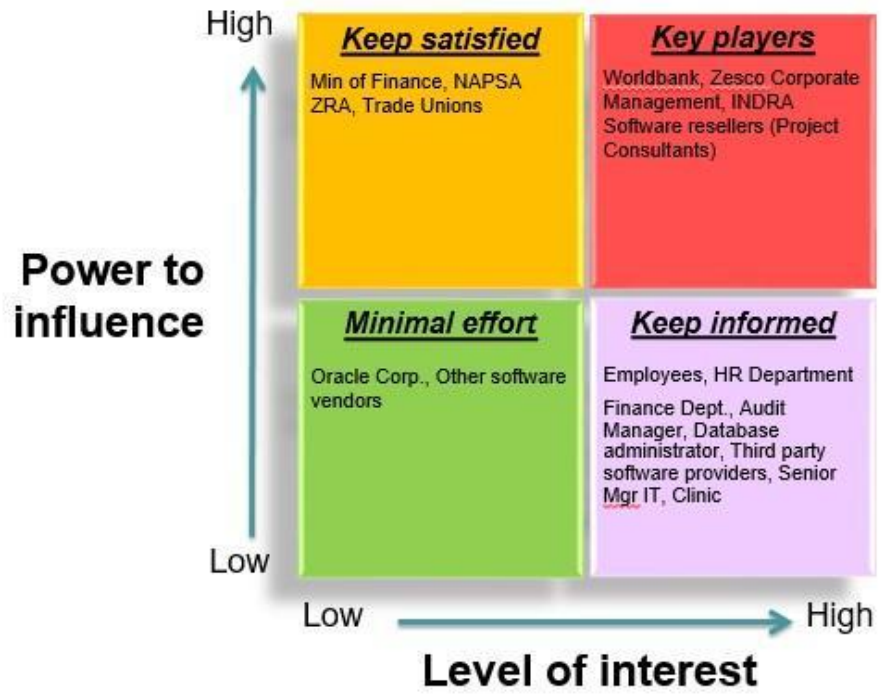


**Figure 2. The Power/Interest Matrix for the BIS Project adapted from Winch (2010, p.77)**

| | **Keep Satisfied / Consult** | **Key Player/Involve** | **Minimal effort/ Monitor** | **Keep informed** |
|---|---|---|---|---|
| *Who they are* | Regulatory and supply side bodies | Client, project financiers | Client's customers, Local and national government | Local residents, conservationists, environmentalists |

| | | | | |
|---|---|---|---|---|
| *How to Manage them* | Compliance with regulatory requirements, employing lobbying tactics | Clarity on return on investment | Use of public relations approach | Provide information on progress of project and address concerns |
| *Potential to migrate to.* | Key player | | Keep Informed | Key player |
| *Effects of handling stakeholders* | May have an effect on the project time line if complaisance is not adhered to. Legal action may be taken | Could be the difference between the project taking off or not | No effect | May upset the net present value calculation of Project, May dissuade future clients from coming |
| | against the project | | | forward for similar projects |

**Table 1 The Four Groups of Stakeholders (adapted from Winch (2010))**

***Justification***

I chose the aforementioned frameworks because I felt that the identification and categorization of stakeholders was neglected during the BIS project. This may not have been deliberate however, the consequence of such action have led to problems such as agency costs post project implementation. Therefore, having a framework in place is key in avoiding them when managing future projects that I will be involved in.

**Reflective assessment: ideas and insights**

Looking back at the implementation of the payroll and human resource implementation of the BIS project, emphasis was placed more on the technical success of the implementation. Having a sensitive system that impacted on human capital of the company brought with it queries post project that led to many post implementation alterations to the system. **Table 2** shows some of the perceived stakeholders that were regarded as important during the project however, the uncategorized list was not extensive enough to warrant it being called a thorough stakeholder listing as shown by the list of unconsidered stakeholders. The latter were stakeholders who emerged as the project proceeded and were mostly interacted with during the post project era.

| BIS Project Perceived Stakeholders | BIS Project Unconsidered Stakeholders |
|---|---|
| Project consultants (awarded tender) | National Pensions Fund |

| | |
|---|---|
| Zesco Management | Trade Unions |
| Employees | Actual third party software developers |
| Human Resource Director | Financial institutions |
| Finance Director | Zesco Clinic |
| INDRA – Software resellers | Legacy System Operators |
| IT Senior Manager | Ministry of Labour |
| World bank | Human Resource – Recruitment Department |
| | Human Resource - Human capital development department |
| | Audit Manager |
| | Database Administrator |
| | Zambian Tax Authority (zra.org.zm) |
| | Ministry of Finance |
| | Oracle Corporation |
| | Other software vendors looking to supply Zesco |
| | Central Bank (boz.zm) |

**Table 2 Identifying Stakeholders**

Drawing from the framework provided by Mitchell, Agle and Wood (1997), a narrow approach could have been used to help identify who the project stakeholders were. **Table 3** provides a list, from a narrow view, of unconsidered stakeholders.

| **Internal Stakeholders** | | **External Stakeholders** | |
|---|---|---|---|
| *Demand Side* | *Supply side* | *Private* | *Public* |
| World bank | Project consultants (awarded tender) | Other software vendors looking to supply Zesco (Competitors) | Central Bank (boz.zm) |
| Zesco Management | Actual third party software developers | Financial Institutions | Ministry of Finance |
| Employees | Oracle Corporation | | Ministry of Labour |
| | Trade Unions | | National Pensions Fund |
| Human Resource – Recruitment Department (customer) | Database Administrator | | |
| Human Resource - Human capital development department (customer) | Legacy System Operators | | |
| Audit Manager | | | |
| Clinic | | | |
| Human Resource – Recruitment Department (customer) | | | |

**Table 3 Classification of BIS Project Stakeholders**

However, it is not enough to simply identify the stakeholders. Upon reflection, categorization of these stakeholders was necessary in order to distinguish their importance to the project and after the fact. Applying the Winch (2010) framework of classifying internal and external stakeholders would have help to better understand the impact of each stakeholder.

Combining the Winch (2010) approach and the Mitchell, Agle, and Wood (1997) framework may have given the classification process more depth as the latter approach provides the aspect of risk identification associated with stakeholders. This is illustrated in **Figure 3** which shows the stakeholder map that may have been generated from the analysis.

To aid in the identification and classification process, the framework provided by Mitchell, Agle and Wood (1997) may have proved helpful to the project team as it was clearly evident that had the issue of identifying a comprehensive list of stakeholders come up, it would have proved very difficult. By using the three attributes provided in the framework, the team would have been able to determine the influence potential interested parties would have had on the project. For example, using **Table 2**'s list of ignore stakeholders, the central bank would have been identified as a stakeholder of some influence by the nature of them being able to set statutory reserve lending rates which would impact the calculation of personal loans taken by employees that were processed by the payroll system.

An enabler to this process is the diverse nature of the project teams. Most projects include personnel from different functional unit s of the company who come with different experiences from varying projects across the company. Therefore, using their experience on past projects could provide useful in the identification project. However, a potential blocker is that the tenure

of such team members can never be guaranteed as management can decide to relocate human resource at a moment's notice without caring about the impact of the loss of insight that will inevitably have on the project.

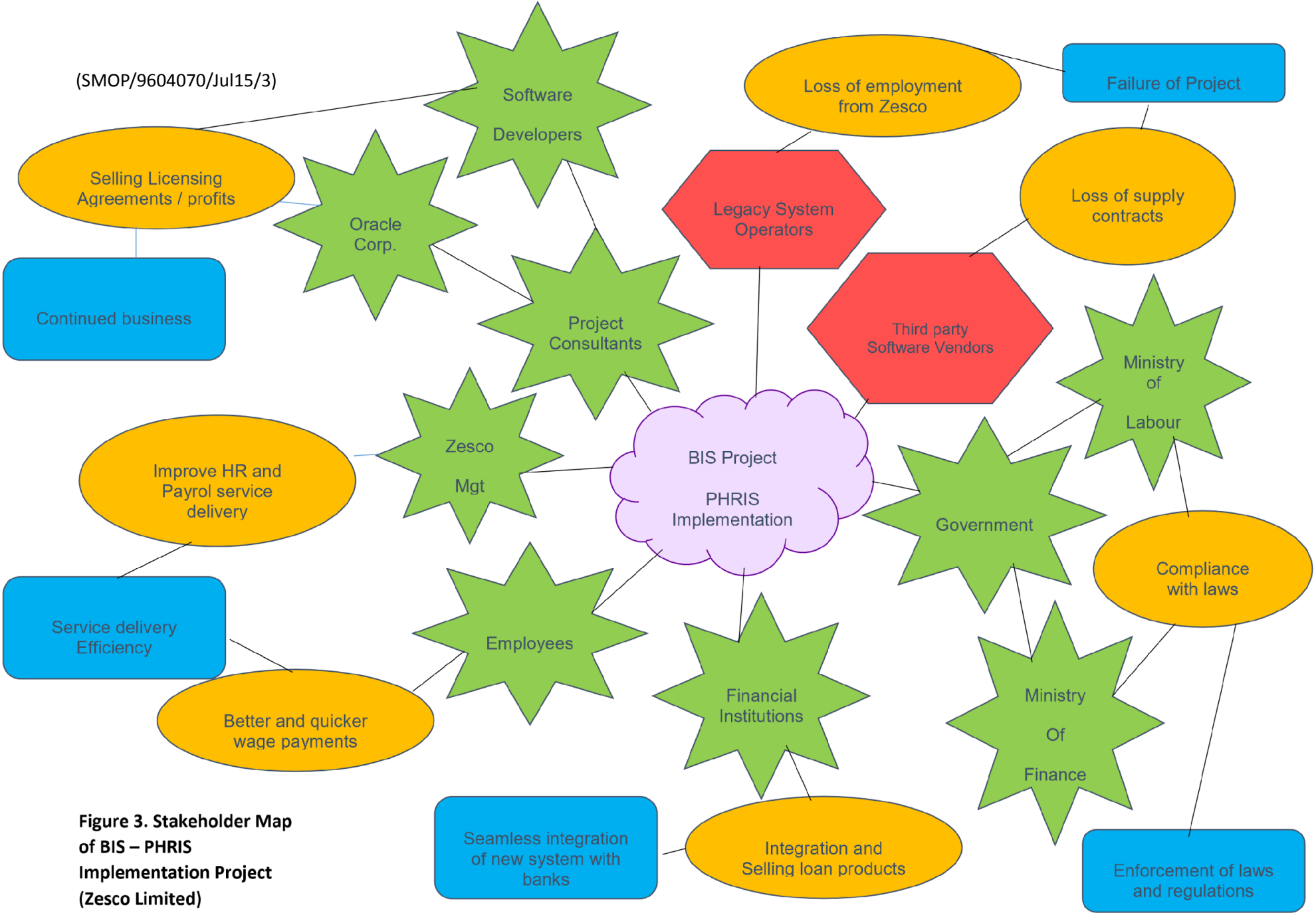


**Figure 3. Stakeholder Map of BIS – PHRIS Implementation Project (Zesco Limited)**

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**Key learning points and actions**

From my post project working experience, I have learned that stakeholder management during projects is an important aspect that, although I am a software developer, it may have actually saved me time and valuable company resources had it been done properly. I am more enlightened by the importance of categorizing different stakeholders and know which ones directly affect my work and which ones I need to pay attention to. For example, had the project team not ignored statutory institutions as stakeholders, we could have saved ourselves time during periods when the government changed human resource and financial laws such as the case in BOZ (2012) (Zambia's national currency rebasing) which inevitably cost Zesco Limited a lot of money post project. This would have inevitably saved the company money and additional developer time as alternative company developed solutions may have been sort in time.

Another learning aspect is applying the stakeholder map to the different stakeholders that we had during the project. I know now, there are interdependences between some of these stakeholders. Grouping them based on interdependences would have provided me with better insight into their level of interest and power of influence they would have on the project. With this skill set, it will make it easier to plan for the next upgrade of the system by way of having a strategy towards their management.

The benefit I have derived from learning about stakeholder management is that it has made me aware of the additional actors in the entire project management process. Coming from a technical background, it is very easy for me to focus on the implementation however that is not the project in its entirety. The frustrations suffered post project may have been avoided had we

conducted a stakeholder analysis. Therefore, it is apparent that I cannot ignore stakeholder management for the sake of the prize hence I would be recommending that future projects have a formalized process of stakeholder analysis prior to commencement.

**Critical reflection**

What I take from this process is a deeper understanding of the salient actors of the project management process who if ignored could prove disastrous in the long term. Shortsightedness in a value focused approach to project management is not enough, therefore I believe my own performance as a project manager on a software development project can be enhance with good stakeholder management. However, the danger of bounded rationality does still pose a real threat to my complete identification of all stakeholders especially the ones that emanate from the macro environment. These stealth forces remain a challenge although their management would be seamless with the acquired understanding of the stakeholder management process. Conversely, there is mutual benefit for both myself and the company whose intention is to pursue positive net present value projects and realize a real return on investment. Therefore, I now understand that my actions going forward in the stakeholder "jigsaw" has an inevitable effect on the bottom line of the company.

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***THÔNG TIN LIÊN HỆ:***

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