Abstract:

**Purpose:** The main aim of the article is to elaborate the role of stakeholders in key areas of project management.

**Design/Methodology/Approach:** Literature review of theories related to project management, analysis, and synthesis.

**Findings:** The role of stakeholders in a successful project becomes important and crucial. Stakeholders’ active participation in the project ensures the sustainability, success, and performance of the project. It is crucial and very substantial for a project manager to acquire stakeholder management skills that will demonstrate and address the communication requirements of the stakeholders.

**Practical Implications:** Stakeholders are the ones who can affect the project and can be affected by the project.

**Originality value:** Adequate participation of stakeholders in the project not only ensures the probabilities of project success but also minimizes the jeopardy associated with the projects. Therefore, it becomes important to address the role of the stakeholders in different key stages of the project that includes scope management, work breakdown structure, schedule management, and requirement analysis.

**Keyword’s:** Stakeholder, Project Management, Project Success, WBS.

**JEL codes:** L2, L6.

**Paper type:** Theoretical article.

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1. Introduction

According to KPMG research, approximately 70% of organizations have smarted at least one project failure within the last year (Lim, 2020). A PwC study that covered 10,640 projects, found that only 2.5% completed their project with a 100% success rate (PwC Global Project management Survey (Cohen, 2019). What about the rest 97.5% of organizations? The answer is either failed to meet the objectives and/or scope or did not meet the deadlines and budget. Carnegie Mellon software institutes report that almost 75% of Information Technology projects fail or do not meet the requirements. So, there is a question that why the project fails? And major studies conducted and done based on critical success factors of project management and found that stakeholder management and involvement of stakeholders are an important part of project success. The involvement of stakeholders is required at each stage of the project life cycle and that cannot be ignored at any cost. The major issues related to stakeholder’s involvement are the following:

- All users (stakeholders) involvement.
- Executive support (exception is one of the stakeholders).
- Developing the scope statement without stakeholders.
- Conduct thorough stakeholder analysis.
- Establish the proper communication with stakeholders.
- Involvement of stakeholders in project planning.
- Involvement of stakeholders in work breakdown structure.
- Keep the track of the progress without stakeholder involvement.

A project’s participants signify all those with any curiosity in the project’s accomplishment or results. As per the Oxford dictionary, a Stakeholder is a person or entity that has interest or concern in a business or project. Therefore, stakeholders have an interest in business, can affect business, and can be affected by the business or project. There are two types of business of project stakeholders, Internal and External. The internal stakeholders consist of employees, managers, project managers, sponsors, etc. Whereas, the external stakeholders consist of suppliers, government, vendors, customers, users, society, shareholders, creditors, etc.

Therefore, it becomes important to consider stakeholders because they can directly or indirectly impact and influence the proceedings and success of the project. The stakeholders display interest as well as apprehension in a business so that yield can be increased (Kamassi et al. 2020). Furthermore, they are either benefits that may be pretentious by project outcomes or directly involved in the project (Usmani, 2019). It is seriously imperative to use good stakeholder managing practices and safeguard all participants’ communication requirements are met to ensure their support and association that increases the chance of the success of a project.
The purpose of the article is to investigate the importance of stakeholders in the project's success. It also tries to investigate the situation and position and responsibility that any stakeholder has in safeguarding the achievement of the projects. The role of stakeholders in project management and project success and theory are under researchers of investigated. Therefore, the paper explains the role played by stakeholders in different parts of project management, work breakdown structure, requirement analysis, scope management, schedule management, are explained.

1. Stakeholder Theory

The theory of stakeholder is based on organizational management and business ethics that applied to multiple entities (employees, management, suppliers, government, society, and others) called stakeholders. The purpose of the theory is to address the morals, standards, and values for managing the organization. So, the application of stakeholder theory is also applicable in project management. The role of the stakeholder theory in the project to address effectiveness and efficiency through relation and participation throughout the project life cycle in project management organization that includes, project sponsor, project champion, project team, project manager, supplier, end-user, customer, contractors, governments, societies, etc.

Mitroff (1983) was the person who brought the stakeholder theory into psychology. Later Freeman (2013) had built upon and used it in strategic management and organization. So, the involvement and participation of stakeholders improve the organization's performance significantly. Therefore, the theory of stakeholders suggests that different groups and an individual would be considered to include in the project actors, such as, project sponsors, project teams, project communities, project suppliers, project-related government agencies, project users and others, and whoever can impact the progress, outcome and success and conclusion of the project (Freeman, 2010). The theory does not have any limitations and boundary who should be included in the project stakeholders.

Donaldson (2002) argued about normative facets of stakeholder theory and these facets are mutually supportive. Descriptive facets can be used for important characteristics and activities of major stakeholders and how they can be accomplished. It has been also proven empirically that there is an association between stakeholders and project success (Donaldson, 2002). The standard side deals with the implication and all development within the project ethically that convey the theoretical importance of organization and stakeholder management. Thus, the role of the stakeholder management in an organization is important for increasing productivity and thereby increasing stakeholder flexibility (Dwivedi and Momaya, 2003; Goel et al., 2012a; 2012b; Ho et al., 2009) that can result in increasing customer trustworthiness and obtain a strong reputation that will increase the competition between other organizations (Wright, 2019).
Hence, stakeholder theory can also be applied in project management because it guides the project managers on how to increase stakeholder involvement and participation in any project. That may lead to project success. Therefore, the involvement of project stakeholders at all stages of the project life cycle and especially at planning and requirement analysis can be the key to success. The chances of project success can be boosted by sharing vision and strategy with stakeholders in the project. As it is proven that stakeholder’s information can be wealth for success and for achieving effectiveness and efficiency and quality project outcome.

The stakeholder's involvement varies in different areas and different stages of project management, such as, project planning, project requirement analysis, project scope management, project work breakdown structure, project schedule management, etc. Therefore, the theoretical argument of the involvement of stakeholders holds good. And how success can be achieved by stakeholder involvement and stakeholder management. Recognizing the most important and critical stakeholders at the beginning of the project and ensuring their information, knowledge, and characteristics as a prerequisite for the project's success. Designing the strategy for stakeholder’s requirements that will support as needed and may reduce the hindrance in the project (Usmani, 2019). There are six modalities between organizations and stakeholders' role and importance shown below in Table 1 (Bhasin, 2018).

**Table 1. Principles of Organization and Stakeholder**

<table>
<thead>
<tr>
<th>Entry &amp; Exit</th>
<th>Define the rules for organizations and stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>Governing relationship between organizations and stakeholder</td>
</tr>
<tr>
<td>Externalities</td>
<td>Any entity that contributes cost/stake will be a stakeholder</td>
</tr>
<tr>
<td>Contract costs</td>
<td>An equal amount on the contract based on cost liability should be proportionate based on the advantage organization has.</td>
</tr>
<tr>
<td>Agency</td>
<td>The organization manager has the responsibility and authority towards stakeholders.</td>
</tr>
<tr>
<td>Limited immortality</td>
<td>Survival of organization in long term and ensuring the success of organizations &amp; stakeholders involved.</td>
</tr>
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2. **Stakeholder Roles, Value, and Importance Project Management**

Based on theocratical background, the success of the project depends on the stakeholder’s active participation in the project. It starts with recognizing key stakeholders by the project manager based on knowing their importance and role and outlook in the project. Setting the mutual expectations and conflicts, both parties reached a mutual agreement, the task of stakeholder management starts. The role of
primary stakeholders continues in the entire life cycle of the project and the need may vary from inputs, information, processes, and decision making but the focus remains the achieving successful project goals and objectives. Throughout the life cycle, managing the project stakeholders make an immense gap in success. Therefore, every project’s stakeholders are critical and play a vital character in the successful project (Gifford and Lesser, 2016). Therefore, the end project has the expectations to meet all the requirements defined and set by the stakeholders at the beginning of the project.

The expectation of the stakeholders could be explicitly explained at the very initial stage of the project because:

- Participation of all stakeholders provide a 360-degree situation view of the project.
- Different stakeholder has a different perspective.
- Different stakeholders have different expectations.
- The final project approval depends on all stakeholder’s statistician.

Therefore, in the beginning, it becomes significant to gain the requirements of every stakeholder and create a robust relationship, establish communication channels, build trust, and gain the confidence of the stakeholders, and that will the vital key to safeguarding the project accomplishment (Gifford and Lesser, 2016).

More all-stakeholder involvement is most critical, depends on commitment from all stakeholders (Todorović et al., 2018) and proper communication with integrality and sharing ideas and information. This will improve communication channels, risk avoidance, cost savings, and defining requirements. It will also enable to monitor the project from data collection to meet the project plan, budget requirements, providing feedback and inputs to ensure the progress and success of the project. Thus, involving stakeholders and their interaction helps in decision making and that results to project success (Creighton, 2005).

The components of stakeholder participation are as follows:

- Every stakeholder should be allowed to participate in ideas exchange, expressing their views, learn and gain knowledge from others.
- The stakeholder should involve with a project as early as possible, and participation should be rich.
- Stakeholders’ inputs must be considered for decision making related to the project.

There are several techniques for collecting inputs and exchanging ideas between the project manager and stakeholder from stakeholders that may ensure meeting the expectations of stakeholders and ensuring their involvements (Creighton, 2005). The
contribution of the stakeholders results in empowering and joining the ownership of the project. Many advantages and benefits of stakeholder involvement include:

- Plan reflects priority.
- Effective communication.
- Trust among stakeholders.
- Accountable stakeholders.
- Transparent activities.
- Motivated sponsor and stakeholders.
- Commitment.
- Project sustainability.

To achieve real development in the project, the focus must be people-centered rather than process and output-centered. The approach must be bottom-up and not top-down to ensure sustainability in the project. Resources and time are required for increasing participation, which increases commitment towards project. Stakeholders feel welcomed and privileged in supporting the project when consulted as a part of decision making and solution (Siles, 2020).

3. **Stakeholder Role in Work Break Down Structure (WBS)**

Project work can be organized, orderly, and systematically decomposed in Work Breakdown Structure (WBS). Therefore, it is a systematic process to decompose project scope hierarchically within the project and a systematic guide to project planning steps. Every task is distinguishable from other tasks. This helps to assign roles, responsibilities, and accountability to individuals or groups in the project. WBS approach divides the complete project into separate tasks to safeguard the clearness of characters and scope and increases efficiency. It also helps to recognize interface and interdependency for work-based priority (Sutrisna et al., 2018). It helps to determine the time and determination mandatory to implement the task by conceptualization.

The accuracy of the work breakdown structure can be possible when ideas from every stakeholder are incorporated by the project manager as stakeholder’s expectations management. There must be series of meetings to pool all requirements arise from stakeholders and they should be allowed to make decisions and should define the project scope also. Stakeholder involvement increases in decision-making as the project progress.

Stakeholders are an important source of information at the early stage of the project and play an important role in the WBS project charter. WBS contains outcomes based on stakeholders’ inputs that can be achieved as a project effort. The WBS can be produced based on stakeholder’s experience with similar types of project experience, such as, budget, list of requirements, project schedule. Therefore, the
project statements are helpful for determining the items need and included in WBS (Burek, 2011).

The importance of budget and schedule cannot be ignored in WBS. So, the project manager must have an adequate background and knowledge to prepare the WBS. So, the project manager must coordinate with stakeholders to prioritize and identify tasks based on stakeholders’ inputs and increase the success chances of the project (Anderson, 2014). WBS includes decomposed parts of the project, hence discussion with stakeholders ahead of time and ahead of project kick-off can help identify the areas of weakness to meet the need of the project.

- The Board of directors has the right to vote and decide about the project but involving stakeholder increases the success chances.
- The knowledge and skills of stakeholders can be vital for gaining access to various resources. This knowledge can be obtained by project management free of cost and could be helpful to understand the exact requirement for smooth project development (Silva et al., 2019)
- A crisis can be possible at any stage of the project, stakeholders play a vibrant role in crisis management, such as an investor can be instrumental to vail out the project (Kamassi et al., 2020).
- Stakeholders are experts in their areas in the project and they possess a wealth of knowledge in terms of maintenance and managing project, success, timely completion, financial constraints, and requirements and that can be very vital. Every stakeholder is highly equipped with sound technical skills that can be important for project success (Al Nahyan et al., 2019).
- The role of stakeholders in maintaining corporate social responsibility is important for keeping the society safe and secure (Al Amir and Abe Hijleh, 2013).

4. Stakeholders Role in Scope Management

The role of stakeholders is highly valued in scope management. The scope of the project may include work that is required to be done and a list of objectives that need to be achieved to accomplish the project. Thus, project scope covers project features, project goals, functions, tasks, cost, deadline, outcome, and deliverables. The scope can be controlled by project stakeholders in a significant manner. Therefore, it becomes important to draw the line and avoid the interference that might create obstacles in a project's progress.

Scope under project management includes setting the processes and that can ensure project scope is defined and mapped appropriately and accurately (Roeder, 2013). Thus, project scope management covers project planning, project controlling, project closing, and the role of project stakeholders in every project process.
The project manager conducts the meeting with all project stakeholders at the beginning of the project for defining the scope of the project and assure the meeting of the needs of the project. Stakeholders ensure the changes in the scope upon their request and inputs. So, the scope is defined in such a manner with detailed descriptions and addressing and clarifies all stakeholder's needs that resulted to ensure project objectives are achieved. Stakeholders also provide their inputs during work in progress to adjust the scope that normally occurs at last in each phase of the project. Thus, project scope management is highly significant for engaging stakeholders measuring their necessities to safeguard the project's success (Monnappa, 2020). The role of clear and open communication is highly recommended within the team and with stakeholders to ensure the scope of the project is agreed upon for achieving the project objectives. This will help them know what is included and what is not which will avoid the risk in the future. Setting clear scope helps to estimate the cost and time of the project.

5. Stakeholder Role in Schedule Management

Schedule management can be influenced by the project stakeholders in a significant manner. However, the biggest question is that depending on a varying degree of power and influence, stakeholders can affect schedule management. Major stakeholders such as a sponsor, executives, and suppliers can impact the schedule in a significant way. A delay may be observed in required resources if fail to meet stakeholders' expectations (Volk et al., 2014). Another reason could be a lack of shared vision among project stakeholders that can lead to conflict and may result in project delay (Dwivedula, 2019).

For instance, the sponsor of the project is responsible for providing resources and logistics needed to perform tasks and allocating these resources can be helpful for schedule management. However, inappropriate resource allocation can cause delays and inefficiencies in the accomplishment of the tasks. A proper understanding among stakeholders is highly desirable because it reduces the chances of conflicts and encourages timely actions based on the project plan (Irfan et al., 2019). The role of executives cannot be ignored as they play a significant role in the approval process and making approvals, so the executive's involvement work as a catalyst in project progress and helpful in project schedule management.

Any project begins with creating a schedule to know the beginning date and finish date and accordingly it should be completed within cost and desired quality. The project has risks associated due to resources, time, cost, the commitment of the stakeholders. The major reason is the unrealistic deadline for stakeholders while scheduling.

For example, the belief of the project manager about project team capability to accomplish and stakeholder request in between but results in another way around. Hence, the role of stakeholders to suggest an appropriate time to achieve outcomes
and required task assessments so that the project team can management stakeholder expectations. The project team should have the stakeholder priorities to following the proper schedules of the project (Ahmed, 2019).

6. Stakeholder Role in Requirements Analysis

Analysis of the requirement is the major process in the project life cycle process. It passes and includes the expectations from the project stakeholders as well as the project. Therefore, the most important step is to involve all project stakeholders from the beginning using different techniques to gather the requirements (idea engineering, document analysis, interviews, observations, survey, Delphi, etc.). It starts with analyzing all documents, stakeholders, and followed by documentation, followed by validation of all requirements, documents followed by possibilities of conflicting requirements between and among stakeholders. The role of requirement analysis comes first because it gathers all requirements from all stakeholders, understands, analyzes, validates, and ensures that it is aligning with the project plan and achievable (Landau, 2019).

Requirements’ analysis can be started by interviewing project stakeholders and evaluate the expectations of stakeholders from the project (Lohrey, 2020). These requirements should be (Lohrey, 2020):

- Legal.
- Action-oriented.
- Recorded in the form of documents.
- Recognized.
- Assessable.
- Testable.
- Observable.
- Economical.
- Associated to specific job opportunities or needs.
- Regulate with enough detail.

Understanding and accurately identifying the requirement with quality project planning are the key to the success of any project. Therefore, it is the prime duty of a project manager to work closely with stakeholders and list their needs and wants in project deliverables. Again, the project manager must identify the project priority with the help of stakeholders (Mok et al., 2015). On the other hand, stakeholders need to communicate their expectations with the project team, project management, and other project stakeholders.

The purpose of the project is to solve the existing problem of exploring the opportunity present in the business environment. Therefore, the role played by stakeholders is vital for setting up project objectives, project scope, project
strategies, and aligning with project plan and success. The role of the stakeholder is also in monitoring the progress of the project as well as whether it matches with the project plan or not (Mok et al., 2015).

7. Concluding Remarks

Stakeholder theory has immense importance not only in organization or management but also in every area of study. The theory is becoming extremely popular in every discipline around the world. Therefore, the application of stakeholder theory cannot be ignored in the project management area. It has importance from project requirement analysis to project success in the entire project life cycle. The stakeholder approach in project management increasing significantly (Littau et al., 2010). The applications of stakeholder theory have a multifaceted basis and still in the development stage and it may provide a comprehensive framework to describe project stakeholders and their impact on project success and can also prioritize the project stakeholders based on the impact on the project success. The role of stakeholders can be visible for developing project capabilities, responsibility-sharing, and achieving sustainability of the project.

Stakeholders can be helpful for important decision-making at project initiation, project planning, and project implementation. Stakeholder makes a significant contribution for project requirements, project resources and budgeting the project and without stakeholder project, progress and success is not possible (Minsaka, 2013). Creating long term relationship with stakeholders in project ensure the customer satisfaction and developing trust and integrity results in the growth of the organizations and meeting the end-user’s expectations. The engagement of stakeholders in any project enhances change management during project progress (Kelly, 2015).

Finally, stakeholder satisfaction and customer satisfaction are the key ingredients of project success. So, it becomes important that organizations must engage stakeholders, must establish clear and effective channels for communications with them and stakeholder must be updated about every development periodically. Thus, understanding the role of stakeholders in every phase of the project life cycle and their concerns and expectations can lead to project success (Lohrey, 2020). This research is continuing to validate the role and importance of stakeholders in real construction projects and software project management. The method and approach may include empirical research and case study research.

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