Managing External Stakeholder Relationships in PPP Projects

- A Multidimensional Approach

Master of Science Thesis in Design and Construction Project Management

JULIAN SIERING

ADAM SVENSSON

Department of Civil and Environmental Engineering

Division of Construction Management

CHALMERS UNIVERSITY OF TECHNOLOGY

Gothenburg, Sweden, 2012
Report No. 2012:163

Managing External Stakeholder Relationships in PPP projects

- A Multidimensional Approach -

JULIAN SIERING & ADAM SVENSSON

Technical report no 2012:163

Department of Construction Management
Chalmers University of Technology
SE-412 96 Göteborg
Sweden
Telephone + 46 (0)31-772 1000

Cover: “Handshake”, source: http://www.infralanguage.com/compellingselling

Printed at Reproservice, Chalmers.
Göteborg, Sweden 2012

ACKNOWLEDGEMENTS

This Master Thesis was written in co-operation with Skanska Infrastructure Development (Skanska ID) at Chalmers University of Technology.

We would like to express the deepest appriciation to our supervisors Göran Carlberg (Skanska ID) and Göran Lindahl (Chalmers), and our advisor Christian Koch (Chalmers) for helping us to develop a proper research area and supporting us with knowledge, experience, and advices.

We are also grateful for the interviewed project managers' commitment and interest in our topic and for taking their time to answer our questions.

Further, we acknowledge our gratitude to Nancy Eik-Nis (Norwegian University of Science and Technology Trondheim, NTNU) and Laima Kornejeva (Chalmers Open Communication Studio) for reviewing our language.

In addition, we would like to thank our opponents Christian Lyckell (Chalmers) and Christian Legnerot (Chalmers) for their constructive feedback and honest review.

Managing External Stakeholder Relationships in PPP projects

-A Multidimensional Approach

JULIAN SIERING & ADAM SVENSSON

Department of Construction Management

Chalmers University of Technology

Abstract

In Public Private Partnerships (PPP), private entities manage stakeholders otherwise handled by the public. The social responsibility of the privately owned Special Purpose Company (SPC) therefore significantly increases, and external relationships become crucial for a successful project. These relationships are often multidimensional. Hence, there derives a need to manage them with due deliberation.

This paper investigates characteristics of relationships between the SPC and external stakeholders and how these are managed. Moreover, the study comprises how values and beliefs affect managers' way of dealing with external stakeholders. The investigation intends to raise questions concerning possible improvements toward a maximized value among internal and external construction stakeholders.

A case study comprises a major infrastructure PPP in Poland where qualitative interviews were conducted with the Management Board of the SPC.

Results show that the PPP concept promotes involvement of external stakeholders, effective communication channels are critical for success, and managers' act according to their intuition rather than management techniques. Furthermore, a vision and mission statement serves as behavioral guidelines when dealing with external stakeholders in a socially acceptable manner.

Keywords: Construction, Stakeholder Management, Public Private Partnership (PPP / PFI / 3P), Relationship Management, and Corporate Social Responsibility

Table of Contents

Introduction

The Public Private Partnership (PPP) concept is increasingly being used within the construction sector (Akintoye, Beck and Hardcastle, 2008; Savas, ca. 2006). During the last decades, PPP projects have evolved from diverse causes. To some extent, there seems to be a need to reconcile between an increasing political pressure on public funding and innovative solutions in line with a continuous development of public facilities (Parker, 2009; Bing et al., 2005). The later is imperative if great prosperity is pursuit for the society at large. As a new business model, PPP projects emerged in order to create different investment initiatives with new contractual settings and liabilities in the construction sector. Moreover, it is seen as a way to create more value for money compared to conventional projects (Bing et al., 2005).

Construction projects naturally affect or even engage a great diversity of different individuals and organizations. In addition to that, their interests and worldviews differ innately and even change significantly throughout different phases within a project (Moura and Teixeira, 2010). A wide range of differing interests meet, entailing a need to be handled by professional means. However, this is not addressed as a problem, rather it is examined as a given social phenomena of resistance to change. It is underpinned by the causality: since construction entails change, it is very likely that humans resist (Shah and Harris, 2010).

Many projects, such as large international PPP infrastructure projects are multidimensional in terms of cultures, organizations, and social environments (Bourne, 2009; Aaltonen, Jaakko and Tuomas, 2008; Yescombe, 2007; El-Gohary, Osman and El-Diraby, 2006; Jimenez and Pasquero, 2004). In these situations, stakeholder management becomes even more pertinent because they are carried out in demanding and unpredictable institutional environments involving a number of diverse actors who are impacted and attempt to impact a project (Aaltonen et al., 2008).

From a social perspective, PPP projects in particular should - because of its impact - attempt to serve a vast amount of heterogeneous stakeholders (Chinyio and Akintoye, 2008). PPP projects include the construction of public facilities and most often those that affect a wide spectrum of the society, such as roads, railways, bridges, airports, hospitals, water systems, pipelines, or power plants (Savas, ca. 2006). Beyond a direct environmental change, infrastructure projects most notably impact long-term economical and social circumstances as well as the natural environment itself. This causes that a stakeholder definition may need to be extended to the society as a whole and thereby merging with the conceptual idea of Corporate Social Responsibility (CSR).

A deliberate stakeholder management is able to maximize the value of a project while taking everyone's concerns and needs into consideration (Olander, 2006). In PPP projects, this is carried out by private investors who establish a Special Purpose Company (SPC). This SPC is granted to run a public business, which is specified in a concession agreement. Therefore, they have to handle external stakeholders, otherwise managed by the public client. Among others, those can be the actual users and their representative unions, landowners and neighbors, local communities, affected businesses, statutory bodies, media, the natural environment and its advocates such as environmentalists, as well as the general public opinion. Due to the SPCs impact, they are under supervision by many since they act as financer, executor, and operator.

A private party rarely occurs in a position where its impact on the society is likewise noticeable than in infrastructure projects (Andres et al., 2008), and in PPP projects in particular. These extended responsibilities, possessed by the private entity, seem to require a different approach toward external stakeholders. Atkin and Skitmore (2008) argue that construction projects are fairly closed, meaning that the focus is often toward internal stakeholders such as contractors or subcontractors. Managing external stakeholders, however, has been seen as a task for the public officials to deal with, and private parties are perceived as rather narrow-minded in regards to external stakeholder management.

The definition of a stakeholder comprises those who have power, legitimacy, and urgency (Mitchell, Agle and Wood, 1997). But it also comprises those who are only urgent in their interest and thus may not have direct economical impact on a project outcome (Elmualim, 2010; Mitchell et al., 1997). Thus, corporate social responsibility is a pivotal aspect that organizations need to face to, especially when the environment wherein they act is sensitive to ethical questions (Clegg, Kornberger and Pitsis, 2008).

From a commercial and managerial perspective, stakeholder management can facilitate successful project execution (Manowong and Ogunlana, 2010; Atkin and Skitmore, 2008; Jepsen and Eskerod, 2009; Bourne and Walker, 2005; Jan Terje, 2002; Mitchell et al., 1997; Donaldson, 1995) in terms of time, costs, and quality. Active stakeholder management has been found to prevent time delays and increased costs that may occur (Harris, 2010). Combining this with the divergent project role that the SPC possesses, it appears necessary to manage stakeholders with due deliberation, especially on infrastructure PPPs (El-Gohary et al., 2006).

Cases have shown that projects that a lack of stakeholder management can lead to irreparable damages to a projects' image and its parties involved and can entail detrimental effects on societal benefit. There are for example the Hallandsåsen Tunnel (Olander, 2006), the Berlin Brandenburg International Airport (Germany) (Berg et al., 2012), or the expansion of the west coast line through the city of Lund (Sweden) (Olander and Landin, 2008), which are faced with critics.

The stakeholder management concept acknowledges areas such as risks, uncertainties, ethics, empowerment, and sustainability (Atkin and Skitmore, 2008). Proactive stakeholder management contributes and synergizes with proactive risk management as it anticipates and foresees possible social risks and relationship risks (Bing et al., 2005; Bourne, 2009).

All relationships are created, shaped, and nurtured with communication (Clegg et al., 2008; Yang et al., 2010). Hence, in order to understand the characteristics of relationships, the topic of communication has been included in this paper.

In respect to a proactive stakeholder management, different strategies can be used in order to cope with contingencies. A misjudgment or inadequate selection of a strategy could lead to failure when executing stakeholder management. Landin (2000) deems decision-making as crucial for satisfying stakeholders. Therefore, it is chosen to investigate the decision-making in regard to stakeholder management strategies. This thesis intends to study what underpins decisions made on a strategic level that concerns deliberate activities on external stakeholders, in this paper often referred to as externals.

Challenging the question how decisions are taken that affects relationships with externals, internal management matters. Leadership has been identified as vital for a prudent execution of stakeholder management (Elmualim, 2010). This thesis comprises the topic of leadership in respect to internal teambuilding affecting external stakeholder management.

All decisions related to stakeholders are built upon personal values and morality (Jimenez and Pasquero, 2004; Smyth, 2008). Therefore, ethical consideration is addressed in this thesis.

Even though the PPP concept results in an increased incentive for a deliberate management of stakeholders, a research gap is noteworthy. Literature regarding stakeholder management has increased in popularity in project management journals (Littau, Jujagiri and Adlbrecht, 2010). However, there is a lack of articles discussing important people engagement skills (Hillman, 2001), which are required for a successful stakeholder management (Bourne, 2009). Therefore, it is first and foremost necessary to determine how soft skills are applied into action. What makes manager tick when nurturing relationships and handling ethical questions with external stakeholders?

We seek to address the following questions: How can heterogeneous externals be managed in PPP projects? What characterizes multidimensional relationships with various externals in a PPP? What are the managers' underpinning attitudes and values, which affect their way to deal with external stakeholders, such as the public client, related political decision makers, public associations, users, as well as private corporative stakeholders? In essence, we seek to identify how stakeholder management is applied and developed in a Public Private Partnership.

A case study will comprise a major Polish PPP motorway project, which is in the operation phase by the time this article is conducted. The thesis intends to consider external stakeholders that get in touch with, or are affected by the SPCs project managers' actions and their internal management behavior. Whether a stakeholder is considered as internal or external is dependent on its proximity to, and activity in, the project. For example: In PPP projects, a clients' influence decreases after the procurement phase and the power of the SPC expands; therefore they are considered as externals inhere.

Furthermore, Roloff (2008) argues that companies uses two different types of stakeholder theory. These are organization-focused stakeholder management and issue-focused stakeholder management. This thesis approach is Project Stakeholder Management (PSM), which is in line with the issue-focused method. Having this in mind, we are not excluding organizational stakeholder theory since some segments can contribute to the context of project organizations.

In this master thesis a particular focus will be laid upon intentional or unintentional management actions, relationships, values, and underpinning phenomenons of stakeholder management in respect to construction PPP projects.

The research methodology employed in this study was chosen to explain circumstances regarding Stakeholder Management, external relationships, and internal decision-making affecting the behavior toward external stakeholders. This thesis adopts a system approach, which is derived from (Arbnor and Bjerke, 2009). This implies that we are studying the different parts of a system and the relationship between them.

The thesis is organized in the following way: a literature review comprising stakeholder theory and PPP, relationships & politics, individual and corporate responsibilities, and stakeholder management tools, which is followed by a section that defines the methodological framework for this thesis. Finally, this Master thesis includes the composition of a scientific article, which can be found in the appendix. This article comprises a case study in respect to the reviewed areas and according to the demonstrated methodlogy.

Literature Review

Introducing Stakeholder Management and Public Private Partnerships

Public Private Partnership (PPP) is a procurement method and business model where a private party carries out works for a public interest. In construction it is mostly used for large infrastructure projects such as roads, bridges, airports, hospitals, water systems, pipelines, and power plants, but projects concerning prisons, stadiums, and schools have also started to adapt these methods (Savas, ca. 2006). On a PPP project, a private investor establishes a Special Purpose Company (SPC) constituted as the central hub in the project structure. This SPC is granted with a concession including a right to operate a specified public business. The concessionaire is assigned to carry out design, construction, operation, as well as maintenance of the required facilities on its own expenses. A concession agreement usually lasts for around 25 to 40 years (Smyth and Edkins, 2007). Payment or reimbursement principles are stipulated in the agreement. Those are, among others, direct toll fees or availability payments.

This fairly new method is seen as a way to create value for money (Bing et al., 2005) and the PPP concept are increasingly being used among construction projects (Akintoye et al., 2008; Savas, ca. 2006). Many authors have evaluated the pros and cons of the PPP concept (Widén and Olander, 2011; Akintoye et al., 2008; Savas, ca. 2006; Bing et al., 2005). Widén and Olander (2011) discuss the advantages and disadvantages of the PPP contract form, where it has been shown that PPPs are chosen to avoid time and cost overruns. Other advantages are facilitating innovation, avoiding pressure on public budgets, and improve quality in both construction and maintenance. Though, Leiringer (2006) argues that there are reasons for being cautious when accepting the advantages of this new contract form. Widén and Olander (2011) discuss several reasons such as long and complex procurement phases, which contributes to high participating costs, and Leiringer (2006) argues that the innovation is less than expected due to private entities incentive to lower the risks. Even though the difference for costs decreases between private and public lending, Bing et al. (2005) mentions that public entities are considered as more liable lenders, thus induces cheaper loans, and reduces the incentive for the use of PPPs.

As a result of this contract form, several new phenomena occur related to a new stakeholder landscape. Managers, in a PPP the SPC managers, are the only group in a project, which have contractual relationships with all involved parties, and they are the ones in control over the decision-making and the outcome of the project (Hill & Jones, 1992, referred to in Donaldson (1995). Literature has revealed that the presence of the private party can help to mitigate ideologically driven discussions and thus facilitate stakeholder management (Jimenez and Pasquero, 2004). As mentioned, in PPP projects, the SPCs are the ones with all contractual relationships and they are under supervision by many since they act as different roles in the project. As shown in figure 1 below, they are for example an executor of the project to the client, a client to the contractor, a borrower to the financiers, and they are responsible for the success of the entire project in terms of time, cost, and quality.

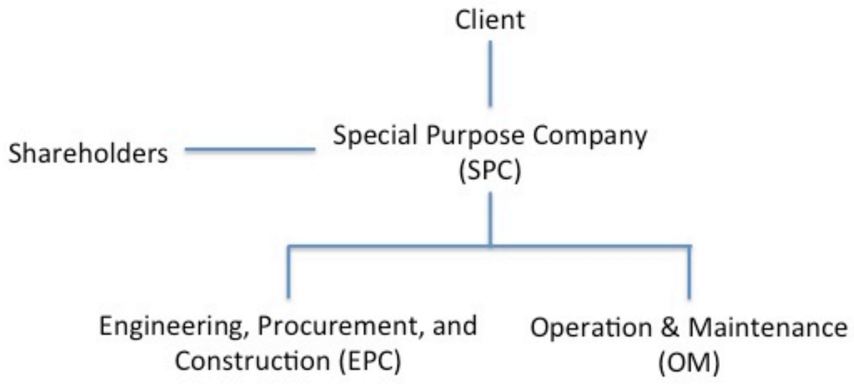

Figure 1 - PPP Organization

Facing these challenges, stakeholder management is seen as a key factor for project success (Manowong and Ogunlana, 2010; Atkin and Skitmore, 2008; Jepsen and Eskerod, 2009; Bourne, 2006; Karlsen, 2002; Mitchell et al., 1997; Donaldson, 1995). Bourne (2009) even argues, *"All activities' success or failure, whether they are strategic, operational or tactical, depends on the input, commitment, and support of the stakeholders"*. In PPP projects, stakeholder management is a decisive factor as well for a projects success or failure. There are several examples of failure in PPP projects due to stakeholder opposition, and therefore understanding and acknowledging stakeholders input is crucial (El-Gohary et al., 2006).

Literature regarding stakeholders has significantly increased during the last few years (Littau et al., 2010). A reason for this interest might be that managers have started to understand that stakeholders can add value to the project, but also threaten its success (Walker and Rowlinson, 2007). Though, when adding PPP to the equation, the research gap increases and few authors have investigated the practitioners' perspective and experiences (Yang et al., 2010), which this thesis intends to do.

In order to grasp the management of stakeholders, it is important to understand who and what really counts (Mitchell et al., 1997). Freeman (2010's) description: *"any group or individual who can affect or is affected by the achievements of the organization's objectives"* is referred to as the classic definition (Atkin and Skitmore, 2008). Another definition that is made by Cleland (1986), as quoted in Littau et al. (2010), *"… individuals and institutions who share a stake or an interest in the project"*. Littau et al. (2010) write that there are 22 definitions of stakeholders, but they all origin from three types. Freeman's is one of those, Cleland is another, and the third is a mix between those two. Later definitions are often of the third type such as Walker and Rowlinson (2007): *"Stakeholders are individuals or groups who have an interest or some aspect of rights or ownership in the project, and can contribute to, or be impacted by, either the work or the outcomes of the project"*.

Freemans' and Clelands' definitions of stakeholders are broad, but there have been attempts to narrow them and divide them into different groups. Clarkson (1995) chose to sort them into voluntary and involuntary risk bearers in the project, but the most common is to discuss internal and external stakeholders (Harris, 2010; Leung, 2010; Winch, 2010). Typically, internal stakeholders are described as entities with a legal contract to the project and externals as entities with an interest in the project but without a contract. This would imply that for example the client is seen as an internal stakeholder. Furthermore, Leung (2010) argue that the public client consists of different sub-groups, including for example an environmental bureau, transport and housing bureau, and development bureau. This makes the definition more difficult. To further strengthen the ambiguity of a client definition, it is argued that the concept of the construction client today is obsolete and many stakeholders are starting to be perceived as clients (Newcombe, 2003). In order to reduce this dilemma, our thesis defines it differently due to the PPP concept, where the public clients' role and influence is reduced (Savas, ca. 2006). In essence, we argue that whether a stakeholder is internal or external, depends on its proximity to, and activity in the project.

Similar to (Harris, 2010; Leung, 2010; Winch, 2010), Cleland (1998), as stated in Littau et al. (2010), groups stakeholders as primary versus secondary. Primary stakeholders have a contractual bond to the project and secondary are those who can affect or can be affected by the project, but might not be essential for the projects' success.

There is a broad array of literature related to the stakeholder process including identification and management (Olander, 2006). Among many, Cleland (1986), as cited in Littau et al. (2010), highlights the process, where identification, classification, analysis, and lastly management of stakeholders are particularized. Bourne (2009) has a slightly different process, which is more commercialized: identify, prioritize, visualize, engage, and monitor. Mitchell et al. (1997) reflect on classification and analysis by examining the stakeholder salience, which is *"the degree to which managers give priority to competing stakeholder claims"*. This is evaluated through power, legitimacy, and urgency. By defining these attributes for each identified stakeholder, they can be classified into seven categories, which are Dormant, Discretionary, Demanding, Dominant, Dangerous, Dependent, and Definitive, and a proper management strategy can thereby be chosen. Other authors have discussed legitimacy and urgency, but what Mitchell et al. adds, is the power and then finally salience. Similar to Mitchell et al. (1997), Bourne (2009) elaborates on power, proximity, and urgency instead. For example, this difference leads to less salience for ministries and other authorities, and stakeholders close to the project becomes more relevant than the legal authorities. This shows that stakeholder theory is situation adapted and methods should be chosen related to the circumstances and the nature that a project is located in (Yang et al., 2010).

Although stakeholder management processes are widely acknowledged, the optimal deployment of resources on stakeholder management activities is contested. An important feature in stakeholder management is managing stakeholders' expectations (Atkin and Skitmore, 2008; Bourne and Walker, 2005; Newcombe, 2003). Jepsen and Eskerod (2009) argue that the process of detecting these expectations includes an analysis of the stakeholders, which could be time consuming. However, other authors conclude that this process could be well worth the efforts. They also claim that stakeholder management data should be continuously updated through the process in order to cope with, and manage their expectations throughout the project life cycle (Bourne, 2009; Chinyio and Akintoye, 2008). Jepsen and Eskerod (2009) challenge this by stating that a single stakeholder evaluation before the inception of the project may very well last. This initial analysis gives project managers the holistic perspective of the stakeholder environment. Koch (2012) explains the trade-off between effort and gain according to figure X below. How much resources are worth to spend on a stakeholder analysis? He argues that the challenge is to know when enough is enough.

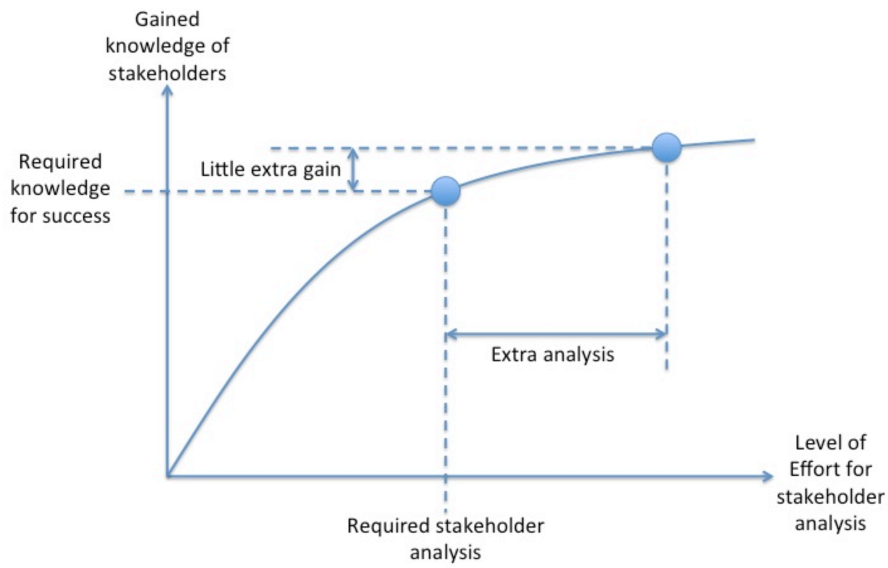

Figure 2 - Optimal resource deployment curve (adapted from Koch (2012))

The entire stakeholder management process is much based on project managers' combination of consciousness and intuitiveness in order to understand stakeholders' expectations and thereby increase their positive input and maximize the project value (Wood et al., 2010; Bourne, 2006; Bourne and Walker, 2005). In essence, experience is an important ingredient in stakeholder management and all decisions taken are therefore often based on instinctiveness, intuitiveness, or prejudices. Even expert decision-makers do not always know how to explain their conclusions (Wood et al., 2010).

To conclude, stakeholder management is recognized as a soft skill (Manowong and Ogunlana, 2010; Atkin and Skitmore, 2008; Bourne and Walker, 2005), which is little elaborated in literature (Atkin and Skitmore, 2008).

Relationships & Project Politics

Multidimensional projects & Relationship Management

Most projects consist of individuals and groups with different interests and motivational incentives (Jepsen and Eskerod, 2009). PPP projects are complex in particular because of the need to incorporate perspectives of a large number of parties involved (Yescombe, 2007; Bourne, 2009). Related to the importance of understanding stakeholders' expectations, Atkin and Skitmore (2008) contend that managing these diverse interests is a complex task, especially when they are conflicting. Bourne (2009) holds the view that dependent on the stake a stakeholder possesses in a project, they often have diverse perceptions of success and failure. She continues, when adding that their influence or salience is dependent on the power and interest they possess, which is continuously changing, the challenge becomes even more apparent. The prioritization of stakeholders should be exclusive. Mitchell et al. (1997) as well as Manowong and Ogunlana (2010) propose that certain stakeholders require pertinent devotion and the level of attention should be configured accordingly.

The management strategies are context specific, and in terms of stakeholder management, the project managers have to adapt to the stakeholder environment and understand stakeholders' mind-sets toward the project. For example, external stakeholders might try to increase their legitimacy by using media to negatively affect the projects outcome (Aaltonen et al., 2008). Likewise, Bourne and Walker (2005) argue that project managers have to observe the stakeholder environment actively and constantly by being socially sensible.

Many projects, such as large international PPP infrastructure projects are extremely multidimensional in terms of cultures, organizations, and social environments (Bourne, 2009; Aaltonen et al., 2008; El-Gohary et al., 2006). In addition, stakeholders also share different political risks, and might point out demands for local constraints. Therefore, foreign managers first have to build trust and create good relationships with local employees, and it is essential to study the politics and bureaucracies of local governments (Manowong and Ogunlana, 2010). In essence, these complex projects natures demand a deliberate stakeholder management (El-Gohary et al., 2006).

Conflicts in construction projects occur mostly because of *poor interpersonal skills, inefficient communication, lack of responsiveness and unethical or opportunistic behavior* (Groton, 1997). They are shaped by its legal, political, economical, cultural, social, and technical circumstances (Moura and Teixeira, 2010). It is stated, however, that conflicts are not principally a bad or abnormal phenomenon; it is just a fact of life that managers have to cope with. Moura and Teixeira (2010) contend that stakeholder management is a way to cope with and to prevent these conflicts by proactively managing the relationships. Nonetheless, literature exposes a tendency towards reactive behavioral patterns in the construction industry when relationships are managed (Smyth and Edkins, 2007).

According to Aaltonen et al. (2008), relationships management is one of the most essential ingredients for a successful project. It is fundamental to understand that stakeholder management and relationship management are closely intertwined (Smyth, 2008). Some even consider stakeholder management or stakeholder engagement as the formal procedure of relationship management (Bourne, 2006). In the construction sector, the focus has been toward managing internal relationships. External relationships, however, are considered as being a task that the public client is assigned with (Atkin and Skitmore, 2008).

Smyth and Edkins (2007) discuss Gummessons' thirty types of relationships and relates these to the PPP concept. One of these is the relationship to the customers' customer, i.e. the end users, which is seen as a critical success factor. In this respect, SPC managers have to reflect upon what they can do in order to help the clients' users and then take actions. Smyth (2008) contends that all relationships have to be nurtured by the project team. By doing so, social and economical value is added to the project (Smyth, 2008). It is desirable that managers induce a collective behavior among stakeholders in order to reach beneficial results and improve the performance of the project. In respect to this, a proactive management approach is necessary (Smyth, 2008; Atkin and Skitmore, 2008).

Relationships are much based on shared or non-shared value systems, which determines if a relationship is effective or not. Even though the relationships might be tougher to manage when the value systems are different, it is still possible with various approaches (Moura and Teixeira, 2010).

Bourne (2009) proposes three dimensions for a successful relationship management, namely; hard skills referred to as the craft of management, soft skills referred to as the art of leadership, and a third dimension termed as flow. The flow is referred to as the understanding of power structures within and outside the project. Soft skills are essential to cope with hard skills since there are people pursuing the projects and not computers or machines. As Bourne and Walker (2005) state, there has been many examples of project failure due to misunderstandings and a lack of control over the political process. Therefore, the third dimension becomes fundamental as well.

What do I need in the different phases of the project? What can I actually ask our stakeholders to do? Why are certain decisions taken? Who should I listen to? Who has the authority? In order to find out the answer to these types of questions, politics becomes vital. Pinto (2000) argues that project management and politics are inherently linked. He continues by presenting seven tips for managers to reflect upon when dealing with politics:

1. Understand and acknowledge the political nature
2. Learn to use appropriate political tactics
3. Understand and accept WIIFM (What's In It For Me/Them?)
4. Level the playing field
5. Learn the art of influencing
6. Develop your negotiation skills
7. Recognize that conflicts are a natural side effect of PM.

He also presents three modes of power, namely authority, status, and influence. These modes can be used in personal or positional power (Pinto, 2000). Clegg et al. (2008) define the process of politics with the process of mobilizing or demobilizing power. Bourne (2006) believes that project managers have to understand these relationships of power and manage them without authority in order to be successful.

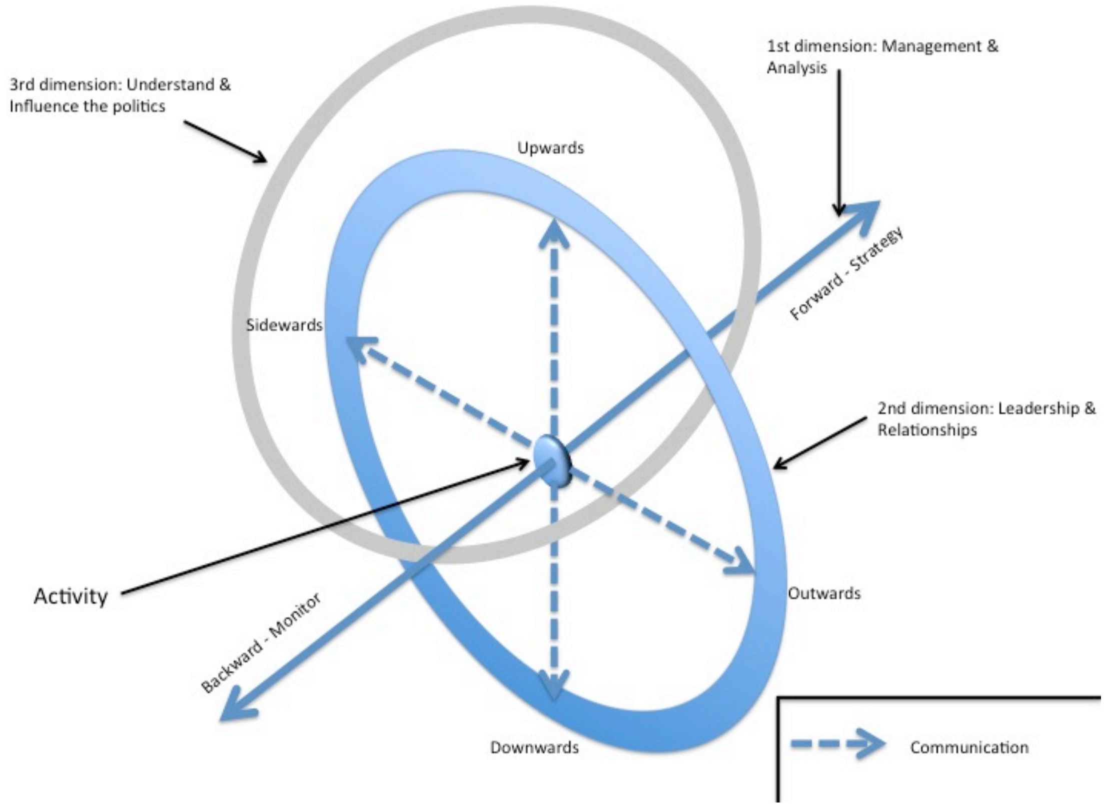

Figure 3 - Three dimensions of relationship management (adapted from Bourne (2009))

Furthermore, she concludes that project managers need to understand both formal and informal structures related to the project. Formal structures are related to hierarchies and other explicit relationships, whereas informal structures are associated to friendships, alliances, and other tacit ties. In essence, whether individuals and groups are convinced to follow the project in a desired direction, is highly dependent on the project managers' political skills.

Clegg et al. (2008) discuss the book of Buchanan and Badhams: "Power, Politics and Organizational Change: Winning the Turf Game", which concludes that organizations should be seen as arenas where battles or wars are held between different organizations, departments, individuals, or cultures. In contrast, it is shown that many successful CEOs tend to consider their organizations as sensible ecosystems, rather than a battlefield. Pursuing this way, they can easier form project teams, but also partnerships with other branches, customers, and even competitors, who can lead to an organization that follows the market more efficiently (James, 2012).

Briner, Hastings and Geddes (1996) elaborate on the relations between involvement and ability to read the political game. By reflecting on this, project managers can understand their position in the political environment and thereby develop their skills on how to work with pivotal stakeholders.

Referring back to Gummessons' thirty relationships mentioned by Smyth and Edkins (2007), personal and social networks are brought up. This can be related to the informal structures stated by (Bourne, 2006). The informal networks often determine the business networks in a project. Smyth and Edkins (2007) mention that some cultures only enter businesses with friends or friends-of-friends, resulting in the informal networks having a colossal power over the project.

To summarize, Smyth and Edkins (2007) suggests a greater prioritization for strategic and tactical considerations related to a proactive management of relationships to nurture collaboration between parties, hence increase productivity, and a shift in philosophy from relational contracting to relationship management.

Trust among parties

When building relationships, trust is a fundamental factor and has shown to improve productivity (Kadefors, 2004; Shek-Pui Wong and Cheung, 2004). The matter of trust can be explained with the definition invented by Rousseau et al. (1998): *"Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another"*. Smyth and Edkins (2007) draw attention to trust within PPP, where relevant reasons for the importance of trust within these projects are presented. One of these is the long-term nature of the concession agreements, which inherently results in long-term relationships.

Positive or negative consequences of trust or lack thereof may cause significant impacts related to that trust could improve productivity. Furthermore, Smyth and Edkins (2007) found that not all, but many of the critical relationships, such as the SPC-Public client relationship, are considered as negative and lack trust and confidence.

But there are ways to bridge this and prevent a distrustful environment. For example, informal gatherings, activities and open discussions have shown to increase trust between construction parties (Bayliss et al., 2004).

Communication

It is crucial to establish good communication channels with involved stakeholders, both internal and external by setting clear communication goals, keeping an active involvement, and being persistent (Manowong and Ogunlana, 2010; Newcombe, 2003). Communication can be seen as an interactive circle including a sender, receiver, message, media, possibly a feedback, and should not be regarded as a one-way process. Communication is today seen as an activity to create, shape, and maintain relationships and endorsing mutual understanding (Clegg et al., 2008). Toward external stakeholders, who are little involved in the process, it is important to target the communication with the right information in the right way to the specific stakeholder in mind (Bourne, 2009).

Organizations must communicate its core values and identity to establish robust relationships, and it is important to reflect upon that a project organization communicates through everything and cannot avoid that. To take an example invented by Watzlawick and Beavin (1967): If woman A points to woman B's necklace and asks, "Are those real pearls?", she is not just communicating about the information connected to the item, but also an indication of their relationship depending on how she puts it. The tone, facial expressions, and other factors such as the context can give signals of whether they are close friends, competitors, or in any other type of relation. At the same time, B cannot not communicate back, even not by complete silence or a stone face. This can be related to organizations, which communicate to externals and internals through their employees, brand, business cards, or offices to raise a few examples mentioned by (Clegg et al., 2008).

Furthermore, Clegg et al. (2008) elaborate on a polyphonic environment, which means the presence of many voices, ideas, and perspectives. Smyth (2008) argues in terms of international multidimensional projects, managers must recognize the value of this and not overlook its importance. Everybody needs to be heard, because if someone's voice is ignored its environment becomes less safe and this ultimately serves as a stimulus for the stakeholder to become unpredictable in order to be taken serious. These types of risks and risk management are often related to relationships. Bing et al. (2005) suggest some typical samples of micro risks related to relations and PPP projects, such as inadequate experience in PPP, differences in working method and know-how between partners, inadequate distribution of authority in partnerships etc.

SPCs in PPP projects can be referred to as reciprocity, where two or more organizations might be more successful when they affiliate and thereby also streamline the communication processes while working toward a common goal and strengthening their relationship (Clegg et al., 2008).

Individual and Corporate Values

Ethics of Stakeholder Management and Corporate Social Responsibility

The definition of a stakeholder should comprise even those who do not have an economical affect on a project outcome (Elmualim, 2010; Mitchell et al., 1997). Ethics are an important challenge that organizations need to face to, especially when the environment wherein they act is sensitive to ethical questions (Clegg et al., 2008). Moreover, individual managers' decisions related stakeholders are built upon a normative foundation of personal values and morality (Smyth, 2008; Jimenez and Pasquero, 2004). Therefore, ethical consideration needs to be addressed in this review**.** In one of the major contribution to the concept of Corporate Social Responsibility, Clarkson (1995) acknowledges that the identification of a firm's social responsiveness was done by means of stakeholder theory. It demonstrates how inherently these topics are interconnected. A quantitative case study on the Hong Kong construction market has listed 'undertaking social responsibility' as the superior critical success factor for stakeholder management among 15 others (Yang et al., 2010). The question becomes even more relevant, when it is addressed how managers' and corporates' behave towards external groups or individuals who do not have direct access to a project. Therefore, these externals lack legitimacy and power, or vice verse, do not have access because of this lack. Also the topic is pertinent to this thesis because infrastructure projects, especially motorways, affect numerous individuals and organizations markedly. Beyond the direct environmental change, infrastructure projects most notably impact indirectly in a long-term economical and social circumstances as well as the natural environment itself. It has been highlighted that ethical breaches are a particular problem in the construction industry (Elmualim, 2010), as managers may be faced to dilemmas from different stakeholder demands. The discussion on corporate social responsibility is preliminary triggered by the fact that business action touches the lives of citizens at many points (Carroll, 1999). Furthermore, rarely a private party occurs in a position where its impact on the society is likewise noticeable than in infrastructure projects (Andres et al., 2008), and in a PPP in particular.

However, the question arises whether social performance belongs to organizations' actual role and purpose. Consequently, Carroll and Shabana (2010) question to whom does a firm owe responsibility? Does a mandate of business imply that secondary stakeholders have to be taken into account on the expenses of the business owner? While Corporate Social Responsibility is conceived by some as an *extra charitable social contribution,* Porter and Kramer (2006) argue that capitalism and social welfare are not exclusive from a corporate perspective. CSR may even be a source for a competitive advantage.

Ethical behavior is only determined by confining its opposite. Ethical problems and unethical action only exist in judging whether a certain behavior is ethical or not (Clegg et al., 2008). Thus, firms need to take part in the discussion of ethical sense making if not want to jeopardize being regarded as unethical. (discussion / concluding)

Defining Corporate Social Responsibility (CSR)

CSR notions have obtained great attention from organizational scandals worldwide (Carroll and Shabana, 2010). Businesses have been accused acting irresponsible, including violating humans' dignity, causing pollution, or pursuing corruption for the good of their own profit (Porter and Kramer, 2006). Eventually a great public pressure has caused both that organizations have been forced to enact behavioral codes as well as that firms have identified social responsibility as a brand marketing tool (Clegg et al., 2008).

Notwithstanding, a large body of literature addresses that the term is despite widespread application somewhat obscure (Clarkson, 1995). In addition, for those who are faced to ethical question in practice, i.e. executive managers, it carries anything but a clear definition (Lindgreen and Swaen, 2010).

For and against CSR

Most challenging the idea of CSR, Friedman (2007) claims that social responsibility and business are opposing poles; the only responsibility management held is to make profit for its shareholders. In stark contrast, CSR has been for long defined as only being existent beyond profit making. This standpoint defines CSR as those activities that are undertaken beyond a firm's core business and only in order to make charitable contribution (Hillman, 2001). Motivated by this, Hillman (2001) questions whether social performance is only a discretionary activity that is funded by slack cash flow. However, there are also economically motivated arguments in favor of CSR. From a corporate perspective it is apparent to consider stakeholder management in the following conjunction:

> *"Investing in Stakeholder relations may lead to client or supplier loyalty or improved brand reputation. This in turn, leads to positive relationship between stakeholder management and shareholder value wherein effective stakeholder management leads to improved financial performance."*

In summery, a deliberate pursuit of business ethics by means for CSR can serve the interest of shareholder value. Clegg et al. (2008) support this view by stating that if only shareholder value is pursued, it may strike back on an organization's reputation and legitimacy. In turn it becomes a matter of shareholder value to meet wider stakeholder expectations and thus consider social responsibility. This perspective is reinforced by a case study which concludes that good social performance of the private entity in a PPP is not an addition to profitability; it can be a condition for it (Jimenez and Pasquero, 2004). In that sense, normative dimension are a critical factor for PPP management. Hillman (2001) concludes:

"Effective stakeholder management-relations with primary stakeholders to include customers, employees, suppliers, community residents and the environment can constitute intangible, socially complex resources that may enhance firms' ability to outperform competitors in terms of long-term value creation."

One step further, the utilitarian approach defines a business purpose in increasing societal net benefit (Smyth, 2008). This might include that additional costs must be incurred, causing a reduction of a firm's short-term profit. Smyth (2008) points out a tendency in stakeholder management practice towards denying social concerns of external parties that are broader than the profit interest of the firm. From the utilitarian approach of stakeholder management it is argued that firms are granted with a mandate to run their business involving that they have to act for the good of all society members (Smyth, 2008). Smyth (2008) contends that Adam Smith's contribution to economics is misunderstood by the assertion that the interest of a firm only equals profit and growth.

In a similar manner, the application of stakeholder management principles has been faced to critics. Smyth (2008) argues that the narrow approach of stakeholder management is merely driving agendas based on fear that stakeholder impact may jeopardize profit and income. His concern is demonstrated by the fact that stakeholders are mainly seen as a source of potential risks when approached by management tools (Leung, 2010), such as the power-interest-matrix, as described further down. Smyth (2008) argues that this approach entails a risk that opportunistic behavior towards the most powerful stakeholders appears rational. Conceived in this way, this may neglect a company's or a manager's own long-term self-interest.

From this point of view it turns to the fact that the society at large may need to be taken into account as a stakeholder. However, Porter and Kramer (2006) already evaluated pursuing a business according to societal moral values and laws as *corporate social responsibility*. They further sate that a sustainably successful driven business constitutes a valuable social contribution and responsibility. It is doing so because it creates social security for its employees and ads value to the society by its services or products. Therefore, they propose a shift from thinking in terms of *corporate social responsibility* towards *corporate social integration*. This means that companies create shared value by addressing social problems within the range of their competence. By doing so, they build up their competitive advantage, rather than marketing their brand with unrelated philanthropic payments. In this sense, Porter and Kramer (2006) criticize the currently prevailing concept of stakeholder management. The reactive approach of mitigating harm should be replaced by a proactive corporate social strategy acknowledging social agendas. In respect to construction, Winch (2010) establishes a new ground as he defines *project social responsibility*. It comprises to exceed the minimum that is required and determined according to specifications and regulatory consents. With respect to PPP projects, Bing et al. (2005) argues that creating value for the society's money is accomplished by a mutually accepted risk allocation scheme, including the mitigation of stakeholder risks. (too specific, or for discussion?)

Summing these notions up and in particular respect to stakeholder management, Carroll and Buchholtz (2003) summarize in the following:

"Stakeholder management is an approach that increases the likelihood that decision makers will integrate ethical wisdom with management wisdom in all that they do"

Individual responsibility on ethics

Ultimately, individuals are regarded as responsible when it comes to ethical consideration (Clegg et al., 2008; Moodley, Smith and Preece, 2008) and management in particular because it is in control of the flow of benefits (Smyth, 2008). This idea can be even aligned with the most opposing view against CSR by Friedman (2007). Friedman (2007) also sees individuals as responsible rather than corporations, even though he argues that managers' latitude is restricted by being an agent of their employees. Clegg et al. (2008) sustain that moral decision-making and ethics reside only in the free will of individuals.

In either case, Hillman (2001) identifies a dilemma faced by managers when called to serve an expended role of society. His extensive quantitative study confirmed that dilemma by finding that only activities related to primary important stakeholders increase shareholder value and not any additional social performance.

This question becomes pertinent in this context for both corporations and individual managers as they may be faced to ethical dilemmas by stakeholder demands. Newcombe (2003) identifies construction project-based organizations as *shifting multi-goal coalitions,* which struggle to pursue conflicting objectives and thus often are prone to '*buy off*' potential one-off conflicts. Winch (2010) adds that bribery is a widespread phenomenon in construction related activities.

In essence, it appears essential to encounter social or ethical questions by determining clear objectives that also embrace behavioral guidelines. (conclusion?)

It is highlighted that common CSR rules and notion of social responsibility are deeply anchored in stakeholder practice (Harris, 2010). He further on proposes that if the attitude of *"doing well by doing good"* prevails, then it eventually becomes a part of commercializing and a building up a competitive edge. The question arises, how to implement ethical consideration and CSR into managerial practice.

Underpinnings for stakeholder directed actions

Individual values and beliefs

Related to communication, Clegg et al. (2008) highlight two reasons why management need to recognize polyphony, meaning the presence of diverse ideas and perspectives. At first, if those differences in communication are not acknowledged but instead other values are imposed on individuals, it is most likely that those will be simply ignored and consequently not applied in practice. At second, polyphony as a source of varied valuable knowledge may constitute a crucial contribution to an effective communication with diverse stakeholders. A particular importance for a carefully conceived stakeholder management strategy is highlighted for international construction development projects (Manowong and Ogunlana, 2010). Foreign and local managers and employees create relationships and may overcome distrust in the beginning; local politics and bureaucracy may be differently embedded in cultural values.

Objective settings by means of Vision and Mission

Strategic decisions on social issues are integrated into an organization's operation by means of objective setting, including a statement of mission and purpose (Johnson, Scholes and Whittington, 2007; Clarkson, 1995). A mission statement can reflect beliefs of individuals. Vice versa, it can reflect a firm's stakeholder management practice as it is compiled to guide policies and procedures (Klemm, Sanderson and Luffman, 1991). Thus, it can be considered as a stakeholder management tool by means of a leadership guide (Bartkus and Glassman, 2008; Klemm et al., 1991). Moreover, Yang et al. (2010) highlight the *formulation of a clear statement of project mission* as the second highest critical success factor for a socially responsible stakeholder management. In addition, a mission statement serves as an internal guide for managers for decision-making and behavior (Bartkus and Glassman, 2008; Klemm et al., 1991). Similar, the normative stakeholder theory perspective, as posed by Donaldson (1995), gives an understanding of moral and philosophical guidelines for managers and corporations. Externally directed, a mission statement provides a communication tool with external stakeholders as it establishes an identity (Clegg et al., 2008) (p. 321) and sets value driven preconditions for meeting one another (Bartkus and Glassman, 2008). Bartkus and Glassman (2008) suggest that a mission statement can even meet the purpose of imposing social pressure on executives to align their decisions with firm's overall expressed values as their credibility is at stake otherwise.

Leadership

Leadership has been identified as vital for a prudent execution of stakeholder management (Elmualim, 2010). In respect to a coherent stakeholder practice with formulated values, *moral leadership* is discussed. Moral leaders are described as genuine, reliable, trustworthy, real, honest, open, transparent, compassionated and 'with a heart'. The definition of a moral leader includes the capability to transmit a vision that is based on a solid set of personal values, based on confident, conviction and beliefs. Winch (2010) concludes that it is inevitably for a successful project coalition to include leaders, who are capable to establish a project mission that is finally internalized by its members and articulated in interaction with external stakeholders. Bourne and Walker (2005) endorse that a wider range of interpersonal skills need to be acquired by project managers. These skills foster to work more effectively in the uncertain and political environments where different interests occur. Furthermore she writes that successful project managers handle political power structures. They achieve this by being a leader, who astutely establishes project objectives by means of a project vision and mission.

In the framework of ethics, this argumentation occurs in line with Moodley et al. (2008) who evaluate ethical behavior as ultimately dependent on individual leadership. A collective and its individual leaders work together to determine ethical responses of their organization. However, as pertinent to the case in this thesis, Moodley et al. (2008) emphasize that people have significant differences in their perception of ethics in a cross-cultural context.

Internal Teambuilding & Internal Trust

All aspects stated above that are related to individual values and objective settings, are important to bear in mind when addressing how teams evolve. Manowong and Ogunlana (2010) highlight the importance of internal stakeholder management on international development projects. Foreign and local managers and employees create relationships and may overcome distrust in the beginning; local politics and bureaucracy may be differently embedded in cultural values. Kumaraswamy and Anvuur (2008) describe that well-performing PPP coalitions preliminary rely on collective values and attitudes of individual team members. Top most are listed openness, commitment and joint-decision making, which eventually endorse co-operation and relationships with external parties. Li, Xin and Pillutla (2002) draw on a study conducted among top-managers in international joint ventures. They emphasize that individuals' personal identification with an international joint venture company is a key to create effective internal communication. Vice verse, they say that a poor identification can lead to role conflicts and can turn into stress and dissatisfaction among top management members. Li et al. (1999) relate successful international joint ventures to transformational leadership. In this institutional context, leaders are most importantly capable to create a common identity. Furthermore, they excel in diplomacy as well as cross-cultural understanding. Mika, John and Hannu (2009) also refer to transformational leadership in cross-cultural environments that enhances collective behavior. They highlight how this leadership style fosters respect among individuals, and thereby espouses teambuilding.

Managerial Tools and Techniques on Stakeholder Management

The purpose of stakeholder management tools is to support decision-making, to share knowledge, to reduce the level of subjectivity and to remain transparent for 'project-outsiders'. Later in the process, it may facilitates understanding of stakeholders' expectations and finally monitors if the process is done effectively (Bourne and Weaver, 2010).

Ample stakeholder management tools, methods and techniques exist. More specifically, related terms include:

stakeholder analysis; stakeholder mapping; stakeholder risk assessment; power-interest matrix; power-impact grid; influence-interest grid; impact-probability matrix; stakeholder impact index; vested interest index; stakeholder attribute value; stakeholder position value; stakeholder circle; relationship matrices; stakeholder ethical responsibility matrix; stakeholder-commitment matrix; stakeholder review techniques; (Bourne and Weaver, 2010; Olander and Atkin, 2010; Manowong and Ogunlana, 2010; Moodley et al., 2008; Olander, 2007; Hillman, 2001; Mitchell et al., 1997)

In a broader sense, management instruments that are related to other areas may not be acknowledged as stakeholder management tools but are inherent linked as they addressee the same question. These are, among others, risk assessment, probability-impact matrix, as well as communication charts and plans.

The general objective of stakeholder mapping is to compile a list of stakeholders and consequently to assess and discuss their characteristics. This list finally provides the project team with key information on the stakeholder pool at present (Bourne and Weaver, 2010). Further, management principles inherently seek to organize, refine and present data in a uniform manner that facilitates a common understanding. Winch (2010) writes that a stakeholder analysis is performed by mapping interests and subsequently identifying potential levers for action. Manowong and Ogunlana (2010) describe plans, such as internal relationship matrices, communication charts and standard communication plans as useful tactics to manage relationships with stakeholders. The importance of clear communication channels is emphasized. In total, it is argued in favor for a greater strategic consideration of proactive behavior towards stakeholders (Manowong and Ogunlana, 2010). Another author states that by means of a stakeholder analysis the unforeseen or uncertainty is evaluated. Hence it may contributes to a contingency plan, functioning as a guiding tool (Harris, 2010). Furthermore, it is added that the outcome of this can be used for an effective conflict management procedures (Shah and Harris, 2010).

Proactive stakeholder management contributes and synergizes with proactive risk management as it may anticipates and foresees possible social risks and relationship risks (Bourne, 2009; Bing et al., 2005). On PPP projects, those are among others social risks, including public opposition, relationship risks, such as inadequate experience in PPP or differences in working methods between working partners (Bing et al., 2005). Management of stakeholders can be conducted by means of traditional risk assessment methods, such as the impact-probability-analysis. Conceived in a similar way, the power-interest graph constitutes the bespoken methodology for classifying stakeholder types (Leung, 2010).

In a simplistic manner, stakeholder management tools can help to visualize (Atkin and Skitmore, 2008) what remains tacit in individuals or communities of practice otherwise. As Bourne and Weaver (2010) discuss, information sticks best in human minds if it is reiterated in several modes, including inter-personal discussions, intra-personal reflection and also visualization. Due to the fact that a construction stakeholder landscape is made of complex information, it is best displayed graphically in order to identify effective communication channels. However, even Bourne and Weaver (2010) reflect on their own findings that everything stands or falls on how simple and flexible a tool can eventually be applied.

Motivated by this notion, the managerial approach to deploy tools for dealing with stakeholders is confronted with critics. From the practitioners point of view the question raises whether *it is worth the effort to list everyone* (Jepsen and Eskerod, 2009). In their case study, Jepsen and Eskerod (2009) identify that project teams had difficulties whether to treat a stakeholder as a group or as an individual according to a list. Further they acknowledge that it appeared difficult to keep a stakeholder analysis of a community durable because stakeholders change during the course of a project. Moreover, practitioners stated that vague project boundaries entail a risk when mapping and classifying a limited number of stakeholders.

Finally, the boundary between techniques and tactics on stakeholder management on the one hand, and what is attributed to managing relationships on the other hand, as discussed above, remains opaque. Chinyio and Akintoye (2008) evaluate the existence of those tools by means of *operational techniques*, such as joint workshops and negotiations. This includes finding trade-offs, making concessions and eventually relying on intuition. Endorsed by several case studies, Chinyio and Akintoye (2008) finally describe stakeholder management as a dialogue-based approach, rather than as a coping strategy. Therefore, the application of tools is not exclusive from relationship management.

Three examples of stakeholder management tools

As demonstrated above, various stakeholder management techniques and approaches exist. In this review, however, three tools are depicted; at fist, the widely acknowledged and basic interest-power matrix; at second, the concept of *stakeholder impact index*; and thirdly, an illustration technique, called the *stakeholder circle*.

The power/interest matrix, originally devised by Mendelow but adapted and established to its current form by Johnson et al. (2007), displays identified stakeholders according to the ratio of the power they hold and the likelihood that their interest occurs. Stakeholders are classified in four groups determining what strategy should be pursued towards them. For instance, a stakeholder who is able to leverage great power on a project and shows high interest should be monitored closely (B). When likewise powerful stakeholders express only little interest, then attention should be paid to keep them satisfied (A).

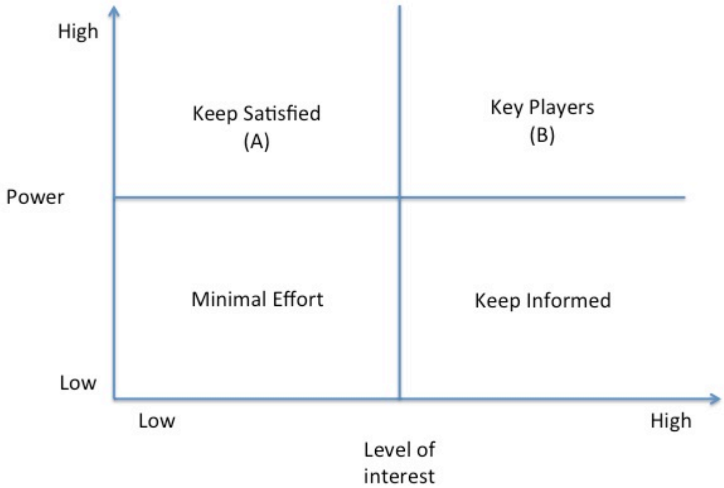

Figure 4 - The stakeholder impact/probability matrix (adapted from Johnson et al. (2007))

The calculated *stakeholder impact index,* developed by Olander (2007), combines more dimensions of influence patterns, finally displaying stakeholders in a list to compare and to evaluate their respective impact level. The index consists of the parameters *vested interest*, i.e. the probability of impact, *influence impact level*, the *stakeholder attribute*, i.e. power, urgency and legitimacy according to Mitchell et al. (1997), and a *position value*, i.e. if a stakeholder is either for, neutral or against the endeavor. For the final value determination, the first two parameters *vested interest (v)* and *influence impact level (i)* are both qualitatively assessed on a range from 1 (very low) to 5 (very high). Calculated in the formula as displayed, they equal the *vested interest-impact index*, developed by (Bourne and Walker, 2005).

$$ViII = \sqrt{\frac{\sqrt{v} \times i}{25}}$$

The vested interest-impact index (Bourne and Walker, 2005)

Finally, this value is multiplied with an index for a *stakeholder's attribute* *(A)* (resultant from the sum of assigned attributes that are given different values: power=0.4; legitimacy=0.3; urgency=0.3) and an index for its *position value (Pos),* determined as active opposition (-1), passive opposition (-0.5), neutrality (0), passive support (0.5), or active support (1).

$$SII = ViII \times A \times Pos$$

The stakeholder impact index from (Olander, 2007).

As a fictive example, the stakeholder impact index could be calculated like in the following.

$$ViII = \sqrt{\frac{2 \times 5}{25}} \times 0.7 \times 0.5 \ = \ 0.22$$

This stakeholder could be a shareholder, who is primarily interested in the project financial outcome, rather than project related issues. Therefore, the indices are determined as depicted in the table.

	Impact parameter	Assigned value	Comment
v	vested interest level	2	Interest in project itself is low. High interest in financial outcome.
i	influence impact level	5	E.g. ability to cancel or accelerate the project.
A	Stakeholder attribute	0.4 + 0.3 = 0.7	This stakeholder is certainly powerful and legitimate, however not urgent unless the date for return on invests is at stake.
Pos	positional value	0.5	Support for the project is certain, however

			most likely not directly involved.

Example calculation of the stakeholder impact index according to (Olander, 2007)

Bourne (2006) provides the most graphically based illustration. Likewise as the stakeholder impact index, the *Stakeholder Circle ™* aims to embrace several dimensions of the stakeholder landscape by means of one picture. In the circle concept, lines or patterns divide stakeholder groups; the size of a group stands for its interest. Several subdividing lines can visualize a stakeholder group that is heterogeneous and consists of various individual interests. Their respective direction of influence, e.g. upward via senior managers or outwards via external groups can be visualized by specific colors. Principally, darker colors indicate external stakeholders influence, whereas internal influence shed light. Moreover, the distance of a stakeholder group from the center of the circle indicates how remote or directly a stakeholder exerts influence.

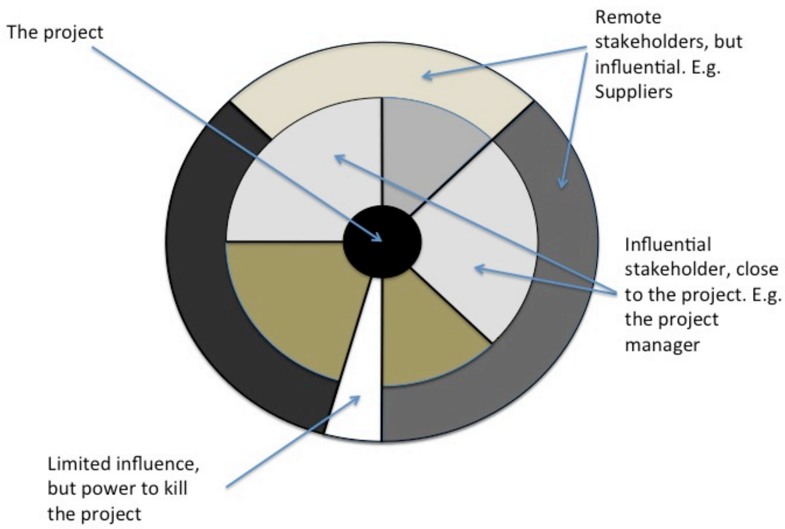

Figure 5 - The stakeholder circle (adapted from Bourne (2006))

Methodology

Methodology process

The research methodology employed in this study was chosen to explain circumstances regarding Stakeholder Management, external relationships, and internal decision-making affecting the behavior of the external stakeholders. Our argument proceeds as follows: First we developed a research question, which was amended after the literature review. When we were satisfied with our mission and had sufficient knowledge related to it, we conducted interviews at a case study and reviewed this by analyzing and comparing the literature with the results.

Furthermore, in order to explain the circumstances regarding a system including stakeholder management, the PPP concept, ethics, external relationships, and internal decision-making affecting the behavior toward external stakeholders, a system approach derived from (Arbnor and Bjerke, 2009) was chosen. This implies that the included parts of the system and the relationship between them are studied.

Partners and their influence on the thesis

The first idea for this thesis derived from a presentation held by Stefan Olander from Lund Technical University. The subject for his presentation was stakeholder management in general and we became very interested in this subject. We tried to find a niche for our project, and discovered that many authors have discussed the concept of merging Stakeholder Management and relationships (Relationship Management); Bourne & Walker (2008) is one example of this. Though, when adding PPP as a third parameter, the research gap grew.

To specify the thesis scope, a co-operation with an infrastructure developer with knowledge from real-life projects, and a supervisor and an advisor from Chalmers University of Technology, with the academic perspective, was commenced.

Problem definition

The system approach was chosen due to the proximity of stakeholder management to relationships, communication, values and beliefs, leadership, and ethics. We consider the relationship between these theoretical areas equally important and by excluding any of them, we believe that the results would be less valuable. By including all of these, the thesis intends to provide a holistic perspective of Stakeholder Management with a focus on external relations.

In management literature there is a lack of knowledge about project managers' people engagement skills (Hillman, 2001) and therefore it is first and foremost necessary to determine how soft skills are applied in action and what makes PPP managers tick when dealing with external stakeholders.

To find more distinctive results for the values and beliefs, business ethics have been included. Another reason for integrating this, is that business ethics is closely correlated to stakeholder management, e.g. how should a project organization behave towards stakeholders?

The research question is based on an assumption that there are difficulties related to a diverse stakeholder environment, i.e. the multidimensional participants in the stakeholder setting seemed to require managers with heterogeneous skills in order to handle different disciplines in a project.

All projects are multidimensional in terms of many aspects including, but not limited to; the stakeholder setting including different personal backgrounds, corporate cultures, perhaps nationalities or prerequisites that affects the project (Smyth and Edkins, 2007), stakeholder interests (Aaltonen et al., 2008; Mitchell et al., 1997) or perspectives of project success (Ika, 2009).

A decision was made to investigate a SPC in a PPP project. This because they are exceptional examples in regards to stakeholder challenges due to the tremendous diversity in their stakeholder environment. Moreover, concessionaires are facing an extreme testing when it comes to relationships. The private party occurs in different contractual settings compared to other standard contract forms, and takes on a much wider responsibility for more than just the execution of construction. A SPC undertakes different positions such as client, executor, or operator, depending on the situation and which stakeholder to be managed, e.g. the SPC acts as a client to the contractor and operator, but towards the client, they act as an executor.

Literature review

In order to collect further knowledge before conducting the case study, a literature study was made to cover the following theoretical areas:

- Stakeholder Management
- Stakeholder Analysis
- Relationship Management
- Public Private Partnerships
- Corporate Social Responsibility (CSR) / Business Ethics
- Leadership
- Project Politics
- Project Success
- Change Management
- Public Procurement
- Research Methodology

The literature review has covered a mix of academic articles, papers, and books from the following databases:

- Scopus
- LIBRIS
- Discover Summon (Chalmers library's search engine towards all their available databases)
- Google Scholar

Case study

A case study is a research of a single project in order to reveal important features about its nature (Bryman, 2004). This explains very much why a case study method was chosen for this project, but there are more ways to defend this. According to Yin (2009)? there are three conditions determining the choice of research method:

- The type of research question ("Who", "What", "Where", "How", or "Why")
- The control an investigator has over actual behavioral events
- If the focus is on contemporary or historical phenomenon

These aspects often overlap in different methods, but a case study is often appropriate when a research question is "how" or "why", the investigator has little control over the behavioral events, and the focus lies on a contemporary phenomenon in a real-life context (Bryman, 2004).

These circumstances suited perfectly for this thesis, since the research question is how heterogeneous externals in PPP projects can be managed. We have little control over the relationships towards externals (though we were sent there by one of the investors senior managers in order to investigate the project, which might have affected their answers to our questions), and our focus is on a contemporary subject in a real-life situation.

Even though the research question is explained with several "what" questions such as: What characterizes multidimensional relationships with various externals occurring in a PPP? Or what ethical implications are steering managers' actions? These questions are explanatory, which according to Yin (2009) is suitable for a case study.

The case study conducted in this thesis comprises interviews with the management board of the SPC of a major PPP motorway in Poland. By the time the interviews were conducted, the project had recently entered its operation phase and approximately 15 people were employed by the SPC. During the most intense phase, several thousands of people was involved in the execution including all parties in the project, such as contractor, subcontractors, and suppliers.

Gathering information

Before starting the interviews, we gathered public information, such as newspaper articles related to the case. We also reviewed some internal documents from the SPC, such as monthly reports and a Q&A Manual. This was investigated in order to get an overview of the project, be able to adapt interviews with project specific questions, and also to understand the interviewees' different relationships and work situation. Another aspect influencing this thesis was that we spent three days in the office of the SPC and made observations on how they are working, including observations of their corporate culture. By doing this and having informal chats, we have a broader understanding of how things are done there. In total six persons were interviewed with the following positions in the SPC:

- President of the Management Board
- Technical Director
- Financial Director
- Operation & Maintenance Director
- Technical Manager
- Management Board Advisor

Interviews

This qualitative study tries to explore underpinning reasons for how relationships are carried out with external stakeholders. In order to investigate this, it is preferable to use interviews since it is an ambiguous subject. When executing the interviews on the specific case, a semi-structured interview approach was used. This was chosen to make it possible to ask follow-up questions related to the interviewees' answers. The intention was to execute the interviews according to something similar to the "five whys" developed by Sakichi Toyoda, in order to find the root of their underpinning values and beliefs. Related to what Bryman (2004) mentions regarding revealing of the features' nature, relationships are a very deep and intangible subject. Moreover, Stakeholder Management might be much based on superficial analyses and the project managers' intuitions (Jepsen and Eskerod, 2009). By using the semi-structured method instead of questionnaires or literature reviews, we intended to understand the nature of the different theoretical areas included in the study, and the relationship to, and between them. Furthermore, the uniqueness of stakeholder environments made it appropriate to conduct semi-structured interviews for a case study.

Each interview lasted for approximately one to two hours each. One interview was conducted by telephone, but the others were face-to-face.

The semi-structured method functioned well. Even though the questions were closed, the interviewees opened up and we were able to ask follow up questions. During the sessions, they were free to express anything related to the subject, which resulted in information that was not expected. In the beginning of the interviews, the interviewees were more closed due to a recording device, but after a while some expressed that they had forgotten it.

All the interviewees had English as a second language and this might have affected the results due to semantic matters. Also, the telephone interview contributed with some interpretation difficulties.

Analysis & Conclusions

This thesis adapts a content analysis approach, similar to the one Chinyio and Akintoye (2008) use. This process is used for a qualitative content analysis and involves examinations of discussions in order to establish an understanding of the interviewees' intents. And as Chinyio and Akintoye (2008) argue, we also interpreted narrations and answers from the interviewees' in order to connect them to stakeholder management principles.

The following procedure was adapted after the interviews was completed:

1. Transcribing recordings
2. Summarizing transcriptions
3. Defining interviewees personalities
4. Finding complementary and contradictory aspects through discussions.

This process allowed us to go over the results several times and thereby find details that revealed some important factors. By defining the interviewees' personalities, we investigated their personal values and beliefs affecting their decisions. Also, we were able to interpret their answers with understanding for what their intentions really are. This added another dimension to the analysis.

During the interviews we avoided to use academic terms and adapted our language to more colloquial terms in order to avoid misinterpretations by the interviewees and establish a mutual understanding about the subjects discussed. When determining (step 4) the complementary and contradictory aspects, interpretations were executed in academic terms again in order to better merge the literature review and results in the paper.

References

AALTONEN, K., JAAKKO, K. & TUOMAS, O. 2008. Stakeholder salience in global projects. *International Journal of Project Management,* 26, pp. 509-516.

AKINTOYE, A., BECK, M. & HARDCASTLE, C. 2008. *Public-Private Partnerships : Managing Risks and Opportunities*. ed. Chichester, GBR, Wiley.

ANDRES, L., GUASCH, J. L., ANDRÂES, L. & ANDRÉS, L. 2008. *The Impact of Private Sector Participation in Infrastructure*. ed.

ARBNOR, I. & BJERKE, B. 2009. *Methodology for creating business knowledge*. [e-book] London: SAGE Publications Ltd. Available through: Google Books [Accessed 02 December 2012]

ATKIN, B. & SKITMORE, M. 2008. Editorial: stakeholder management in construction. *Construction Management and Economics,* 26, pp. 549-552.

BARTKUS, B. & GLASSMAN, M. 2008. Do Firms Practice What They Preach? The Relationship Between Mission Statements and Stakeholder Management. *Journal of Business Ethics,* 83, pp. 207-216.

BAYLISS, R., CHEUNG, S.-O., SUEN, H. C. H. & WONG, S.-P. 2004. Effective partnering tools in construction: a case study on MTRC TKE contract 604 in Hong Kong. *International Journal of Project Management,* 22, pp. 253-263.

BERG, S., DEGGERICH, M., HORNIG, F. & WASSERMANN, A. 2012. Projekt Größenwahn. *Der Spiegel*, Edtion 19 November 2012, Available at: > [Accessed

BING, L., AKINTOYE, A., EDWARDS, P. J. & HARDCASTLE, C. 2005. The allocation of risk in PPP/PFI construction projects in the UK. *International Journal of Project Management,* 23, pp. 25-35.

BOURNE, L. 2006. Visualizing Stakeholder Influence - Two Australian Examples. *Project Management Journal,* 37, pp. 5.

BOURNE, L. 2009. *Stakeholder relationship management : a maturity model for organisational implementation*. ed.

BOURNE, L. & WALKER, D. H. T. 2005. Visualising and mapping stakeholder influence. *Management decision,* 43, pp. 649-660.

BOURNE, L. & WEAVER, P. (eds.) 2010. *Mapping Stakeholders,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98

BRINER, W., HASTINGS, C. & GEDDES, M. 1996. *Project Leadership*. 2nd ed. Aldershot, Gower Publishing Limited.

BRYMAN, A. 2004. *Social research methods*. 2nd ed. Oxford, Oxford University Press.

CARROLL, A. B. 1999. Corporate Social Responsibility: Evolution of a Definitional Construct. *Business & Society,* 38, pp. 268-295.

CARROLL, A. B. & BUCHHOLTZ, A. K. 2003. *Business & society: Ethics, sustainability, and stakeholder management*. ed., South-Western Pub.

CARROLL, A. B. & SHABANA, K. M. 2010. The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews,* 12, pp. 85-105.

CHINYIO, E. & AKINTOYE, A. 2008. Practical approaches for engaging stakeholders: findings from the UK. *Construction Management and Economics,* 26, pp. 591-599.

CLARKSON, M. B. E. 1995. A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *The Academy of Management Review,* 20, pp. 92-117.

CLEGG, S., KORNBERGER, M. & PITSIS, T. 2008. *Managing & Organizations*. 2nd ed. London, SAGE Publications Ltd.

DONALDSON, T. 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *The Academy of Management Review,* 20, pp. 65.

EL-GOHARY, N. M., OSMAN, H. & EL-DIRABY, T. E. 2006. Stakeholder management for public private partnerships. *International Journal of Project Management,* 24, pp. 595-604.

ELMUALIM, A. (ed.) 2010. *Culture and Leadership in Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 174-191

FREEMAN, R. E. 2010. *Strategic management: a stakeholder approach*. ed. Cambridge, Cambridge University Press.

FRIEDMAN, M. 2007. The Social Responsibility of Business Is to Increase Its Profits. *In:* ZIMMERLI, W., HOLZINGER, M. & RICHTER, K. (eds.) *Corporate Ethics and Corporate Governance*. Springer Berlin Heidelberg.

GROTON, J. 1997. Alternative dispute resolution in the construction industry. *Dispute Resolution Journal,* 52, pp. 48.

HARRIS, F. (ed.) 2010. *A Historical Overview of Stakheolder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 41-55

HILLMAN, A. J. 2001. Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal,* 22, pp. 125.

IKA, L. 2009. Project success as a topic in project management journals. *Project Management Journal,* 40, pp. 6.

JAMES, G. 2012. *8 Core Beliefs of Extraordinary Bosses* [online]. Available at: <http://www.inc.com/geoffrey-james/8-core-beliefs-of-extraordinary-bosses.html> [Accessed 07 November 2012].

JAN TERJE, K. 2002. Project stakeholder management. *Engineering Management Journal,* 14, pp. 19-24.

JEPSEN, A. L. & ESKEROD, P. 2009. Stakeholder analysis in projects: Challenges in using current guidelines in the real world. *International Journal of Project Management,* 27, pp. 335-343.

JIMENEZ, A. & PASQUERO, J. 2004. Expaining the Endurance of a Permantently Challendged Public-Private Partnership: A Stakeholder Approach. *Management research,* 3, pp. 49.

JOHNSON, G., SCHOLES, K. & WHITTINGTON, R. 2007. *Exploring Corporate Strategy Text & Cases*. ed. GB, Pearson Education.

KADEFORS, A. 2004. Trust in project relationships - inside the black box. *International Journal of Project Management,* 22, pp. 175-182.

KARLSEN, J. T. 2002. Project stakeholder management. *Engineering Management Journal,* 14, pp. 19-24.

KLEMM, M., SANDERSON, S. & LUFFMAN, G. 1991. Mission statements: Selling corporate values to employees. *Long Range Planning,* 24, pp. 73-78.

KUMARASWAMY, M. M. & ANVUUR, A. M. 2008. Selecting sustainable teams for PPP projects. *Building and Environment,* 43, pp. 999-1009.

LANDIN, A. 2000. *Impact of quality management in the Swedish construction process*. Ph.D. thesis, Lund University, Sweden.

LEIRINGER, R. 2006. Technological innovation in PPPs: incentives, opportunities and actions. *Construction Management and Economics,* 24, pp. 301-308.

LEUNG, M. O., P. (ed.) 2010. *Risk and Construction Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98

LI, J., XIN, K. & PILLUTLA, M. 2002. Multi-cultural leadership teams and organizational identification in international joint ventures. *International Journal of Human Resource Management,* 13, pp. 320-337.

LI, J., XIN, K. R., TSUI, A. & HAMBRICK, D. C. 1999. Building effective international joint venture leadership teams in China. *Journal of World Business,* 34, pp. 52-68.

LINDGREEN, A. & SWAEN, V. 2010. Corporate Social Responsibility. *International Journal of Management Reviews,* 12, pp. 1-7.

LITTAU, P., JUJAGIRI, N. J. & ADLBRECHT, G. 2010. 25 years of stakeholder theory in project management literature (1984–2009). *Project Management Journal,* 41, pp. 17-29.

MANOWONG, E. & OGUNLANA, S. (eds.) 2010. *Strategies and Tactics for Managing Construction Stakeholders,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 121-137

MIKA, G., JOHN, D. & HANNU, S. 2009. Transformational team-building across cultural boundaries. *Team Performance Management,* 15, pp. 235-256.

MITCHELL, R. K., AGLE, B. R. & WOOD, D. J. 1997. Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *The Academy of Management Review,* 22, pp. 853-886.

MOODLEY, K., SMITH, N. & PREECE, C. 2008. Stakeholder matrix for ethical relationships in the construction industry. *Construction Management and Economics,* 26, pp. 625-632.

MOURA, H. M. & TEIXEIRA, J. C. (eds.) 2010. *Managing Stakeholder Conflicts,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 286-316

NEWCOMBE, R. 2003. From client to project stakeholders: a stakeholder mapping approach. *Construction Management & Economics,* 21, pp. 841-848.

OLANDER, S. 2006. *External Stakeholder Analysis in Construction Project Management*. Ph. D., Lund University.

OLANDER, S. 2007. Stakeholder impact analysis in construction project management. *Construction Management and Economics,* 25, pp. 277.

OLANDER, S. & ATKIN, B. L. (eds.) 2010. *Stakeholder Management - The Gains and Pains,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 266-285

OLANDER, S. & LANDIN, A. 2008. A comparative study of factors affecting the external stakeholder management process. *Construction Management & Economics,* 26, pp. 553-561.

PARKER, D. 2009. Editorial: Ppp/pfi - Solution or problem? *Economic Affairs,* 29, pp. 2-6.

PINTO, J. K. 2000. Understanding the role of politics in successful project management. *International Journal of Project Management,* 18, pp. 85-91.

PORTER, M. E. & KRAMER, M. R. 2006. The link between competitive advantage and corporate social responsibility. *Harvard business review,* 84, pp. 78-92.

ROLOFF, J. 2008. Learning from Multi-Stakeholder Networks: Issue-Focussed Stakeholder Management. *Journal of Business Ethics,* 82, pp. 233-250.

ROUSSEAU, D., SITKIN, S., BURT, R. & CAMERER, C. 1998. Not so different after all: a cross-descipline view of trust. *Academy of Management Review,* 23, pp. 393-404.

SAVAS, E. S. ca. 2006. *Privatization and public-private partnerships* [online]. Available at: <http://www.cesmadrid.es/documentos/sem200601_md02_in.pdf> [Accessed 10 December 2012].

SHAH, N. & HARRIS, P. T. (eds.) 2010. *Using Change Management to Support Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 338-349

SHEK-PUI WONG, P. & CHEUNG, S.-O. 2004. Trust in construction partnering: views from parties of the partnering dance. *International Journal of Project Management,* 22, pp. 437-446.

SMYTH, H. 2008. The credibility gap in stakeholder management: ethics and evidence of relationship management. *Construction Management & Economics,* 26, pp. 633-643.

SMYTH, H. & EDKINS, A. 2007. Relationship management in the management of PFI/PPP projects in the UK. *International Journal of Project Management,* 25, pp. 232-240.

WALKER, D. & ROWLINSON, S. 2007. *Procurement System: A Cross-Indutry Project Management Perspective*. [e-book] Abingdon: Taylor & Francis. Available at: Google Books [Accessed 22 November 2012]

WATZLAWICK, P. & BEAVIN, J. 1967. Some Formal Aspects of Communication. *American Behavioral Scientist,* 10, pp. 4-8.

WIDÉN, K. & OLANDER, S. 2011. *Adopting PPP - why or why not?* [online]. COST (European Cooperation in Science and Technology). Available at: <http://www.ppptransport.eu/index.php?option=com_k2&view=item&task=download&id=19> [Accessed 13 May 2012].

WINCH, G. 2010. *Managing construction projects: an information processing approach, second edition*. 2nd ed.

WOOD, M., MUKHERJEE, A., BRIDGES, T. & LINKOV, I. (eds.) 2010. *A Mental Modelling Approach to Study Decision-Making in Dynamic Task Environments,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98

YANG, J., SHEN, G., DREW, D. & HO, M. 2010. Critical success factors for stakeholder management: construction practitioners' perspectives. *Journal of construction engineering and management,* 136, pp. 778.

YESCOMBE, E. R. 2007. *Public-private partnerships: principles of policy and finance*. ed., Butterworth-Heinemann.

Managing External Stakeholder Relationships in PPP projects *- What is guiding managers' behavior?*

Julian Siering & Adam Svensson, Chalmers University of Technology, Sweden, 2012.

Abstract

In Public Private Partnerships (PPP), private entities manage stakeholders otherwise handled by the public. The social responsibility of the privately owned Special Purpose Vehicle (SPC) therefore significantly increases, and external relationships become crucial for a successful project. These relationships are often multidimensional. Hence, there derives a need to manage them with due deliberation.

This paper investigates characteristics of relationships between the SPC and external stakeholders and how these are managed. Moreover, the study comprises how values and beliefs affect managers' way of dealing with external stakeholders. The investigation intends to raise questions concerning possible improvements toward a maximized value among internal and external construction stakeholders.

A case study comprises a major infrastructure PPP in Poland where qualitative interviews were conducted with the Management Board of the SPC.

Results show that the PPP concept promotes involvement of external stakeholders, effective communication channels are critical for success, and managers' act according to their intuition rather than management techniques. Furthermore, a vision and mission statement serves as behavioral guidelines when dealing with external stakeholders in a socially acceptable manner.

Keywords: Construction, Stakeholder Management, Stakeholder Analysis, Public Private Partnership (PPP / PFI / 3P), Relationship Management, Corporate Social Responsibility, and Project Management

Introduction

The Public Private Partnership (PPP) concept is increasingly being used within the construction sector (Akintoye, Beck and Hardcastle, 2008; Savas, ca. 2006). During the last decades, PPP projects have evolved from diverse causes, such as the need to reconcile between an increasing political pressure on public funding and innovative solutions in line with a continuous development of public facilities (Bing et al., 2005; Parker, 2009). The later is imperative if great prosperity is pursuit for the society at large. As a new business model, PPP projects emerged in order to create different investment initiatives with new contractual settings and liabilities in the construction sector. Moreover, it is seen as a way to create more value for money compared to conventional projects (Bing et al., 2005).

Construction projects naturally affect or even engage a great diversity of different individuals and organizations. In addition to that, their interests and worldviews differ innately and even change significantly throughout different phases within a project (Moura and Teixeira, 2010). A wide range of differing interests meet, entailing a need to be handled by professional means. However, this is not addressed as a problem, rather it is examined as a given social phenomena of resistance to change. It is underpinned by the causality: since construction entails change, it is very likely that humans resist (Shah and Harris, 2010).

Many projects, such as large international PPP infrastructure projects are multidimensional in terms of cultures, organizations, and social environments (Jimenez and Pasquero, 2004; El-Gohary, Osman and El-Diraby, 2006; Yescombe, 2007; Aaltonen, Jaakko and Tuomas, 2008; Bourne, 2009). In these situations, stakeholder management becomes even more pertinent because they are carried out in demanding and unpredictable institutional environments involving a number of diverse actors who are impacted and attempt to impact a project (Aaltonen et al., 2008).

From a social perspective, PPP projects in particular should - because of its impact - attempt to serve a vast amount of heterogeneous stakeholders (Chinyio and Akintoye, 2008). PPP projects include the construction, finance, and operation of public facilities in accordance with a concession agreement. This often include projects that affect a wide spectrum of the society, such as roads, railways, bridges, airports, hospitals, water systems, pipelines, or power plants (Savas, ca. 2006). Beyond a direct environmental change, infrastructure projects most notably impact long-term economical and social circumstances as well as the natural environment itself. This causes that a stakeholder definition may need to be extended to the society as a whole and thereby merging with the conceptual idea of Corporate Social Responsibility (CSR).

A deliberate stakeholder management is able to maximize the value of a project while taking everyone's concerns and needs into consideration (Olander, 2006). In PPP projects, a private organization, namely a Special Purpose Company (SPC), has to handle external stakeholders, who are otherwise managed by a public client. Among others, those can be the actual users and their representative unions, landowners and neighbors, local communities, affected businesses, statutory bodies, media, the natural environment and its advocates such as environmentalists, as well as the general public opinion.

A private party rarely occurs in a position where its impact on the society is likewise noticeable than in infrastructure projects (Andres et al., 2008), and in PPP projects in particular. These extended responsibilities, possessed by the private entity, seem to require a different approach toward external stakeholders. Atkin and Skitmore (2008) argue that construction projects are fairly closed, meaning that the focus is often toward internal stakeholders such as contractors or subcontractors. Managing external stakeholders, however, has been seen as a task for the public officials to deal with, and private parties are perceived as rather narrow-minded in regards to external stakeholder management.

The definition of a stakeholder comprises those who have power, legitimacy, and urgency (Mitchell, Agle and Wood, 1997). But it also comprises those who are only urgent in their interest and thus may not have direct economical impact on a project outcome (Mitchell et al., 1997; Elmualim, 2010). Thus, corporate social responsibility is a pivotal aspect that organizations need to face to, especially when the environment wherein they act is sensitive to ethical questions (Clegg, Kornberger and Pitsis, 2008).

From a commercial and managerial perspective, stakeholder management can facilitate successful project execution (Donaldson, 1995; Mitchell et al., 1997; Jan Terje, 2002; Bourne and Walker, 2005; Atkin and Skitmore, 2008; Jepsen and Eskerod, 2009; Manowong and Ogunlana, 2010) in terms of time, costs, and quality. Active stakeholder management has been found to prevent time delays and increased costs that may occur (Harris, 2010). Combining this with the divergent project role that the SPC possesses, it appears necessary to manage stakeholders with due deliberation, especially on infrastructure PPPs (El-Gohary et al., 2006).

Cases have shown that projects that a lack of stakeholder management can lead to irreparable damages to a projects' image and its parties involved and can entail detrimental effects on societal benefit. There are for example the Hallandsåsen Tunnel (Sweden) (Olander, 2006), the Berlin Brandenburg International Airport (Germany) (Berg et al., 2012), or the expansion of the west coast line through the city of Lund (Sweden) (Olander and Landin, 2008), which are faced with critics.

The stakeholder management concept acknowledges areas such as risks, uncertainties, ethics, empowerment, and sustainability (Atkin and Skitmore, 2008). Proactive stakeholder management contributes and synergizes with proactive risk management as it anticipates and foresees possible social risks and relationship risks (Bing et al., 2005; Bourne, 2009).

All relationships are created, shaped, and nurtured with communication (Clegg et al., 2008; Yang et al., 2010). Hence, in order to understand the characteristics of relationships, the topic of communication has been included in this paper.

In respect to a proactive stakeholder management, different strategies can be used in order to cope with contingencies. A misjudgment or inadequate selection of a strategy could lead to failure when executing stakeholder management. Landin (2000) deems decision-making as crucial for satisfying stakeholders. Therefore, it is chosen to investigate the decision-making in regard to stakeholder management strategies. This paper intends to study what underpins decisions made on a strategic level that concerns deliberate activities on external stakeholders, in this paper often referred to as externals.

Challenging the question how decisions are taken that affects relationships with externals, internal management matters. Leadership has been identified as vital for a prudent execution of stakeholder management (Elmualim, 2010). This paper comprises the topic of leadership in respect to internal teambuilding affecting external stakeholder management.

All decisions related to stakeholders are built upon personal values and morality (Jimenez and Pasquero, 2004; Smyth, 2008). Therefore, ethical consideration is addressed in this paper.

In practice, the application of stakeholder management tools has been faced with difficulties. Nonetheless, practitioners identify this as an area to improve. Mike McNicholas (2012), Managing Director at Atkins, states: *Stakeholder management - this is something we need to professionalize*.

Even though the PPP concept results in an increased incentive for a deliberate management of stakeholders, a research gap is noteworthy. Literature regarding stakeholder management has increased in popularity in project management journals (Littau, Jujagiri and Adlbrecht, 2010). However, there is a lack of articles discussing important people engagement skills (Hillman, 2001), which are required for a successful stakeholder management (Bourne, 2009). Therefore, it is first and foremost necessary to determine how soft skills are applied into action. What makes manager tick when nurturing relationships and handling ethical questions with external stakeholders?

We seek to address the following questions: How can heterogeneous externals be managed in PPP projects? What characterizes multidimensional relationships with various externals in a PPP? What are the managers' underpinning attitudes and values, which affect their way to deal with external stakeholders, such as the public client, related political decision makers, public associations, users, as well as private corporative stakeholders? In essence, we seek to identify how stakeholder management is applied and developed in a Public Private Partnership.

A case study will comprise a major Polish PPP motorway project, which recently entered the operation phase by the time this article was conducted. The paper intends to consider external stakeholders that get in touch with, or are affected by the SPCs project managers' actions and their internal management behavior. Whether a stakeholder is considered as internal or external is dependent on its proximity to, and activity in, the project. For example: In PPP projects, a clients' influence decreases after the procurement phase and the power of the SPC expands; therefore they are considered as externals in here.

Roloff (2008) argues that companies uses two different types of stakeholder theory. These are organization-focused stakeholder management and issue-focused stakeholder management. This papers approach is project stakeholder management, which is in line with the issue-focused method. Having this in mind, we are not excluding organizational stakeholder theory since some segments can contribute to the context of project organizations.

In this article a particular focus will be laid upon intentional or unintentional management actions, relationships, values, and underpinning phenomena of stakeholder management in respect to construction PPP projects.

The research methodology employed in this study was chosen to explain circumstances regarding a system including stakeholder management, the PPP concept, ethics, external relationships, and internal decision-making affecting the behavior toward external stakeholders. This report adopts a system approach, which is derived from (Arbnor and Bjerke, 2009). This implies that the including parts and the relationship between them are studied.

This article is organized in the following way: literature related to stakeholder theory and PPP, relationships and project politics, individual and corporate values, internal management, and stakeholder management techniques are reviewed. This is followed by results from interviews, which are presented and discussed with concluding remarks.

Introducing Stakeholder Management

In order to grasp the management of stakeholders, it is important to understand who and what really counts as stakeholders (Mitchell et al., 1997). Freeman (2010) description: *"any group or individual who can affect or is affected by the achievements of the organization's objectives"* is often referred to as the classic definition (Atkin and Skitmore, 2008). Another definition is made by Cleland (1986), as quoted in Littau et al. (2010), is *"… individuals and institutions who share a stake or an interest in the project"*. Later definitions are often a combination of Cleland (1986), as cited in Littau et al. (2010), and Freeman (2010), such as Walker and Rowlinson (2007): *"Stakeholders are individuals or groups who have an interest or some aspect of rights or ownership in the project, and can contribute to, or be impacted by, either the work or the outcomes of the project"*.

There have been attempts to narrow the definitions in order to group stakeholders. One approach sorts them into voluntary and involuntary risk bearers in the project (Clarkson, 1995), but most common is to differentiate between internal and external stakeholders (Harris, 2010; Leung, 2010; Winch, 2010). Typically, internal stakeholders are described as entities with a legal contract to the project and externals as entities with an interest in the project but without a contract (Leung, 2010). In contrast to the stakeholder definition in this paper this would imply that the client is defined as an internal stakeholder.

There is a broad array of literature related to the stakeholder management process (Olander, 2006). Among many, Littau et al. (2010) cite Cleland (1986) and highlights the process where identification, classification, analysis, and lastly management of stakeholders are particularized. Bourne (2009) has a slightly different process, which is more commercialized: identify, prioritize, visualize, engage, and monitor. Mitchell et al. (1997) reflect on classification and analysis by examining the stakeholder salience, which is *"the degree to which managers give priority to competing stakeholder claims"*.

An important feature in stakeholder management is managing stakeholders' expectations (Newcombe, 2003; Bourne and Walker, 2005; Atkin and Skitmore, 2008). The entire stakeholder management process is much based on project managers' combination of consciousness and intuitiveness in order to understand stakeholders' expectations and thereby increase their positive input and maximize the project value (Bourne and Walker, 2005; Bourne, 2006; Wood et al., 2010).

Relationships & Project Politics

Most projects consist of individuals and groups with different interests and motivational incentives (Jepsen and Eskerod, 2009). Bourne (2009) holds the view that dependent on the stake a stakeholder possesses in a project, they often have diverse perceptions of success and failure. Therefore Mitchell et al. (1997) and Manowong and Ogunlana (2010) propose that certain stakeholders require pertinent devotion and the level of attention should be configured accordingly.

It is fundamental to understand that stakeholder management and relationship management are closely intertwined (Smyth, 2008) and as reported by Aaltonen et al. (2008), relationship management is one of the most essential ingredients for a successful project.

When relationships are handled poorly, conflicts occur due to different reasons such as *poor interpersonal skills, inefficient communication, lack of responsiveness and unethical or opportunistic behavior* (Groton, 1997). Moura and Teixeira (2010) contends that stakeholder management is a way to cope with and to prevent these conflicts by proactively managing the relationships. Clarkson (1995) states that corporations' response to external social pressure ranges from being reactive (denying responsibility) to being proactive (anticipate responsibility). Other literature exposes a tendency toward reactive behavioral patterns in the construction industry when relationships are managed (Smyth and Edkins, 2007).

Keeping the importance of relationships in mind, they are created, shaped, and nurtured with communication (Clegg et al., 2008; Yang et al., 2010). Therefore it is crucial to establish good communication channels with involved stakeholders, both internal and external by setting clear communication goals, keeping an active involvement, and being persistent (Manowong and Ogunlana, 2010; Newcombe, 2003). Bourne (2009) explores the importance of targeting the communication to right stakeholders, especially externals.

Successful stakeholder management requires that everybody's voices have to be heard. If someone's voice is ignored, its environment becomes less safe and this ultimately serves as a stimulus for the stakeholder to become unpredictable in order to be taken serious (Smyth, 2008). Aaltonen et al. (2008) remark an example that externals might try to increase their legitimacy by using media to negatively affect the projects outcome. Therefore project managers have to observe the stakeholder environment actively and constantly by being socially sensible (Bourne and Walker, 2005).

These types of risks related to relationships are fairly common. Bing et al. (2005) show some typical samples of micro risks related to relations and PPP projects, such as inadequate experience in PPP/PFI, differences in working method and know-how between partners, inadequate distribution of authority in partnerships etc.

As figure 1 demonstrates, Bourne (2009) proposes three dimensions of relationship management, namely; hard skills referred to as the craft of management with strategies and monitoring, soft skills referred to as the art of leadership and establishment of relationships, and a third dimension termed as flow, which is the understanding of power structures affecting the project, i.e. politics.

In an earlier article, Bourne contends that there have been many examples of project failure due to misunderstandings and a lack of control over the political process, even though it is regarded as a critical success factor (Bourne and Walker, 2005).

Pinto (2000) also elaborates on the relationship between managers and project politics and presents seven tips to reflect upon when dealing with politics:

1. Understand and acknowledge the political nature
2. Learn to use appropriate political tactics
3. Understand and accept WIIFM (What's In It For Me/Them?)
4. Level the playing field
5. Learn the art of influencing
6. Develop your negotiation skills
7. Recognize that conflicts are a natural side effect of PM

Project managers need to understand both formal and informal structures related to the project Bourne (2006). Formal structures are related to hierarchies and other explicit relationships, whereas informal structures are associated to friendships, alliances, and other tacit ties. In essence, whether individuals and groups are convinced to follow the project in a desired direction, is highly dependent on the project managers' political skills.

In this respect, personal and social networks are particularly importance (Smyth and Edkins, 2007). For example, in some cultures one only enters businesses with friends or friends-of-friends, resulting in the informal networks having a colossal power over the project.

When building relationships, trust is a fundamental factor and has shown to improve productivity (Kadefors, 2004; Shek-Pui Wong and Cheung, 2004). Though, there has been found that not all, but many of the critical relationships, such as the SPC-Public client relationship, are considered as negative and lacks trust and confidence (Smyth and Edkins, 2007).

But there are ways to bridge this and prevent a distrustful environment. For example, informal gatherings,

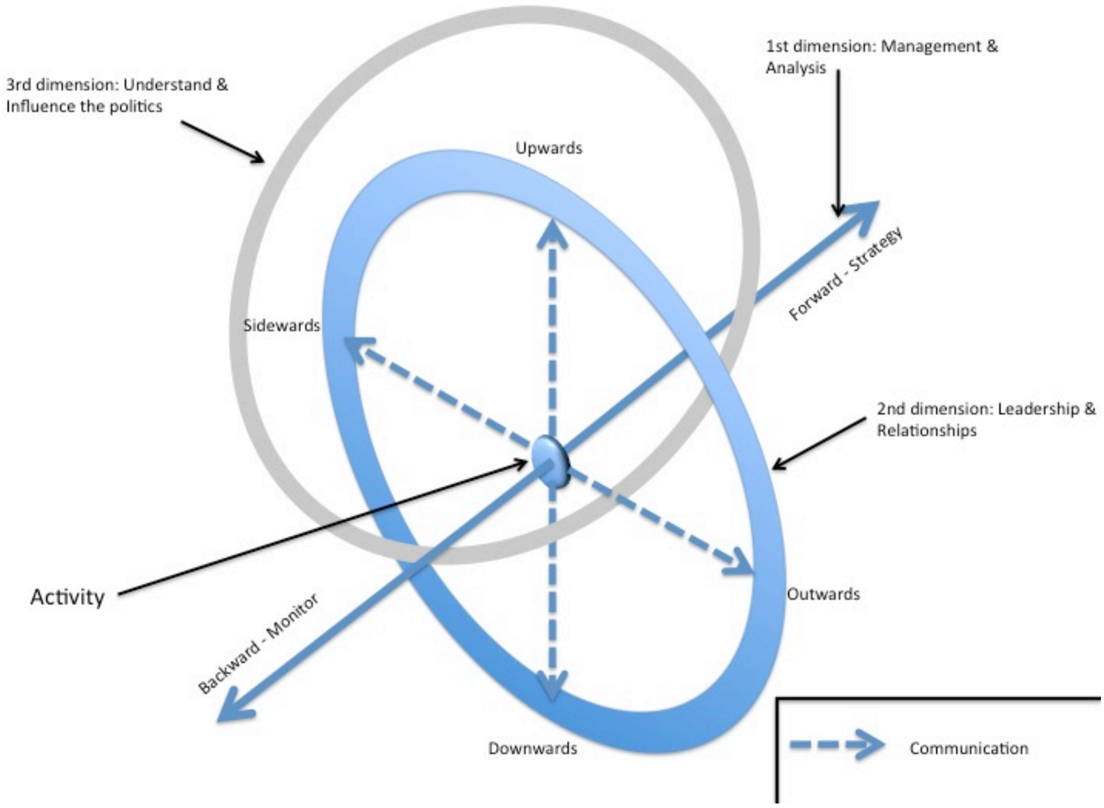

Figure 1 - Three dimensions of relationships (adapted from Bourne, 2009)

activities and open discussions have shown to increase trust between construction parties (Bayliss et al., 2004).

Strategic and tactical considerations of a proactive management of relationships should be prioritized in order to nurture collaboration between parties (Smyth and Edkins, 2007). This eventually triggers a shift in philosophy from relational contracting to relationship management including trusting and relying on interpersonal bonds instead of contracts and legal justice (Smyth and Edkins, 2007).

Individual and Corporate Values

Ethics of Stakeholder Management and Corporate Social Responsibility (CSR)

A large body of literature highlights the importance of ethical considerations in respect to sensitive social environments and stakeholder management (Mitchell et al., 1997; Clegg et al., 2008; Elmualim, 2010). Individual managers' decisions related stakeholders are built upon a normative foundation of personal values and morality (Jimenez and Pasquero, 2004; Smyth, 2008). Yang et al. (2010) identify *undertaking social responsibility* as the superior critical success factor for stakeholder management.

However, the question arises whether performing social responsibility belongs to organizations' actual role and purpose. Carroll and Shabana (2010) question to whom does a firm owe responsibility? Does a mandate of business imply that secondary stakeholders' interests have to be taken into account on the expenses of the business owner? While Corporate Social Responsibility (CSR) is conceived by some as an *extra charitable social contribution,* Porter and Kramer (2006) argue that capitalism and social welfare are not exclusive from a corporate perspective. CSR may even be a source for a competitive advantage.

A large body of literature addresses that the term is despite widespread application somewhat obscure (Clarkson, 1995). In addition, for those who are faced with ethical questions in practice, i.e. executive managers, it carries anything but a clear definition (Lindgreen and Swaen, 2010).

For and against CSR

Friedman (2007) challenges the idea of CSR principally. He claims that social responsibility and business are opposing poles; the only responsibility management holds is to make profit for its shareholders. In stark contrast, CSR has been for long defined as only being existent beyond profit making. This standpoint defines CSR as those activities that are undertaken beyond a firm's core business and only in order to make charitable contribution (Hillman, 2001).

On the other hand, it may strike back on an organization's reputation and legitimacy in the long run, if only shareholder value is pursued (Smyth and Edkins, 2007). In turn it becomes a matter of shareholder value to meet wider stakeholder expectations and thus consider social responsibility.

One step further, Smyth (2008) traces the utilitarian approach. It says that business primary purpose is to increase societal net benefit. Nonetheless, Smyth (2008) points out a tendency in stakeholder management practice toward denying social concerns of external parties. He contends that Adam Smith's contribution to economics is misunderstood if asserting that the interest of a firm only equals profit and growth. In contrast, Porter and Kramer (2006) state that already a sustainably, successfully driven business constitutes a valuable social contribution and responsibility. Therefore, they propose a shift from thinking in terms of *corporate social responsibility* toward *corporate social integration*. By addressing social problems within the range of their competence, companies also build up their competitive advantage. Harris (2010) argues that social responsibility is deeply anchored in stakeholder practice. He emphasizes that if the attitude of *"doing well by doing good"* among managers prevails, then it eventually becomes a part of commercializing and building up a competitive edge.

In concert (Porter and Kramer, 2006) and (Smyth, 2008) criticize practical interpretations of the stakeholder management idea. Smyth (2008) argues that a narrow approach of stakeholder management is merely driving agendas based on fear that stakeholder impact potentially jeopardize profit and income. Likewise, Porter and Kramer (2006) criticize the currently prevailing concept of stakeholder management that merely attempts to mitigate harm. Smyth (2008) remarks that this approach entails a risk that opportunistic behavior toward the most powerful stakeholders appears rational. Instead, Porter and Kramer (2006) argue in favor for a proactive corporate social strategy acknowledging social agendas.

In summary of these notions, Carroll and Buchholtz (2003) state:

> *"Stakeholder management is an approach that increases the likelihood that decision makers will integrate ethical wisdom with management wisdom in all that they do"*

Individual responsibility on ethics

Ultimately, individuals are regarded as responsible when it comes to ethical consideration (Clegg et al., 2008; Moodley, Smith and Preece, 2008) and management in particular because it is in control of the flow of benefits (Smyth, 2008). Although Friedman (2007) mentions that managers' latitude is restricted by being an agent of their employees, he also considers individuals as responsible rather than corporations.

In either case, Hillman (2001) identifies a dilemma faced by managers when called to serve an expended role of society. In fact, he found that only activities related to primary important stakeholders increase shareholder value and not any additional social performance. Another dilemma is highlighted by Elmualim (2010) claiming that ethical breaches are a particular problem in the construction industry, as managers may be facing with dilemmas caused by different stakeholder demands. Newcombe (2003) elaborates that construction organizations struggle to pursue conflicting objectives and thus are often prone to '*buy off*' potential one-off conflicts. Winch (2010) acknowledges that bribery is a widespread phenomenon in construction related activities.

Internal management - underpinnings for stakeholder directed actions

Objective settings by means of vision and mission

Strategic decisions on social issues, i.e. that have an affect on individuals and relationships, are integrated into an organization's operation by means of objective setting, including a statement of mission and purpose (Clarkson, 1995). A mission statement can reflect beliefs of individuals. Vice versa, it can reflect a firm's stakeholder management practice as it is compiled to guide policies and procedures (Klemm, Sanderson and Luffman, 1991). Thus, a mission statement serves as an internal guide for managers for decision-making and behavior (Klemm et al., 1991; Bartkus and Glassman, 2008). Moreover, Yang et al. (2010) highlight the *formulation of a clear statement of project mission* as the second highest critical success factor for stakeholder management. Externally directed, a mission statement provides a communication tool with external stakeholders. It is doing so because it establishes an identity (Clegg et al., 2008) and sets value driven preconditions to encounter others (Bartkus and Glassman, 2008). Bartkus and Glassman (2008) suggest that a mission statement can even meet the purpose of imposing social pressure on executives to align their decisions with firm's overall expressed values as their credibility is at stake otherwise.

Leadership & Internal teambuilding

Leadership has been identified as vital for a prudent execution of stakeholder management (Elmualim, 2010). Winch (2010) concludes that it is inevitable for a successful project coalition to include leaders who are capable to establish a project mission that becomes internalized by its members and articulated in interaction with external stakeholders. Bourne and Walker (2005) endorses that successful project managers handle political power structures. They achieve this by being a leader, who astutely establishes project objectives by means of a project vision and mission.

In the framework of ethics, this argumentation occurs in line with Moodley et al. (2008) who evaluate ethical behavior as ultimately dependent on individual leadership. A collective and its individual leaders work together to determine ethical responses of their organization. However, as pertinent to the case in this paper, Moodley et al. (2008) emphasize that people have significant differences in their perception of ethics in a cross-cultural context.

There is an outstanding importance of internal stakeholder management on international development projects (Manowong and Ogunlana, 2010). Foreign and local managers and employees create relationships and may overcome distrust in the beginning; local politics and bureaucracy may be differently embedded in cultural values. Kumaraswamy and Anvuur (2008) describe that well-performing PPP coalitions preliminary rely on individual team member values and attitudes that are collective in nature. Top most are listed openness, commitment and joint-decision making, which eventually endorse co-operation and relationships with external parties. Li, Xin and Pillutla (2002) draw on a study conducted among top-managers in international joint ventures highlighting individuals' identification with the joint venture company as essential for team-performance. Li et al. (1999) relate to transformational leadership as the key to create a common identity. Mika, John and Hannu (2009) also refer to transformational leadership that enhances collective behavior in cross-cultural environments. They highlight how this leadership style fosters respect among individuals, and thereby espouses team-building.

Managerial Tools and Techniques

The purpose of stakeholder management tools is to support decision-making, to share knowledge, to reduce the level of subjectivity and to remain transparent for 'project-outsiders', such as shareholders. Later in a process, it facilitates a common understanding of stakeholders and their expectations as well as it monitors if the stakeholder management is done effectively (Bourne and Weaver, 2010).

One widely acknowledged principle is to identify stakeholders by mapping them. The general objective of stakeholder mapping is to compile a list of stakeholders and consequently to assess and discuss their characteristics. This list provides the project team with key information on the stakeholder pool at present (Bourne and Weaver, 2010). Such a list of stakeholders can help to identifying potential levers for action (Winch, 2010). Principally plans, such as internal relationship matrices, communication charts and standard communication plans, can be useful tactics to manage relationships with stakeholders Manowong and Ogunlana (2010). In summary, the ultimate goal of a listing is to establish clear communication channels, which is emphasized by all stated literature.

In a simplistic manner, stakeholder management tools can help to visualize (Atkin and Skitmore, 2008) what remains tacit in individuals or communities of practice otherwise. As Bourne and Weaver (2010) discuss, information sticks best in human minds if it is reiterated in several modes, including inter-personal discussions, intra-personal reflection and also visualization. Due to the fact that a construction stakeholder landscape is made of complex information, it is best displayed graphically in order to identify effective communication channels. However, even Bourne and Weaver (2010) reflect on their own findings that everything stands or falls on how simple and flexible a tool can eventually be applied.

Motivated by this notion, the managerial application of stakeholder tools is confronted with critics. From the practitioners point of view the question raises whether *it is worth the effort to list everyone* (Jepsen and Eskerod, 2009). Jepsen and Eskerod (2009) identify difficulties whether a stakeholder should be treated as a group or as an individual according to a list. Further they acknowledge that it appeared difficult to keep a stakeholder analysis of a community durable because stakeholders change during the course of a project. Reflecting on {Jepsen, 2009 #56} and {Bourne, 2010 #58}, Koch (2012) questions the trade-off between effort and gain from a stakeholder analysis according to figure 2.

Finally, the boundary between techniques and tactics on stakeholder management on the one hand, and what is attributed to managing relationships on the other hand, as discussed above, remains obscure.

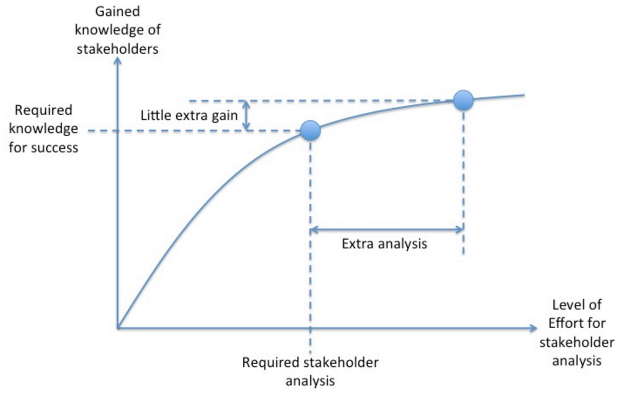

Figure 2 - Optimal resource deployment curve (adapted from Koch, 2012)

Chinyio and Akintoye (2008) evaluate the existence of those tools by means of *operational techniques*, such as joint workshops and negotiations. This includes finding trade-offs, making concessions and eventually relying on intuition. Endorsed by several case studies, Chinyio and Akintoye (2008) finally describe stakeholder management as a dialogue-based approach, rather than as a coping strategy. Therefore, the application of tools can be seen relationship management.

The most and well-known stakeholder management tool is the power/interest matrix. It was originally devised by Mendelow but adapted and established to its current form by Johnson, Scholes and Whittington (2007). It displays identified stakeholders according to the ratio of the power they hold and the level of interest they possess. Stakeholders are classified in four groups determining what strategy should be pursued toward them. For instance, a stakeholder who is able to leverage great power on a project and shows high interest should be monitored closely (B). When likewise powerful stakeholders express but only little interest, then attention should be paid to keep them satisfied (A). Stakeholder management can also be conducted by means of traditional risk assessment methods, such as the impact-probability-analysis. Conceived in a similar way, the power-interest graph constitutes the bespoken methodology for classifying stakeholder types (Leung, 2010).

Methodology & Project Context

The results derived from interviews with the management board of the SPC of a major PPP motorway in Poland. By the time the interviews were conducted, the project had recently entered its operation phase and approximately 15 people were employed by the SPC. Figure 3 displays the organizational structure as well as our interpreted delimitation of external stakeholders and internal stakeholders. During the most intense phase, several thousand people were involved in the execution including all parties in the project, such as contractor, subcontractors, and suppliers.

The multidimensional system approach adapted in this paper intends to explain the different parts of a specified system related to stakeholder management on PPP projects, and the relationship between them. Most of the parts included in the studied system are related to soft social science. Therefore, semi-structured interviews were implemented to let the interviewees express their thoughts and elaborate on topics that they considered as relevant. This way we were able to interpret underpinning reasons for their behavior.

The results are influenced by three days spent in the SPC's office including informal chats between the interviews. Further, interpretations of colloquial narrations and answers have been made. Afterwards, brief personality profiles were developed in order to interpret the managers' responses more objectively.

Relationship management - Various relationship and pursuit of communicational strategies

Converted fabric of relationships

Generally, interviewed SPC managers expressed that they experience being in a different role compared to tradiontionally contracted construction projects. On the one hand, compared to being a assigned construction contractor, they have more influence on the project outcome and need to interact with a larger number of externals. Therefore, and natrally inherent in the PPP concept, it implies that the private SPC takes on client responsibilties including handling relationships with parties who are not directly involved, i.e. not acknowledged as internal stakeholders. Nonetheless, the SPC has to face with its own client, simultaniously. On the other hand, it is shown that this greater infliuence includes a greater power for the SPC, eventually changing the relationship with the public client. In this respect, managers also emphasized that their relationship towards numerous other externals is different, meaning that they feel being less poweful compared to a public client is used to be in coventional (not PPP) infrastrucutre projects.

> *"As a private party you can't force them […] we need to agree with everybody on a voluntary bases. […] Stakeholder Management in this case becomes extremely important"*

Managers describe this as a novel setting entailing a need to interact with externals different than in public-private previous customs. It is indicated that the concessionair managers are both, on the one hand restrained by their servent position toward the client, and on the other hand encouraged into a co-operative position toward other externals in order succesfully carry out the project from their point of view.

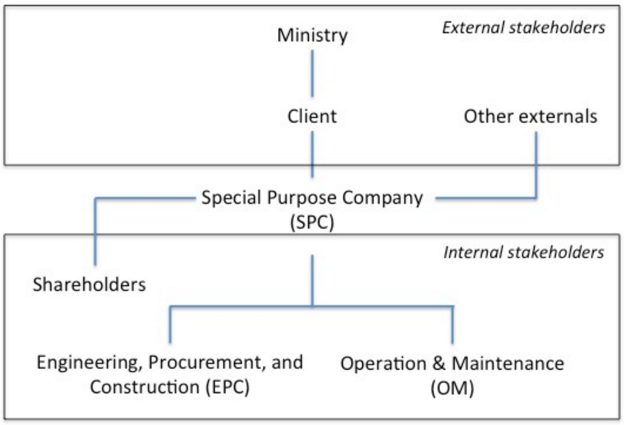

Figure 3 - PPP organization according to this articles' interpretation of internal and external stakeholders

> *"As a private party we have to listen. We take them serious; we have to listen to people."*

> *"Partnership - it means that this road is for the users, not for us. We are not using them; users are using the motorway. […] We're trying to be very co-operative. […] Sometimes you have to invest some amount of money and it will be paid off in the future."*

Co-dependency and leverage of social pressure

It became apparent that the SPC and its client, including the ministry, are co-dependent in their respective pursuits. One manager demonstrated how the concessionaire was at mercy of the client's commitment. Eventually, the client resolved disruption of construction progress caused by archaeological findings. Equally, the concessionaire harnesses the public interest -*"if the issues are important"* - by inflicting pressure on politicians via media. They termed it as *"using the social pressure"* that the project is carried out according to published plans and schedules and that politicians stand by their promises. Therefore they carefully take notice of politicians' statements and possible promises that are made and spend considerable time on following the political day-to-day activities.

Contradictory, the same manager who describes how public interest is leveraged for the concessionaire's sake, stresses at another point that it is essential to remain politically neutral.

In summary, it is important to build up sustain relations. However, it became apparent that this is also done also done by means of inflicted legal or goal codependency rather than interpersonal relationships.

Effective communication through persistence in relationships and unambigious communication goals

In order to succesfully pursue business from the perspective of the concessionair, certain favourabel behavioural aspects are revealed. The interviewees reflected that it is essential to behave with integrity according to personally or team-internally determined values and mission. Managers stated that they do not deviate from their relationship principles. They attempt to achieve this by expressing and articulating values both in official statements and in personal encounters. They stressed that they always behave co-oporatively and according to the concept of partnership. They stressed that they do so even if the subject is confrontive or the relational counterpart becomes antagonistic.

However, examples of actual intercourses indicate that there has been gaps between the managers' intention and their actual behavior. There is, for instance, the previusly mentioned usage of social pressure on the public side via media.

Furthermore, the managers stressed that persistence and power of persuasion are crucial. Especially, when an external stakeholder does not consider an inquiry or issue as equally important as they do.

Beyond that, it is stated that a great deal of patience and the ability to quickly understand the organizational structure both formally and informally are fundamental in order to target communication.

It was evident from all interviews that it facilitates the intercourse and promotes a positive outcome, if one's approach is unambigious and clearly stating the goal of communicating with assertiveness. It is regarded as vital to be clear and straightforward when a message is addressed.

> *"We communicate openly: We are not going to buy, pay or give any kind of benefits to anyone. We stated that in the newspapers and people said: Are you crazy? And actually it worked. […] They knew that from the very beginning so they couldn't expect anything."*

During the interviews, a question was posed on how to handle resistance against the project. The following responses reveal that proactive behavior as well as open and attentive listening constitutes a favorable practice.

> *"We were in contact with 80 NGOs, we contacted them all and invited them for meetings and discussion. […] It was enough to listen. […] Very rarely you actually have to do something. […] Then they're heard and they're happy. It's very often like this and you also have a chance to explain why."*

Networking and informal ties

In respect to relational practice and day-to-day action, interviewees acknowledged the importance of personal and informal relationships. Most importantly, this includes the possibility to contact a person directly and on short notice, beyond supposed formal procedures. By doing so, subject related issues could be settled before long lasting bureaucratic sequences are passed back and forth, such as written correspondence. Relational ties, that enable for example to do instant phone calls, are considered as inavoidable. These ties provide a chance to resolve urgent issues that dominate day-to-day business especially during construction. Embracing what is widely acknowledged as networking, interviewees stressed how vital it is to intrude into external organizations' structures, eventually *knowing* *the right person* and making mutual unofficial agreements.

In summary, the interviewees said that for a succesfully pursued interaction with external stakeholders, it is pivotal to build up a relationship based on mutual interest, respect, and personal affiliation. Those dimensions are likewise complementary and exlusive, dependent on a persons' character.

> *"In the Ministry we know the ones we can talk to, we know which ones we should try to bypass in the system. Sometimes some persons, we need to take care of."*

Also, informal relationships to journalists are reported to be an important tool to exert influence on public discussion.

The interviewees regarded it as important to understand and anticipate changes and moves of external stakeholders before they take any action. This is particularly essential when the projects image is at stake.

> *"[What we need to do is]… connecting dots, trying to understand what's going on a bit and also being able to give information to people that need information from us about what's going on. Being able to stop false information, which fairly often is out, early and in the right places"*

Internal management and leadership affecting the intercourse with external stakeholders

All intervied managers elaborated suprisingly consistent on the siginifcant influence of internal management. Especially, it is discussed how the SPC company is set up internally and that individuals are acting according to mutual goals. Several years back in th beginning of the SPC's existence, however, managers reported that the importance of internal management tools were considered differently among managers.

Team building that overcomes cultural clashes

Internal management seems particularlly important in the studied case because several investors from four different national backgrounds engage in the SPC. A need is created, thereby, to reconcile between different cultural influences and even contrasting values.

> *"Everybody has different cultures, different languages, different backgrounds, different interests, different everything. So we had some circus in the beginning, that's for sure."*

The following statement refers to an internal discourse that was underway during early project phases. By that time, the management team was set up and a vision-mission statement was established. It exemplifies how views and approaches fundamentally differ on the necessity of expressing values and beliefs explicitly.

> *"Some other guys [from one of the investors], they said: Vision-Mission, what bullshit here? We don't need that. We know, we're here to earn money, […] so what do you need that [Visions-Mission] for?"*

> *"In the organization we were building this trust for some time. Now we trust each other but in the beginning it was maybe not as good as it is now. […] We eventually managed to overcome this distrust."*

This was said to be achieved by teambuilding measures that were undertaken. Especially, managers stressed the significance of internal collaboration and cohesion. This is said to be sorely needed in order encounter critical issues in regard to external stakeholders. Overall, solidarity is perceived as a critical factor to built up confidence when ecnountering external stakeholders. In this respect, mutual trust was mentioned as critical by some as important. One manager, who's main responsibility is to handle relationships and inquiries toward the client said:

> *"You have to have support in your own organization, means that everybody is speaking the same language. This is the key to have everybody supporting what you are doing. If you have many opinions, and many interests, then this job is extremely difficult or if not impossible to perform."*

Indeed, several managers stated that they feel personally affiliated and responsible for their colleagues and the SPC itself.

Vision & Mission as the strongest internal instrument affecting stakeholder work

The previously displayed quote also indicates the follwing finding. One core factor was identified that facilitates the management of realtionships with externals most significantly: A jointly set up vision and mission statement. This has aimed to incorporate all employees views, values and beliefs. It thereby serves as an internal expression of solidarity as well as an external bulletin, clarifying the companie's practice and pursuit. It became apparent that the vision and mission statement provides an unerpinning base for decisions and its subsequent actions that are taken in respect to external stakeholders. The general impression, which was obtained by observations in the office of the SPC company, confirm the explicitly stated cohesion among the employees. However, it is mentioned that a selection of team members has been carried out.

> *"We're supporting and we've been doing that and therefore we also selected people that can actually buy that kind of values. We're also value driven here, there are very few orders going out from this office."*

Moreover, the vision and mission statement conveys common behavioral codes and guidelines. Therefor, it is expressed accordingly:

> *"People [within the organization] know what we're looking for: A motorway that is safe, com-*

> *fortable and saves time. And that's what we're doing."*

As also being apparent from the prior quote, the following statement strengthens that an empowering leadership emerged as an important factor.

> *"If you give responsibility and trust, people take responsibility. And in this country here, in the beginning, I was very criticized for that. 'Oh, we have to have control, we need to control telephone calls etc.' Rubbish!"*

Intuitiveness instead of stakeholder management tools

Although this project is deemed as particularly challenging in terms of managing stakeholders, no specific stakeholder management tools are applied on a regular base. Instead, intuitiveness prevails actions that are undertaken. It was repeatedly observed from managers' stories that a *gut instinct* constitutes the underpinning impulse when handling relationships. Some managers stated this even explicitly. When referring to stakeholder management tools, such as maps, power-interest-matrixes, or communication plans, which were displayed as examples during the interviews, all managers hesitated in response.

> *Manager: "I don't think we're so structured that we have some sort of a database or something. We know pretty well what are the target groups, partly by experiences, we've been working with it for quite some time."*
>
> *Interviewer: "Do you think it would be good to use tools like this stakeholder map?"*
>
> *Manager: "We're trying from time to time. The issue is to actually sit down and do it. Many times it's more complicated for us than just a map because on top of each of these entities you have actually individuals. [...] We've done that in a camp [tried to identify/map SH]. We tried to figure out - we've done a number of those exercises where you put this small yellow notes [post-its] up."*
>
> *Later on, the same manager said: "It's not so structured as this thing [a stakeholder map lying on the table]. More - Fingerspitzengefühl - a person that is important right now might not be important at all in three weeks."*

A concession for providing a basic societal need obliges to act responsible – How Corporate Social Responisbility plays into factor

Individual and corporate values and beliefs were reflected during the interviews. They were addressed to determine what drivers and forces make managers feeling responsible. It was shown, on the one hand, that managers meet foremost their fiduciary duty toward their employers and shareholders. On the other hand, the majority of them consider various external stakeholders, and indeed the society at large.

Furthermore, it is sought for what factors do managers take into account, when considering how to encounter external stakeholders. The presented results are compiled from a mixture of responses to directly addressed questions concerning personal beliefs, but also from spontaneous reactions that demonstrate the managers' personal values and attitudes.

What makes the managers tick? Shareholder Value, but Social Performance?

It became apparent that the views partly differ on social responsibility. The most managers indicate that it is an important driver for them that their work creates an important social value for the society, e.g. by improving conditions for local economy, decreasing the number of car accidents, and lower air pollution from traffic congestions. Nevertheless, several managers also recognized detrimental effects on some local communities and the natural environment.

In contrast, another manager were reluctant to confirm the colleagues' perspective. Instead, it was asserted that responsibility is only induced by contractual and legal duty.

> *"By signing my contract, I'm supposed to deliver something and as long as this is within the scope of my duties, I'm doing it. If it's outside, it's not my problem."*

The same cluster of views is posed when responsibility on a corporate level is addressed. The possibly most mitigating statements in the middle of extremer opinions are:

> *"We're here to maximize the shareholder value, our decisions should be driven by this. [...] The essence of establishing a company is to make money, not to provide services or provide roads or something. Building roads is just a tool to make money."*

Another managers said:

> *"We're not only here to make money. We also have to keep the road in a good condition. There're some interests that are coherent with the public and for us."*

Nonetheless, the vast majority of interviewees expressed that they consider acting socially responsible as important.

However, managers articulated their social responsibility preliminary through acknowledging their great impact on society. In that sense, it is unclear what responsible management defines. In the studied case, this topic is explicitly addressed on a corporate level by ethical and behavioral codes that are enacted in policy bodies of the respective shareholders. Those are, however, different in content. Therefore, the studied SPC merged and incorporated all of them in one newly set up code of conduct. Yet, no manager referred to this as an essential guiding tool. In

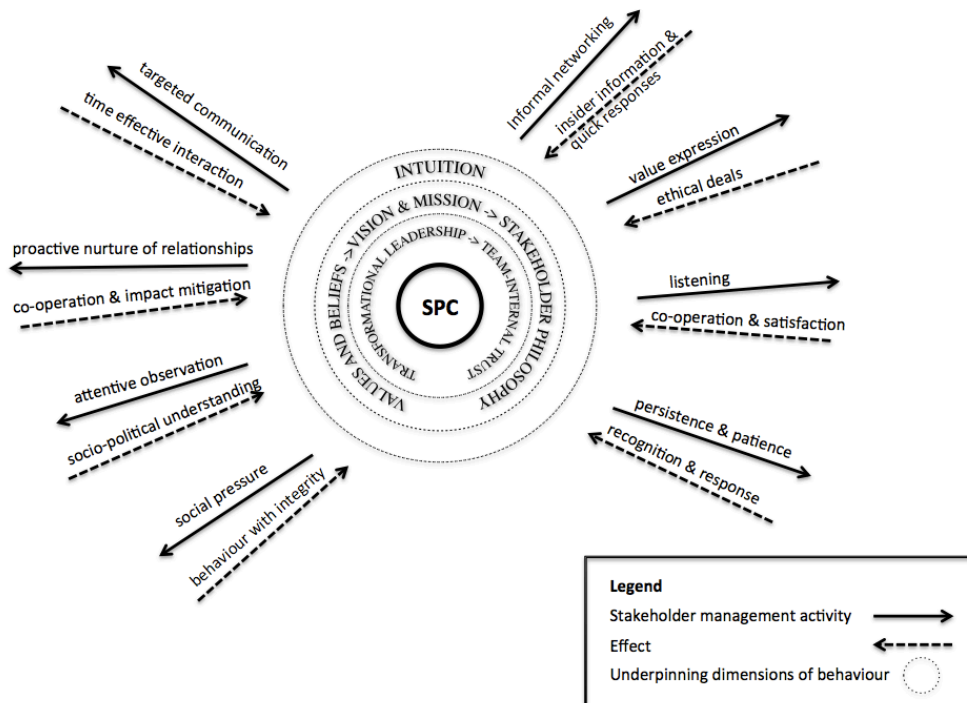

Figure 4 - Activities, effects, and underpinnings on stakeholder management

fact, one manager denied its relevance by arguing that actions are only restrained by legal boundaries; another referred to the vision and mission statement as being a complementary instrument. One manager stressed that in the vision-mission statement more of the individual employees' views are considered because they developed it themselves. It also serves as an ethical code as the following statement reflects, which was made in connection to corporate social responsibility.

> *"We have really been put up as a role model for what's going on in this country, which is quite fun. We're supposed to be best and driving things, that's our vision-mission."*

To sum up, figure 4 illustrates what is found being the main mechanisms of external stakeholder management. The arrows display what results or effects are caused from the managers' directed actions in relationships with external stakeholders. The three circular layers surrounding the SPC in the middle depict the main underpinnings for managers' behavior.

Discussion

PPP promotes a stakeholder management for the sake of more externals

Due to its far-reaching affect on society, PPP projects are naturally accompanied by a great public interest (Yescombe, 2007). Also, due to its long-term financial incentive, the PPP concept itself contributes with a life cycle perspective that continuously aims to satisfy a vast amount of stakeholders beyond the construction time frame. The assumption is thus established that stakeholder management in PPPs is able to overcome short-sightedness to mere project completion.

In construction, the wide range of influence on a vast spectrum of society by a private party is shown as being novel, which is also supported by literature (Atkin and Skitmore, 2008). Examined by the concept of stakeholder attributes (Mitchell et al., 1997), the PPP concept ads a pivotal change to the stakeholder landscape. The economically driven mission and the legal restrictions of the private party entail a higher level of *urgency* and lower level of *legitimacy* compared to the role of a public client in traditional projects. This entails that external stakeholders, beyond the client, possess rather coequal *power* compared to the concessionaire. PPP convertes the main contracting body in construction projects, i.e. the private concessionair and SPC, into a service partner and more equal stakeholder in terms of power-influence, whereas this role is normally taken on by a publicly authority. This induces that the private side initiates a great deal of interaction with external stakeholders. In turn, the PPP concept promotes the involvement of externals.

Similar, the relationship toward the client is changed. Despite that the client's authority remains high, a great social interest and political implications can create co-dependent ties, thus possibly enhancing legitimacy of the concessionaires' claims. By the same principle, Aaltonen et al. (2008) identified media as a valuable power source of raising legitimacy for externals. Further, literature describes relationships risks on PPP projects, such as stakeholders' inadequate experience with the PPP concept (Bing et al., 2005). A lack of experience on the client side, which was the case for the studied project, is shown to adjust the positional power distribution in personal meetings. The SPC managers can therefore educate their counterpart in their own favor and consequently manage this relationship more proactively.

Those co-dependent correlations can trigger a proactive collective behavior among the parties involved. This finding is in agreement with Atkin and Skitmore (2008); Smyth (2008), who consider this as necessary for a good project performance.

Effective communication through political understanding, proactive management, informal networks, and unambigious communication goals

Project success is related to several aspects, but an effective communication and the management of relationships might be those factors that mostly affect a projects success or failure (Rashmi and Timothy, 2010). Three tactics mentioned by Manowong and Ogunlana (2010) refer to clear communication goals/purposes, active involvement in communication, and keeping to their communication strategies, i.e. persistency.

According to the presented results, the managers did not separate their personal and professional approaches related to relationships and communication. One manager argued that the SPC keeps the same partnership strategy no matter if the subject is of a hostile or friendly character. However, it is indicated that it is easier to remain persistent in ones' relationship strategy, if the managers' personal values and beliefs comply with the SPC's corporate values. There were examples indicating differences between the managers' intentions and their actual behavior, where some managers expressed, in accordance with Smyth and Edkins (2007), a lack of trust toward certain externals and used other approaches than partnership, such as media, to inflict pressure on the external stakeholder.

As argued by Clegg et al. (2008), it is important to see the communication as more than a one-way process, which the interviewees have understood. They have through experience realized that listening to external voices in a polyphonic environment is of vital importance and that plenty of time and money can be saved through this. Furthermore, the SPC used several different medias in order to communicate to the society and briefing them about the progress.

The SPC were acting in a proactive manner to a certain extent. When a problem arose in advance of the rattle, they detected it early due to an active scanning of the environment, just as Bourne (2006) suggests. Stakeholders were then analyzed intuitively and actions were taken quickly in order to reduce the impact of their intentions. The construction sector is considered as reactive rather than proactive (Smyth and Edkins, 2007). However, a few examples from our results show that this specific SPC handled it acceptable. Though, even more pro-activeness, i.e. a more deliberate stakeholder management, might be desirable for an even more successful outcome. This can be achieved by stakeholder management because it is a tool to prevent conflicts by proactively managing relationships (Moura and Teixeira, 2010).

Most of the managers mention the importance of connecting dots, i.e. understanding the formal and informal political environment and also how it influences the project. This is regarded as a success factor (Pinto, 2000; Bourne, 2009) and a sufficient targeted communication to the right stakeholders, in the right way, and at the right time, is dependent on this political skill (Bourne, 2006). Regarding informal networks, managers clearly acknowledged that these relationships are of pivotal importance to avoid bureaucratic systems when matters are urgent and legitimate. For the formal macro political environment, the political discussions are closely analyzed in order to estimate future changes, which could affect the project. In essence, managers used their stomach feelings to understand and manage the formal and informal politics and have learned the art of influencing in accordance with (Pinto, 2000).

Team identity and vision-mission foster stakeholder management

Diverse personal as well as corporate national and cultural backgrounds characterize the studied SPC company. The study shows that successful stakeholder management requires strong internal cohesion. This is achieved through building trust by means of transformational leadership, which is being proven by literature Li et al. (1999); Mika et al. (2009). An empowering leadership practice has fostered trust and independency. This eventually has encouraged a self-responsible behavior toward external stakeholders. Moreover, it is demonstrated as crucial for teambuilding that managers identify themselves with the project and the SPC. This finding is endorsed by Clegg et al. (2008) as well as Li et al. (2002); Manowong and Ogunlana (2010) who specifically draw on international projects and joint ventures.

Johnson et al. (2007), Clarkson (1995) and Klemm et al. (1991) explain the underlying management principles on vision and mission, which are likewise found in the study. Internal team development and common value expression are found to heavily rely on a jointly developed vision and mission statement. Simultaneously it has served as a behavioral guideline as it conveys common values. Thus, it is evaluated as the strongest stakeholder management strategic tool that was found in the case study. Similar, Yang et al. (2010) state the supreme critical success factor as *"Managing stakeholders with social responsibilities (economical, legal, environmental, and ethical)"*.

It was stated that team members were selected according to collective values. However, this demonstrates a *top-down approach* rather than a value integration, which deals with a given set of divers individual attitudes that build vision, mission and identity. According to Moura and Teixeira (2010) and some other statements in the interviews, successful management of relationships with differing externals rely on a shared value system. This includes a need to employ divers personality traits that are able to adapt accordingly. Although Manowong and Ogunlana (2010) endorse staff selection according to collective values as found in the study, a selection of managers toward mere internal cohesion entails a risk to exclude characters that are needed to encounter specific stakeholders effectively.

Intuitiveness instead of stakeholder management tools

In the case study it is surprisingly shown that despite an immense stakeholder challenge, tools are not applied except a single initial mapping. Although visualization is deemed as a favorable practice (Atkin and Skitmore, 2008; Bourne and Weaver, 2010; Winch, 2010), benefits from this exercise were not apparent in the case. Literature and public counter arguments evaluate stakeholder management tools as too inflexible or bureaucratic (Jepsen and Eskerod, 2009; Sparrow, 2012). In the posed case of an infrastructure PPP, an exceptional dynamic and heterogeneity of stakeholders is given. Consequently, managers' decisions on behavior require the consideration of many dynamic relationship dimensions simultaneously and often its evaluation in an ad hoc manner. That is why managers rely heavily on intuition. Concluding this, the findings indicate that currently available tools might have rather hindered a proactive effective stakeholder management in the given setting. A favorable and well-functioning internal team performance, leadership practice, and experience substitute its application. Nonetheless, the study does not ultimately conclude, and therefore suggests further research, whether a systematic continuously updated stakeholder analysis would facilitate relationship management if leadership and team-cohesion were detrimental. Eventually it has to deliberate whether or to what extent the value of a tool based stakeholder analysis outweighs its effort to perform, as previously displayed by the effort/gain curve. Notwithstanding, it is concluded, in line with Donaldson (1995), that a set of attitudes, values, and common practices, together constitute a stakeholder management philosophy, rather than a specific management technique.

Ethical guidance: Profit counts but values incite

The present study signifies that a profit pursuit is superior in principle, but possibly subordinated when managers deal with particular stakeholder issues on a day-to-day basis. Managers do not merely act with an eventual long-term financial gain in mind. Rather they are driven by values and subordinated normative dimensions. This can be found as evident in the literature as Yang et al. (2009) identify *undertaking social responsibility* as a critical success factor for construction stakeholder management. Moreover, the study's findings reflected that a supreme profit pursuit might be even a mental hinder in order to build up sustain relationships with external stakeholders.

However, the study also indicates value incoherence among managers concerning corporate social responsibility. This appears critical because a strong emphasize is laid on internally shared values to function as behavior guidance. This, however, can be interpreted in two ways:

- Positively, diverse manager types facilitate interaction with diverse external stakeholders, similar as previously discussed in respect to team identity.
- Negatively, incoherently expressed values indicate vice verse incoherent management practice or even unclear objectives.

Considering a tendency toward corruption in the construction sector (Newcombe, 2003; Winch, 2010), it appears essential to encounter social or ethical questions by determining clear objectives that embrace behavioral guidelines. Surprisingly, the current study indicates that the code of conduct plays a minor role as a tool. Instead, ethical compliance is achieved by a strong vision and mission statement and expression of ethical values toward externals.

Friedman (2007) argues that ethical behavior is merely an artificial notion that seeks to legitimize action when it suits the circumstances. Conceived in this way, organizations are always acting opportunistic toward the economically most advantage activities. However, this may imply suiting and meeting normative or additional demands induced by society. These, in turn, are possibly acknowledged in managerial practice of corporate social responsibility. The case study exposes corporate value statements, which are based on personal beliefs, as the main driver for managers' decision.

Assuming that PPP enhances cost efficiency on the project site and triggers innovation, the following discussion emerges. The utilitarian approach should not be misunderstood as meaning that the private party has to act altruistic toward all external stakeholders. This would lead the PPP idea ad absurdum and its application redundant. Assigning a private investor with a work of great public interest does innately include to reduce multidimensional goals that the public client normally pursues (Yang et al., 2009). In other words, why are the mechanisms of market competition harnessed, if the private party is ultimately demanded to act in the same way as a public client would do it? However, good social performance of a private entity is not an addition to profit. In fact, normative dimensions are critical for managing PPP projects and eventually achieving a profitable result (Jimenez and Pasquero, 2004). From the standpoint of Smyth (2008), a mere focus on profit and growth neglects a company's or a manager's own long-term self-interest. Motivated by his findings, it is concluded that a narrow application of stakeholder management principles, particularly within the construction industry, prevents proactive behavior rather than enhancing it. The findings indicate though, that managers are aware of their great impact on society and mostly even motivated by this fact to *go the extra mile* to meet their social responsibility.

Conclusion

This paper presents a basic framework for external stakeholder management in construction projects, and in PPP projects in particular. It provides an understanding of the character of relationships with external stakeholders. These relationships are affected by intentional and unintentional management actions that are underpinned by individual and collective values as well as internal management practice.

These findings help to shed light on how external stakeholder management is carried out on a major PPP infrastructure project. Furthermore, it is demonstrated how inherently complex and extensive this management assignment can be, although it is barely acknowledged by managerial practice and techniques.

The study aims to be systematic, independent and critical. Nonetheless, since interview partners are only working for the private party, it is acknowledged that this study might reflect a biased perception in certain aspects. This paper also has a limited external validity and generalizability (Bryman, 2004) in terms of a single case study and cannot be representative for stakeholder management within all Public Private Partnership projects.

The study indicates that stakeholder management in a PPP project is able to overcome shortsightedness to mere project completion. Due to a changed setting of relationships, the private side initiates a great deal of interaction with external stakeholders. In turn, the PPP concept promotes the involvement of externals. Further, the changed relationship setting implies that co-dependent correlations can trigger a proactive collective behavior among the parties involved.

A prevailing attitude among managers to encounter external stakeholders in partnership facilitates the interaction toward collective behavior. Furthermore, approaching them with a great deal of persistence and patience increases the possibility to accomplish desirable outcomes. In total, effective, targeted communication is the key for managing relationships successfully. This includes anticipating and acknowledging all affected stakeholders and, most importantly, listening to their concerns attentively. This can forestall detrimental project opposition, proactively. Based on a sensible political understanding, this is achieved by a regular intuitive scanning of the stakeholder environment and the respective organization's informal and formal structures.

Exceptionally dynamic relationships with externals and their heterogeneous background imply that managers make decisions on an ad hoc basis and intuitively. This is accomplished by a transformational leadership style that encourages managers to act self-responsible. Further, this is underpinned by an mélange of individuals' and corporations' attitudes and values resulting in a stakeholder management philosophy rather than a management technique. These are found being reflected internally in a widely acknowledged vision and mission statement. It is found that despite contractual duties, normative values that are incorporated in personal values and beliefs are the main drivers for managers' behavior toward external stakeholders. Managers are aware of their great impact on society and are partly motivated by this fact to *go the extra mile* to meet their social responsibility. In this respect, further research should investigate if consciously differing values and beliefs regarding Corporate Social Responsibility have a significant effect on the managers' actual behavior toward external stakeholders, and if so, to what extent.

Despite an exceptionally challenging stakeholder environment, stakeholder management tools are not applied in regular management operations. Instead, a jointly internal vision and mission statement served as a behavioral guideline and constituting the strongest stakeholder management tool that is found. Nonetheless, the application of tools is discussed in this paper. At first, its application is dependent on whether or not they can be handled flexible and easily on a da-to-day base. At second, even though tools application can facilitate stakeholder management, it also constitutes a risk if applied in a narrow manner toward mere financial gain. If so, stakeholder management principles can even prevent proactive behavior toward externals rather than enhancing it. These findings develop other opportunities for further research concerning the benefit from an explicit stakeholder analysis compared to the effort to perform it.

Stakeholder management tools could be used as communication instruments in order to establish mutual understanding and stronger collectiveness among existing and/or new team members internally when dealing with externals. Therefore this paper proposes that stakeholder management should be professionalized in large PPP projects to increase proactive behavior among project managers.

Further investigations should be conducted on the practical application of stakeholder management tools on international PPP development projects according to the definition of external stakeholders made in this paper.

References

AALTONEN, K., JAAKKO, K. & TUOMAS, O. 2008. Stakeholder salience in global projects. *International Journal of Project Management,* 26, pp. 509-516.

AKINTOYE, A., BECK, M. & HARDCASTLE, C. 2008. *Public-Private Partnerships : Managing Risks and Opportunities*. ed. Chichester, GBR, Wiley.

ANDRES, L., GUASCH, J. L., ANDRÂES, L. & ANDRÉS, L. 2008. *The Impact of Private Sector Participation in Infrastructure*. ed.

ARBNOR, I. & BJERKE, B. 2009. *Methodology for creating business knowledge*. [e-book] London: SAGE Publications Ltd. Available through: Google Books [Accessed 02 December 2012]

ATKIN, B. & SKITMORE, M. 2008. Editorial: stakeholder management in construction. *Construction Management and Economics,* 26, pp. 549-552.

BARTKUS, B. & GLASSMAN, M. 2008. Do Firms Practice What They Preach? The Relationship Between Mission Statements and Stakeholder Management. *Journal of Business Ethics,* 83, pp. 207-216.

BAYLISS, R., CHEUNG, S.-O., SUEN, H. C. H. & WONG, S.-P. 2004. Effective partnering tools in construction: a case study on MTRC TKE contract 604 in Hong Kong. *International Journal of Project Management,* 22, pp. 253-263.

BERG, S., DEGGERICH, M., HORNIG, F. & WASSERMANN, A. 2012. Projekt Größenwahn. *Der Spiegel*, Edtion 19 November 2012, Available at: > [Accessed

BING, L., AKINTOYE, A., EDWARDS, P. J. & HARDCASTLE, C. 2005. The allocation of risk in PPP/PFI construction projects in the UK. *International Journal of Project Management,* 23, pp. 25-35.

BOURNE, L. 2006. Visualizing Stakeholder Influence - Two Australian Examples. *Project Management Journal,* 37, pp. 5.

BOURNE, L. 2009. *Stakeholder relationship management : a maturity model for organisational implementation*. ed.

BOURNE, L. & WALKER, D. H. T. 2005. Visualising and mapping stakeholder influence. *Management decision,* 43, pp. 649-660.
BOURNE, L. & WEAVER, P. (eds.) 2010. *Mapping Stakeholders,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98
CARROLL, A. B. & BUCHHOLTZ, A. K. 2003. *Business & society: Ethics, sustainability, and stakeholder management*. ed., South-Western Pub.
CARROLL, A. B. & SHABANA, K. M. 2010. The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews,* 12, pp. 85-105.
CHINYIO, E. & AKINTOYE, A. 2008. Practical approaches for engaging stakeholders: findings from the UK. *Construction Management and Economics,* 26, pp. 591-599.
CLARKSON, M. B. E. 1995. A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *The Academy of Management Review,* 20, pp. 92-117.
CLEGG, S., KORNBERGER, M. & PITSIS, T. 2008. *Managing & Organizations*. 2nd ed. London, SAGE Publications Ltd.
DONALDSON, T. 1995. The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *The Academy of Management Review,* 20, pp. 65.
EL-GOHARY, N. M., OSMAN, H. & EL-DIRABY, T. E. 2006. Stakeholder management for public private partnerships. *International Journal of Project Management,* 24, pp. 595-604.
ELMUALIM, A. (ed.) 2010. *Culture and Leadership in Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 174-191
FREEMAN, R. E. 2010. *Strategic management: a stakeholder approach*. ed. Cambridge, Cambridge University Press.
FRIEDMAN, M. 2007. The Social Responsibility of Business Is to Increase Its Profits. *In:* ZIMMERLI, W., HOLZINGER, M. & RICHTER, K. (eds.) *Corporate Ethics and Corporate Governance*. Springer Berlin Heidelberg.
GROTON, J. 1997. Alternative dispute resolution in the construction industry. *Dispute Resolution Journal,* 52, pp. 48.
HARRIS, F. (ed.) 2010. *A Historical Overview of Stakheolder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 41-55
HILLMAN, A. J. 2001. Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal,* 22, pp. 125.
JAN TERJE, K. 2002. Project stakeholder management. *Engineering Management Journal,* 14, pp. 19-24.
JEPSEN, A. L. & ESKEROD, P. 2009. Stakeholder analysis in projects: Challenges in using current guidelines in the real world. *International Journal of Project Management,* 27, pp. 335-343.
JIMENEZ, A. & PASQUERO, J. 2004. Expaining the Endurance of a Permantently Challendged Public-Private Partnership: A Stakeholder Approach. *Management research,* 3, pp. 49.
JOHNSON, G., SCHOLES, K. & WHITTINGTON, R. 2007. *Exploring Corporate Strategy Text & Cases*. ed. GB, Pearson Education.
KADEFORS, A. 2004. Trust in project relationships - inside the black box. *International Journal of Project Management,* 22, pp. 175-182.
KLEMM, M., SANDERSON, S. & LUFFMAN, G. 1991. Mission statements: Selling corporate values to employees. *Long Range Planning,* 24, pp. 73-78.
KOCH, C. 2012. *Discussion on stakeholder management theory*. (Personal communication, 11 September 2012)
KUMARASWAMY, M. M. & ANVUUR, A. M. 2008. Selecting sustainable teams for PPP projects. *Building and Environment,* 43, pp. 999-1009.
LANDIN, A. 2000. *Impact of quality management in the Swedish construction process*. Ph.D. thesis, Lund University, Sweden.
LEUNG, M. O., P. (ed.) 2010. *Risk and Construction Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98
LI, J., XIN, K. & PILLUTLA, M. 2002. Multi-cultural leadership teams and organizational identification in international joint ventures. *International Journal of Human Resource Management,* 13, pp. 320-337.
LI, J., XIN, K. R., TSUI, A. & HAMBRICK, D. C. 1999. Building effective international joint venture leadership teams in China. *Journal of World Business,* 34, pp. 52-68.
LINDGREEN, A. & SWAEN, V. 2010. Corporate Social Responsibility. *International Journal of Management Reviews,* 12, pp. 1-7.
LITTAU, P., JUJAGIRI, N. J. & ADLBRECHT, G. 2010. 25 years of stakeholder theory in project management literature (1984–2009). *Project Management Journal,* 41, pp. 17-29.
MANOWONG, E. & OGUNLANA, S. (eds.) 2010. *Strategies and Tactics for Managing Construction Stakeholders,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 121-137
MCNICHOLAS, M. 2012. Discussion on stakeholder management on the London Olympics Games 2012. (Personal communication, 29 November 2012)
MIKA, G., JOHN, D. & HANNU, S. 2009. Transformational team-building across cultural boundaries. *Team Performance Management,* 15, pp. 235-256.
MITCHELL, R. K., AGLE, B. R. & WOOD, D. J. 1997. Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *The Academy of Management Review,* 22, pp. 853-886.
MOODLEY, K., SMITH, N. & PREECE, C. 2008. Stakeholder matrix for ethical relationships in the construction industry. *Construction Management and Economics,* 26, pp. 625-632.
MOURA, H. M. & TEIXEIRA, J. C. (eds.) 2010. *Managing Stakeholder Conflicts,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 286-316
NEWCOMBE, R. 2003. From client to project stakeholders: a stakeholder mapping approach. *Construction Management & Economics,* 21, pp. 841-848.
OLANDER, S. 2006. *External Stakeholder Analysis in Construction Project Management*. Ph. D., Lund University.
OLANDER, S. & LANDIN, A. 2008. A comparative study of factors affecting the external stakeholder management process. *Construction Management & Economics,* 26, pp. 553-561.

PARKER, D. 2009. Editorial: Ppp/pfi - Solution or problem? *Economic Affairs,* 29**,** pp. 2-6.

PINTO, J. K. 2000. Understanding the role of politics in successful project management. *International Journal of Project Management,* 18**,** pp. 85-91.

PORTER, M. E. & KRAMER, M. R. 2006. The link between competitive advantage and corporate social responsibility. *Harvard business review,* 84**,** pp. 78-92.

RASHMI, A. & TIMOTHY, J. K. 2010. Managing stakeholders for project management success: an emergent model of stakeholders. *Journal of general management,* 35**,** pp. 67.

ROLOFF, J. 2008. Learning from Multi-Stakeholder Networks: Issue-Focussed Stakeholder Management. *Journal of Business Ethics,* 82**,** pp. 233-250.

SAVAS, E. S. ca. 2006. *Privatization and public-private partnerships* [online]. Available at: <http://www.cesmadrid.es/documentos/sem200601_md02_in.pdf> [Accessed 10 December 2012].

SHAH, N. & HARRIS, P. T. (eds.) 2010. *Using Change Management to Support Stakeholder Management,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 338-349

SHEK-PUI WONG, P. & CHEUNG, S.-O. 2004. Trust in construction partnering: views from parties of the partnering dance. *International Journal of Project Management,* 22**,** pp. 437-446.

SMYTH, H. 2008. The credibility gap in stakeholder management: ethics and evidence of relationship management. *Construction Management & Economics,* 26**,** pp. 633-643.

SMYTH, H. & EDKINS, A. 2007. Relationship management in the management of PFI/PPP projects in the UK. *International Journal of Project Management,* 25**,** pp. 232-240.

SPARROW, A. 2012. Cameron hits out at 'bureaucratic rubbish' holding back UK economy. *The Guardian*, Edtion 19 November, Available at: <http://www.guardian.co.uk/politics/2012/nov/19/cameron-bureacratic-rubbish-uk-economy> [Accessed 22 November 2012].

WALKER, D. & ROWLINSON, S. 2007. *Procurement System: A Cross-Indutry Project Management Perspective*. [e-book] Abingdon: Taylor & Francis. Available at: Google Books [Accessed 22 November 2012]

WINCH, G. 2010. *Managing construction projects: an information processing approach, second edition*. 2nd ed.

WOOD, M., MUKHERJEE, A., BRIDGES, T. & LINKOV, I. (eds.) 2010. *A Mental Modelling Approach to Study Decision-Making in Dynamic Task Environments,* In: CHINYIO, E. A. O., P. ed/eds. *Construction Stakeholder Management*. Chichester: Backwell Publishing Ltd. pp. 75-98

YANG, J., SHEN, G., DREW, D. & HO, M. 2010. Critical success factors for stakeholder management: construction practitioners' perspectives. *Journal of construction engineering and management,* 136**,** pp. 778.

YANG, J., SHEN, G. Q., HO, M., DREW, D. S. & CHAN, A. P. C. 2009. Exploring critical success factors for stakeholder management in construction projects. *Journal of Civil Engineering and Management,* 15**,** pp. 337-348.

YESCOMBE, E. R. 2007. *Public-private partnerships: principles of policy and finance*. ed., Butterworth-Heinemann.