

## STAKEHOLDERS MAPPING - A CASE OF INTERNATIONAL LOGISTICS PROJECT

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**Abstract:** Implementation of projects often causes social conflicts, resulting in delays or even abandonment of the project. Those conflicts often arise or are revealed around projects related to the development and creation of logistics infrastructure. One of the reasons for this is the absence of an agreement between stakeholders, including local communities and community organizations. The key issue in managing every project is to identify stakeholders and potential conflicts. One of the methods is a stakeholder network map that recognises the persons and groups whose actions are crucial to the success of the project. In the paper we present the result of the survey identifying key public sector stakeholders and potential areas of risk in the Rail Baltica Growth Corridor project. On the basis of these recommendations the stakeholder management policy has been formulated.

**Key words:** project management, stakeholders map, Rail Baltica Growth Corridor.

### Introduction

One of the most important organisational developments in recent years has been the significant growth in project work across different sectors and industries. The main reasons for the growing interest of project management are the economy transformations that are taking place in the market environment of organizations. Undoubtedly, one of the key factors is changes in the competition strategies that alter the management paradigms. Understanding the strategic positions of organisations concerned with identifying the impact on strategy their capabilities, external environment and the expectations and influence of stakeholders (Johnson, et al., 2005). In the field of management, stakeholder theory allows to succeed through analysis of stakeholders' requirements in the initial phase of an organisation activity/project. Contemporary organizations should focus on effective cooperation project stakeholders, through which you can create new knowledge, with a fuller meeting the requirements of each party involved in the project. The role of projects in organizations is to create a new value for the different groups of stakeholders (sponsor, beneficiary of the project, customers). Implementation of projects often causes social conflicts, resulting in delays or even abandonment of the project. Those conflicts often arise or are revealed around projects related to the development and creation of logistics infrastructure (Dobrzyński et al., 2010). Early disclosure of the existing conflicts or discrepancies in the assessment of stakeholders facilitates reaching a consensus of the parties and to enable a proper implementation of the project.

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The analysis of the influence of stakeholders in the project still contains a cognitive gap in the methodology of the stakeholder's identification and identification of their expectations (Jepsen and Eskord, 2009). It highlighted the negative impact of those gaps for the practice of project management. Utilitarian value of previous studies is questionable, and the results of completed research projects should be considered rather as conceptual framework guidelines which can be used in business practice. Stakeholder management problems are often associated with the implementation of projects under public-private partnership. One of the reasons is the absence of an agreement between stakeholders, including local communities and community organizations (e.g. ecological ones). Due to the frequent failures of those projects, identification of the factors that influence the project's success is an area of the recent research. Enterprises are an important vehicle for organizing economic life. The way at which they create and distribute economic value among their stakeholders is a significant issue in general management. Each endeavor requires a strategy that articulates the firm's relationship with society and addresses the question of how to engage with stakeholders to ensure the sustainability of operations (Crilly, 2013). That is a reason why stakeholder management is also considered to be one of the most significant project's success research issue (Achterkamp and Vos, 2008; Aaltonen, 2011; Tang and Shen, 2013).

The Rail Baltica is an investment in the rail infrastructure which is of the strategic importance in the North-Eastern European transport corridor. This project is aimed to be an important instrument to foster the economic development of the Baltic States.

### **Stakeholders' identification**

Stakeholder theory has its origins in the 70th but it was developed in early 90th and is well conceived in the literature (Freeman, 1984; Donaldson and Preston, 1995; Mitchell et al., 1997). According to Freeman (1984), a stakeholder in an organization is "any group or individual who can affect or is affected by the achievement of the organization's objectives". Clarkson (1995) highlights that an organization's satisfactory development depends on its ability to create sufficient value or satisfaction for all primary stakeholder groups. Freeman, Philips (2002) underline that success of organizations depends on ability to manage their relationships with both primary (customers, employees, suppliers, communities, politicians) and secondary stakeholders (created by activities in business and/or local activist groups, media, etc.). For a detailed list of stakeholders definitions see Littau et al. (2010).

Results of desk research allow to distinct two most often discussed founding schools of stakeholder theory: the empirical stakeholder theory, based on descriptive and instrumental perspectives, and the normative theory (Freeman, 1984). The instrumental theory assumes that the organization should pay attention to powerful stakeholders who affect their value and position (Donaldson and

Preston, 1995; Mitchell et al., 1997). The instrumental approach explains the relationship between causes (the management of stakeholders) and effects (organizational performance). Theory of instrumental interactions (Fassin, 2009; Mainardes et al., 2011) presents the relationships between stakeholders, describes the nature, quality and characteristics of these relationships; the identification of stakeholders is related to their influence on the process and the ability to modify this effect, e.g. through the negotiation process. This theory, according to the authors, is closely related to the area of supply chain research and the science of organization and management. The key question in this theory could be formulated as follows: What happens if managers treat stakeholders in a specific manner? (Steurer, 2006).

The descriptive stakeholder approach assumes that stakeholder is able to achieve its own value through cooperation and competition (Donaldson and Preston, 1995). This theory “identifies and classifies different constituents of an organization without assigning any value statements regarding the legitimacy of their claims or their power”. The descriptive approach considers how managers actually treat stakeholders? (Steurer, 2006).

The normative theory concentrates on ethical aspects and philosophical principles in stakeholders relations exploring, why and how corporations deal with stakeholders? (Steurer, 2006). In this approach stakeholders, for example employees, should be included in corporate governance in order to respect their moral rights (Donaldson and Preston, 1995).

Literature studies allow also identifying other approaches to stakeholder’s classification: the social, shared interests, sustainability theory and the salience model. Gibson (2000) and Acevedo (2012) present a social approach to theory of stakeholders. Social theory analyzes the law aspects, equality and human rights, social responsibility of the business, and deals with problems of moral or ethical nature. This theory identifies the stakeholders as those who have moral right to influence the process. This concept greatly expands the range of stakeholders, going beyond the relationship between business partners and adding the groups of formal or informal nature of business environment; social stakeholder theory is related to stakeholder social capital (Cots, 2011) and human capital (Škare, 2011).

The theory of shared interests (Jones et al. 2002; Benn et al., 2009) concludes that the actions and reactions of stakeholders determine the need for project managers to create a relationship of cooperation and trust between stakeholders; project managers should seek to harmonize the objectives of the stakeholders with the objectives of a project; this harmonisation fosters the success of a project (or reaching the objectives of an organization). Theory of sustainability (Clifton et al., 2011; Wolf, 2011) presents application of stakeholder approach practices at the management level as a tool to achieve sustainable world objectives; identification of stakeholders under this theory may be useful in planning the sustainable development of regions (Kaklauskas et al., 2009).

The salience model (Mitchell et al., 1997) belongs to the most popular and discussed models. Due to this concept stakeholders could be also identified on the basis of their legitimacy, urgency and power. Depending on concurring of those three traits, the following groups of stakeholders are pointed out: latent (dormant, discretionary, demanding), expectant (dominant, dangerous, depending) and definitive group. According to salience model stakeholders who possess power, legitimacy and urgency are more salient to organizations (Mitchell et al., 1997). For a detailed description of other stakeholders typologies see (Mainardes et al., 2012).

### **Mapping of stakeholders – methods and tools**

While implementing any project it is necessary to consider not only the relationship between direct participants, but also their relation to the business environment. Negligence in maintaining relationships with stakeholders is an obstacle to the implementation of a project which is equally as serious as the inconsistent and uncoordinated actions or activities undertaken directly within a project.

The basic methods used in studies of stakeholders are: case study and action research. Both of these methods are qualitative. The analysis of data obtained by researchers requires not only a simple description in the form of a text, but also a method of data visualization. One of methods of visualization is mapping of stakeholders.

Stakeholder mapping helps managers to identify stakeholder's attributes (i.e. power, importance, authority, interest and contribution). Despite of methodological differences, various authors agree on the process of map creation (Cleland, 1999; Johnson et al., 2005; Esty et al., 2009; Raymond et al., 2009, Ruiz-Frau et al., 2011; PMI, 2013). The process of creating maps of stakeholders (or rather the process outline) is universal and can be used regardless of the convention (model) of a map.

### **Description of “The Rail Baltica Growth Corridor” project**

In the literature, the problems related to the implementation of the Rail Baltica do not appear as separate publications, but usually as a part of the publications on the infrastructure of the Baltic States and their development. First researches discussing the Rail Baltica emerged around 1995. They were aimed to analyse the transport infrastructure of the Baltic State or to discuss a link between development of the transport structure and the economic development of Central European countries (Hall, 1993).

Jonaitis and Butkevičius (2005) examined the feasibility of the Rail Baltica project. They narrowed the scope of the analysis to the territory of Lithuania, analyzing the different variants of the route and technical aspects. A large part of that work is dedicated to problems of choosing different configurations of passenger train stations within the Lithuanian section of the route. Butkevičius (2007, 2009) in his

works examines the prospects for the development of passenger rail transport between Lithuania and European countries in the context of the Rail Baltica project. He suggests to extend the Rail Baltica towards St. Petersburg, which would increase the flow of both passengers and goods.

Kovacs and Spens (2006) show the Rail Baltica project in the wider perspective of European transport programs, including the corridor I (Helsinki - Gdansk/Warszawa) and Corridor IX (Helsinki/ Klaipeda/ Kaliningrad - Moscow/ Odessa/Alexandroupolis).

The research often combines the implementation of the Rail Baltica with the implementation of the Via Baltica. Keshkamat et al. (2009) presents a methodology for planning the course for the Via Baltica; the authors point out that one of the criteria for the transport efficiency is the convergence of the Via Baltica with the proposed route of the Rail Baltica. Review and analysis of the literature allows to formulate the following conclusions:

- the implementation of the Rail Baltica is very closely related to the implementation of the Via Baltica;
- most of the research works make a link between the implementation of the Rail Baltica and the problems of transport infrastructure within the Baltic States; there are no papers relating to the connections with the Polish infrastructure;
- the authors emphasize the relationship between the implementation of the Rail Baltica and economic development of the Baltic States, especially Lithuania.

#### **Mapping and analysis of RBGC project stakeholders in North East Poland**

Relationships with stakeholders are particularly important considering projects of national or international scale. The primary sources of conflict arise from number of stakeholders (including general public) and their diverse expectations towards the results. Additionally, in the case of international projects, the cause of conflicts may be different national policies and interests. Further cause of conflict is a competition for access to natural resources. The use of these resources is in the interest of both the residents and the environmentalists in the area. That is especially important in the case of logistics infrastructure projects. The resulting conflicts can lead to a serious impediment or even abandonment of project. During the project initial phase a lot of attention and efforts made, should lead to eliminating or neutralizing the potential conflicts. We believe that the tool suitable for these is a map of stakeholders.

The data necessary to create the map have been obtained mainly from desk research and interviews. The most important of those were in-depth interviews conducted with representatives of municipal offices. The following groups of problems have been identified during the interviews:

- characteristics of an institution (history, responsibilities, organization chart, SWOT analysis, budget, sources of financing);

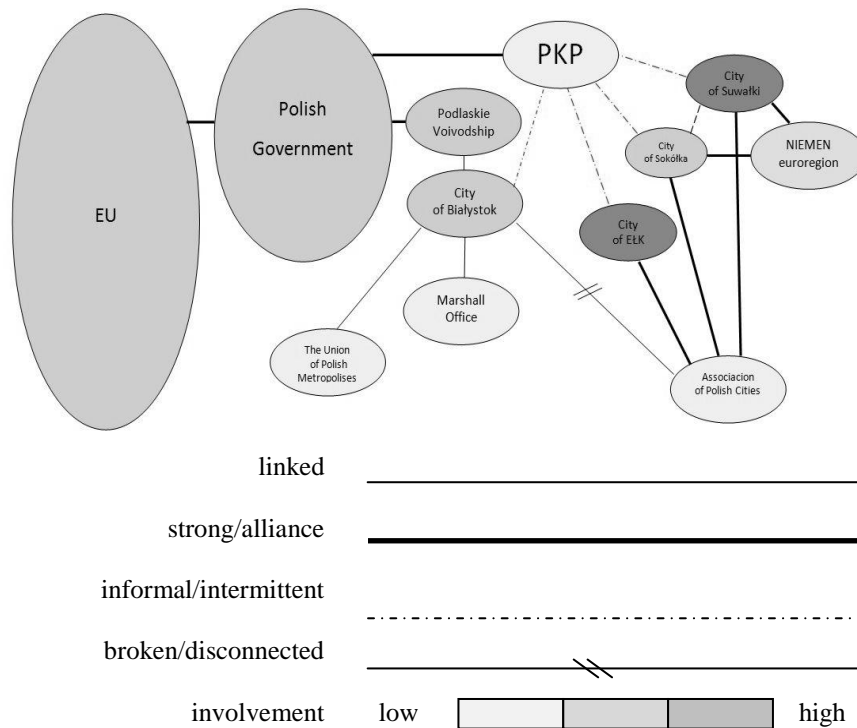
- importance of the transport sector for the local authorities (the main modes of transport in a region, the current situation, problems and opportunities for development, the level of competition, transit traffic, local conditions);
- local and regional transport infrastructure (general state of local infrastructure, history, infrastructure development);
- decision-making and legislative process at the national level (description of the national decision-making process in relation to transport markets, the structure of the process, national conditions and legal provisions relating to various modes of transport, centres of financial decisions, decision-making timespan, the state of discussion and decision-making process concerning the implementation of the Rail Baltica);
- relationships (dependencies) between regional and national decision-making process (regional aspects included in national decision-making process, participation of national and EU funds in the financing of local investments, inter-regional disparities, differentiation in funding priorities, planning processes at municipal level);
- attitudes towards cooperation with the private sector (including the academic organizations).

That data allowed to create map of the key North Eastern Polish public stakeholders in RBGC project. The map adopted the convention suggested by Svendsen and Laberge (2007) with the authors' modifications (Figure 1).

#### **Discussion, summary and future research purposes**

The study and its results confirmed the accuracy of the use of stakeholder mapping methodology in identification of potential conflicts and threats to projects. Creating a map of stakeholders helped to identify the relations between Polish National Railways (PKP) and local government as a potential conflict source. Stakeholder's analysis has revealed a conflict between the PKP and the cities in the North-East Poland. The cause of the conflict is location of the new urban train. It seems that the success of the project depends on closer cooperation between the PKP and the local governments. If these relations remain as they are, we may experience further development and expansion of the conflict. Stakeholders map also pointed out the capacity of associations and organizations of cities (Association of Polish Cities and The Union of Polish Metropolises) in supporting the implementation of the Rail Baltica. Our map shows cross border cities organizations (NIEMEN Euroregion) as important player in Poland and the neighbouring countries. These bodies can support the RBGC initiative.

Our stakeholders map is fragmentary (it concerns only the area of North-Eastern Poland, which is a section of the entire Rail Baltica) and was created to present the capability of the method and its applications.



**Figure 1. The network map of North Eastern Polish public sector stakeholders in the Rail Baltica Growth Corridor**

Possible directions for further research include:

- stakeholders map for the private sector (currently being prepared by another group of researchers);
- the use of stakeholders map to assess and manage the risk of the Rail Baltica Growth Corridor project; stakeholder map helps to identify potential areas of risk in the project and to recognise the persons or groups whose actions are crucial to the success of the project; additionally companies or organizations as well as external processes (political, economic, social) shall be monitored throughout the duration of the project; issue that should be considered during the implementation of the project is a lack of cooperation between local governments and The Polish National Railways (PKP) - that is a source of potential risk to the RBGC project;
- the Rail Baltica Growth Corridor project stakeholders map can be useful in the decision-making processes at the national level; it can also facilitate the assessment of the legislative process.

The Rail Baltica is recognised as a priority logistics infrastructure project for Baltic States. The Lithuanian Parliament acknowledged the Rail Baltica, as a "common



European transport system, which is the future for Lithuania" and has given the project a status of the state investment. At the meeting in Tallinn in December 2011, the presidents of Estonia, Latvia, Lithuania and Poland re-emphasized the importance of the Rail Baltica project for the countries of the region. In the opinion of The Presidents the project should be completed in the year 2018.

The authors emphasized by mainly social obstacles to the realization of infrastructure logistics projects. These projects are characterized by a high degree of complexity, and management should take into account other factors group. Implementation of the project is done RBGC environmentally valuable areas, which can lead to natural disasters (Popa et al., 2011). In terms of social and economic development of these areas are among the least developed in Poland, project management must take into account the social factor (Štefko et al., 2010). RBGC project management in all its stages is a multidimensional what should be included in both business practice and be examined in future studies.

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## MAPOWANIE INTERESARIUSZY – PRZYPADEK MIĘDZYNARODOWEGO PROJEKTU LOGISTYCZNEGO

**Streszczenie:** Infrastrukturalne projekty logistyczne charakteryzują się dużą złożonością oraz wysokim ryzykiem częściowego lub pełnego niepowodzenia. Zarządzanie tymi projektami powinno być wsparte narzędziami gwarantującymi obniżenie tego ryzyka. Praktyka zarządzania projektami pozwoliła na opracowanie i wdrożenie różnorodnych narzędzi wspomagających procesy decyzyjne w ramach projektu. Jedną z cech infrastrukturalnych projektów logistycznych (szczególnie międzynarodowych o znacznej rozległości geograficznej) jest znaczny wpływ czynników o charakterze społecznym (jednostki samorządu terytorialnego, stowarzyszenia o charakterze ekologicznym, grupy społeczne o charakterze formalnym i nieformalnym, zrzeszenia biznesowe, przedsiębiorstwa TSL). Wzajemne interakcje pomiędzy tymi grupami może prowadzić do konfliktów a w ich następstwie do zakłóceń w realizacji infrastrukturalnych projektów logistycznych (lub nawet do całkowitego zaniechania ich realizacji). Przygotowanie projektu logistycznego wymaga stałych konsultacji i wymiany informacji z tymi grupami. Efektywność wymiany informacji w dużym stopniu zależy od identyfikacji wzajemnych powiązań pomiędzy interesariuszami projektu. Narzędziem wspomagającym identyfikację wzajemnych interakcji pomiędzy interesariuszami jest mapa interesariuszy. W artykule autorzy przedstawiają koncepcję wdrożenia tego typu narzędzi podczas realizacji projektu Rail Baltica Growth Corridor. Celem autorów jest ukazanie możliwości obniżenia ryzyka niepowodzenia projektu poprzez budowę kanałów komunikacyjnych pomiędzy poszczególnymi grupami interesariuszy. Praktyka wykazuje, iż zaniedbania w dziedzinie komunikacji mogą prowadzić do znacznych trudności w realizacji projektów tego typu (casus Doliny Rozpudy).

**Słowa kluczowe:** zarządzanie projektem, mapa interesariuszy, Rail Baltica Growth Corridor.

### 利益相關者映射 - 國際物流項目為例

**摘要：**實施項目往往會導致社會衝突，導致延誤甚至放棄該項目。這些衝突經常出現或周圍相關的物流基礎設施的發展和創新項目顯露。其中一個原因是缺乏利益相關者，包括當地社區組織和社區組織之間的協議。在管理每一個項目的關鍵問題是確定利益相關者和潛在的衝突。其中一種方法是一個利益相關者網絡圖，識別的個人和群體，他們的行動是至關重要的該項目的成功。在本文中，我們目前的調查，確定主要的公共部門利益相關者，並在鐵路波羅的海成長走廊項目風險的潛在領域的結果。在這些建議的基礎上已經制定了利益相關者的管理政策

**關鍵詞：**項目管理，利益相關者的地圖，鐵路波羅增長通道