

Equality between project stakeholders: Reality or Myth?

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Abstract

Traditional project management principles strongly emphasize the triple constraints: time, cost and quality. The new paradigm, however, includes people, who remain the focus of all activities. The aim of this paper is to examine the result of a current research in Indonesia where a standard International Construction Contract is applied in the infrastructure sector because it was financed by multilateral agencies. Project people from those stakeholder groups were interviewed to collect their perceptions about the value of time, quality, and cost aside from the issues of International Construction Contract and project leadership.

Initially, Owners, Designers, and Contractors were targeted. Use of the theoretical sampling process determined the need to target a second set of respondents. A constructivist ontology, interpretive epistemology and qualitative methodology were adopted. In-depth interviews were held with twenty-seven respondents from the stakeholder groups. Initial

findings emerged concepts that were then presented to experts from the Owner, Industry and University.

Using constructivist paradigm, two major emerging constructs appeared from the respondents. The findings lead to the suggestion that modifications are needed to enhance the existing triple constraints in project management: time, quality and cost. The model of P & LESS was derived from the respondents. This embeds the elements of People, namely Leadership, Ethics, and Social Status with the time, quality and cost schema of project management. With this new concept, people and their elements would be more taken into consideration by the project stakeholders in securing the project success. Preliminary findings have shown that there are significant gaps between the ideal relationships described in the literatures as opposed to practices in the real world of project implementation.

This paper challenges the quantitative, technical, outcome based approach as unitary in nature. It presents a different view or paradigm that adds, as a

central focus, the 'people' connection to time, quality and cost. It suggests that the importance of various aspects of people should also be taken into serious consideration in the evolution of project management, not only as a technical tool but more importantly as a field of knowledge required to solve organizational problems. When operating in another culture, relational aspects become a central focus.

Key words: people, equality, project stakeholders

Introduction

Project management itself has a tradition of considering success through the lens of three substantive mechanisms. These are time, quality and cost. Also, traditionally, project management in the west is characterized by objective rationales and methods. These are typically quantitative, technical and outcome based. However, Indonesian culture typically expresses itself in a relational way. Cultural processes, relationships and personal interactions are important key organizing principles for Indonesian people. This study places the rational and objective outcome-based nature of project management alongside the relational interpersonal needs of Indonesian culture. The focus of this research is to investigate the issues and challenges in Indonesia where a standard International Contract is applied in the infrastructure sector. The study will investigate varying perceptions of project management principles. As a part of the study, the roles of perceived leadership within and between the stakeholders have also been examined.

The problem is, as claimed by Frame (2002, p.6), that the cycle of traditional project management has been broken by the increasing pressures of operating within relational cultures. He added that most energy is directed toward satisfying the famous triple constraints of time, budget, and specifications. Success and failure are typically assessed against meeting schedules, budgets, and specifications, not against achieving full customer satisfaction. In the current literature, there are many publications showing the interests of researchers

as well as professionals in the field of project management. For example, Söderlund (2004, p.183) stated that project management has long been considered as an academic field for planning-oriented techniques and, in many respects, an application of engineering science and optimization theory. The basic rationale underlying many of the texts and articles published in the journals, such as the *Project Management Journals*, is the adoption of project management as "a method" for solving complex organizational problems. Söderlund (2004) argues that such a viewpoint treats project management as one of several ways for handling organizational activity. Similar arguments and standpoints are found in numerous project management research texts.

Current development of projects in Indonesia

Indonesia is turning a corner, from crisis management towards growth. For the first time, after the crisis, Indonesia is able to focus on longer-term development policies (The World Bank, 2004). Reversing the trend of deteriorating infrastructure is one of the top priorities. It is very obvious however that the government's budget is simply insufficient to manage such large investment in infrastructure projects and international collaboration is required. Most international infrastructure projects use the standard condition of contracts (the standard) prepared by FIDIC (Federation International Des Ingenieurs-Conseils) which is the International Federation of Consulting Engineers based in Lausanne-Switzerland (Bunni, 1997, p.6). The application of the FIDIC standard in Indonesia has been supported by many multilateral financing agencies such as the World Bank and Asian Development Bank for projects that are financed by them. During the impressive economic growth of 7% to 8% annually prior to the crisis in 1997 (OECF, 1999, p.85) and even nowadays, the projects continue to use FIDIC as standard contract.

Research method

Qualitative research has a broad range of applications. All qualitative studies assume that respondents

uniquely construct personal 'realities'. This study places the rational and objective outcome-based nature of project management alongside the relational interpersonal needs of Indonesian culture. A conceptual model integrates time, quality and cost with people in construction of meaning. The study recognizes three major stakeholder groups: Owners, Designers and Contractors.

This research follows constructivist ontology, an interpretive epistemology and a qualitative methodology. This study recognizes project management as an activity encompassing social as well as technical undertaking. Sociological theory has been used to focus the research on respondents' experiences. This study is about social relationships within the project management context. There are several perspectives, or lenses through which the research could be viewed. These include ethnography, a deep almost anthropological approach, usually conducted within one or few organizations, ethnomethodology which investigates talk-in-interaction and symbolic interactionism which focuses on the meaning of symbolic behaviors viewed (see Denzin & Lincoln (2000) for details of these perspectives). **Phenomenology** was chosen because it is the accounts of the actual experience of the respondents relating to time, cost and quality that are being explored in this research, the people involved in those infrastructure projects become the main focus and based on the idea that people personally construct their own reality, the constructivist ontology has been used. The aim is to study a social setting and the multiple meanings of the respondents (Whiteley, 2002, p.4).

Sample

Initially, it was anticipated that owners, designers, and contractors would be targeted. Going into the study, it was anticipated that around 25 to 30 individuals would become part of the research. Theoretical sampling methods were used to guide recruitment of respondent for the study. This was successfully achieved and 13 respondents from owners plus 7 respondents each from designers and contractors. Thus, a total of 27

respondents representing three different stakeholder groups: Owners, Designers and Contractors. Further diversity within the sample was ensured by selecting respondents from the public sector, state owned enterprises and private sector, as well as both local people and expatriates. The study utilized in-depth interviewing to allow the respondents to express their perceptions with regard to the value of time, quality and cost using their own words. A second set of data was collected from three individuals representing the government, industry and university. The 'experts' were chosen because of their familiarity with the project management environment in Indonesia

Data Analysis

Initial analysis was undertaken by developing concept maps based on the data. The data confirmed the relevance of the value of time, quality and cost as well as leadership. This stage was followed by constant comparisons in order to allow the emergence of categories. Constant comparison of category to data continued until core concepts emerged. These included both of the concepts of ethics as well as social status. According to Whiteley (2000, p25) one of the reasons that grounded theory has changed the face of constructivist and interpretive research is that it has a robust set of systematic procedures. These emphasize the grounded theory principles of emergence and theory generation

Findings

The findings begin with the model of project management concept illustrated in Figure 1.

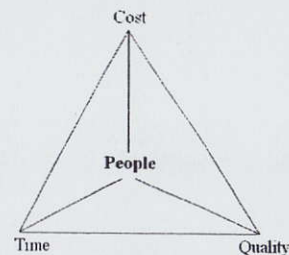


Figure 1. The Four Variables of Project Success (Adapted from Kliem, 1997)

The results from the content analysis were grouped into the following main categories:

- Value of time
- Value of quality
- Value of cost
- International Construction Contract/FIDIC
- Leadership

The terminology used in this chapter reflects the content analysis as shown in Figure 2.

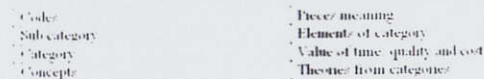


Figure 2. Terminology in content analysis

Findings were gathered on aspects related to the three main categories described above with particular connection to the concept of people and their relationship with the time, quality and cost elements of project management. In addition, findings on the aspects of international construction contract as well as leadership were also collected.

Each category carries several sub categories with codes which developed during data analysis. The data within different codes from owners, designers and contractors were then compared in several comparison tables. From this table, gap analysis was conducted to investigate similarities and differences between the codes of each stakeholder group. Identification of gaps led to the creation of a model showing the relationship between stakeholders for each of those specific categories above.

As a result, a matrix of gaps has been produced, with each model showing the connection of the three stakeholder group members in term of their perceptions with regard to time, quality and cost has been suggested. Similarly, models showing the connection between the stakeholder groups were also established for the issue of international construction contract as well as leadership. It should be noted, however, that in addition to categories originally expected in the research design, two other issues of significant

importance emerged from the data. These issues relate to ethics and social status. Responses related to research questions, e.g. people in relation to time, quality and cost were reflected in categories. The next level, that of respondents' 'theories' was labeled 'sub-category'.

Due to the lack of qualitative research in this field, it was assumed that the owners, designers and contractors have somewhat equal relationships amongst themselves. As these findings develop, this assumption can not be supported.

The devices used in the models include: - (dotted line) showing very weak relationship, (thin line) showing not too weak, not too strong and (thick line) showing very strong relationship. In addition, the relationships between the three stakeholder groups are illustrated in triangles with each group in one corner. Those groups are O (Owners), D (Designers) and C (Contractors).

An ideal model of structural relationships between Owners, Designers, and Contractors should look something like thick line triangle as shown in figure 3. This would recognize the interdependent nature of the three groups though in real life as shown in this research nobody can deny the existence of different values and perceptions between stakeholder groups.

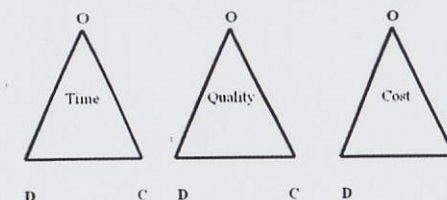


Figure 3. Ideal model of structural relationships

As argued by Kendra & Taplin (2004, p.43), due to the different subcultures and cultural values that exists between organizational levels, it is important that the organization recognizes these differing values and work towards the development of a shared set of values about project management with which to build a strong

project management culture. The authors also stated that in the absence of these shared values, the organization continues to struggle with the adoption process due to cultural differences that exist between project managers, team members, stakeholders, and executive leaders, and the resulting misalignment of project management values. In this particular study, a similar situation happened between project stakeholders as a result of their different values and perceptions.

In order to obtain further insights concerning these findings, as part of the study three experts were interviewed to express their views. The first additional interview was conducted with a senior officer from the Government of Indonesia as a representation of Owner's group. The second was held with an executive from the construction industry. Lastly, academic insights about people and project management were collected from a lecturer in University of Indonesia.

Matrix of gap analysis

Interestingly, the thick connections exist in different places as seen on Figure 4 with three different models. This shows how the perceptions of Owners (O), Designers (D), and Contractors (C) are only closely related in one specific issue between two stakeholder groups as far as time, quality and cost are concerned. Moreover, it also means that in each issue there is only one thick connection instead of other possibilities to have two or three thick connections between the stakeholder groups. The latter could be considered as an ideal situation where all stakeholders at project level have thick connections in perceiving one of the issues for the benefit of all parties concerned. It should also be in line with other research findings that the general opinion about partnering is all parties benefit to varying degrees from its use (Black *et al.*, 2000, p. 433). In addition, organizational structure is a strong vehicle for institutionalization because it provides a framework that shapes and is shaped by the characteristics and commitments of people as they develop their relationships (Whiteley & McCabe, 2001, p.90).

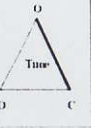

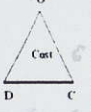
MODEL	OWNER(O)	DESIGNER(D)	CONTRACTOR(C)
	3 "Time is of their concern because if it can be faster, they can get good names in front of their superior"	6 "What they sell is more than their hour. So their perspective is totally different"	3 "Contractors tend to complete the work at the earliest time. In term of time, contractors will strive for being on time"
	- "Speaking about quality, generally we are the same. In fact, the consultants should defend the owner's interest"	5 "No, they are specialists based on previous projects for their convenience in term of quality"	5 "The contractors tend to be a sort of brokerage as they are not so stringent in controlling the quality"
	4 "In term of cost, as they have already the approved state budget then they do not have so much concern to reduce it"	10 "They do not have so much concern for the study about how much should the optimum cost be"	11 "In term of cost, they do not have so much concern because individually there is no contribution from those officers"

Figure 4. Total number of gaps and major quotations from the respondents

The leadership model

The perceptions about leadership among the three stakeholder groups are somewhat different. 'People' as one of the aspects in project management was raised by the respondents only when its relation to leadership emerged. In this model shown in Figure 5, both Designers and Contractors share more aspects of leadership than they do with the Owner. Human approach, for example, is one of the aspects for which Owners take into consideration unlike the Designers and Contractors.

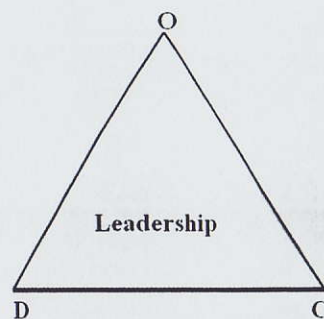


Figure 5. Leadership model for the project stakeholders

Ng *et al.* (2002) claimed that as the clients are in the position of the head facilitator of the partnering arrangement, they must take a leadership role, and ensure that they are fully committed and prepared to compromise in the project partnering arrangement. This research found, however, that the Owner's project managers in Indonesia were reluctant to accept the reduction of their leadership role. In the past, their role covered all sorts of authorities in the project, from technical, administration, finance and so forth. With this role, the position of consultants in the project is based on the so called 'assist concept', whereby the Owner's project managers become the sole decision maker assisted by the consultants.

Unfortunately, with the introduction of 'task concept' whereby the Consultants are also in charge for the whole tasks- resistance from Owner's project manager started to emerge. Such a strong position of the Owner's project manager to hold the leadership role also relates to the culture specific of Indonesia. The paternalistic view is one of the cultural aspects of most Indonesian. According to Drake (1989, p.250) the government with its overregulation and bureaucracy seems more concerned with measurable, tangible results than with the process of development and changes in orientations and attitudes. Interestingly, this sort of situation exists also in other projects outside Asia, for instance in Australia, where Ng *et al.* (2002) conducted their research. They found out that the unwillingness of the client to fully commit to the partnering agreement was the main reason for ineffective project partnering. There is a need for the public clients to adapt more administrative procedures in order to improve contractors' willingness to commit to project partnering arrangements.

With regard to FIDIC application in Indonesia, it is quite surprising that the structural relationships differ as opposed to those set out in Figure 4. The following Figure 6 illustrates new models of structural relationships as they emerged from the data analysis.

Matrix of gap analysis in the context of FIDIC

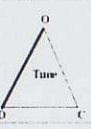
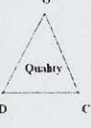
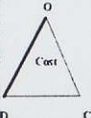
MODEL	OWNER(O)	DESIGNER(D)	CONTRACTOR(C)
	Delay "For owners, they must be careful for delay in payment as contractors can seriously appear it as a problem"	Delay "The owner must avoid their delays like in the local contracts because there could be claims for each delay"	Strict "FIDIC states that in the case of delay in payment, then owner will get penalty. Quality and time are so strict in FIDIC"
	Quality control "If there is a clause in FIDIC about quality we then use guidelines about quality assurance and control"	High quality "We see FIDIC is more focused on quality in order to keep it in a good project. In term of quality, they feel it as being quite high standard"	Strict stringent "FIDIC is quite strict and have no tolerance for quality in facing such situation, it depends on contractor's approach as long as quality is not at risk"
	Change order Escalation Cost control	Change order	Claim

Figure 6. Models, codes in each stakeholder group and quotations about FIDIC

Key emergent findings

Aside from those findings described above as directed by the research objectives, the content analysis also raises two key emergent findings flowing from the respondents. In short, there are two key emergent findings from the content analysis as they were not originally anticipated. Firstly, ethical issue was raised by several members of each stakeholder group either by making reference to their own internal practices or by pointing at practices of member of the other groups. The second emergent finding concerns with social status between different stakeholder groups.

Discussion

Modification of the ripple constraints in project management

The concept of people at center of project management was introduced by Kliem *et al.* (1997, p.24) in relation to the traditional principles of triple constraint: time, quality and cost. With this in mind, obviously the triple constraint appeared as a given starting point without any consideration about people's originated

- FIDIC standard contract raises the issue of equality in project management

This research has attempted to extend the boundaries beyond the purely technical project elements of time, quality and cost. The results show that significant gaps in their perception exist between those people from different project stakeholder groups. It leads to the structural relationships between those stakeholder groups not only because of the nature of the project but also due to the two emerging issues of ethics and social status. In addition, this study suggests that researchers should take more serious considerations for the importance of studying projects as organizations and focusing on how they differ and behave.

Project management research has traditionally paid limited interest in the actual work and performance of the project manager and the project management unit. It is time for more thorough studies on the role, style and function of the project management unit. The 'classical' project management needs to be expanded to include the elements of people that significantly affect project performance and should be more clearly defined in order to find better solution in managing those projects.

To sum up, those critical issues of people in project management entail numerous challenges for project management scholars to pay more attention to human resources issues. In this regard, equality between project stakeholders should also be taken into consideration particularly if an international contract is used during the course of project implementation.

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