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A Micro-Level Analysis of Stakeholder Engagement in a Project Portfolio

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Summary

This paper presents research that intends to investigate the implications of stakeholder engagement at the micro-level in a project portfolio. The lens of microfoundations of strategy is used to support the investigation into how strategy is carried out as portfolio managers engage stakeholders. The research uses multiple case studies to examine individual portfolio managers and their relationship with individual stakeholders. By developing an understanding of how stakeholder engagement is conducted at the micro level, the research aims to describe how this engagement affects stakeholders and the relationship between them as well as the portfolio and its management. The research also aims to describe how stakeholder engagement supports portfolio management and how a micro-level analysis can contribute theoretically to stakeholder engagement.

Track: Project Experiences

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1.0 Introduction

It is hard to find where individual actors exist in the portfolio literature, which has been long been concerned with such macro-level activities as resource allocation (Hunt and Killen, 2008; Wang, Zhao and Chang, 2021), governance (Mosavi, 2014), goal alignment (Cooper, Edgett and Kleinschmidt, 1997 a and b; Kaiser, El Arbi and Ahlemann, 2015; Martinsuo and Anttila, 2022), and strategy formulation (Petit and Hobbs, 2012; Killen and Hunt, 2013; Geraldi, Teerikangas and Birollo, 2022). That individual actors perform these activities is often overlooked in the pursuit of the theoretical implications of portfolio management investigated at the macro level. The microfoundations of strategy (Barney and Felin, 2013) attempt to understand the effect of an individual actor's actions on an organization, and the construct provides guidance for this investigation. Individual actions have effect when they influence other individuals (Barnard, 1938, Lindenberg and Foss, 2011). Stakeholder theory (Freeman, 1984; Eskerod, Huemann and Ringhofer, 2015) is concerned with the effect that individuals have upon an organization, and this paper uses it to conceptualize individual influence. In order to strengthen the practical and theoretical implications of studying individual actors, a setting was chosen to enable the study a set of individual actors over time and in a setting where an organization depends on a few individuals to manage a portfolio and related projects and operations. The research's data sources are interviews with individual portfolio managers and individuals from the same stakeholder group who participate in multiple projects over varying lengths of time. This paper presents an investigation in development and includes a literature review, research questions, and a description of the research methodology, design, and data sources.

2.0 Literature Review

Three streams of research support this investigation:

1. The project portfolio is a framework for organizing project and operational work to maximize efficient use of resources as an organization pursues strategic goals (Müller, Martinsuo and Blomquist, 2008). It is also a dynamic framework to enable an organization to develop and attain new goals (Hunt and Killen, 2008).
2. Stakeholder theory was originally conceived as a way for an organization to develop strategy (Freeman, 1984). It has since emphasized normative management and recently been linked to sustainability and inclusion (Huemann, Eskerod and Ringhofer, 2016). Stakeholder theory is concerned with multiple relationships among stakeholders, typically modelled as groups and a focal organization (Barney and Harrison, 2020).
3. The microfoundations of strategy theorize about the effect an individual has on an organization and its performance (Barney and Felin, 2013; Felin, Foss and Ployhart, 2015). The normative and macro-level aspect of stakeholder theory seem to hinder a micro-level analysis of stakeholder engagement in the context of a project portfolio. However, recent stakeholder literature has included micro-level analysis (Wooley, Young and Alvarez, 2022), and literature on the micro-foundations of strategy supports managerial behaviour that is both normative and strategic (Lindenberg and Foss, 2011), aligning it with the stakeholder engagement research framework proposed by Kujala et al. (2022).

2.1 Stakeholder Engagement

Freeman (1984) constructed the seminal theory on stakeholder and organizational strategy based on organization's relationship to multiple stakeholder groups. Barney and Harrison (2020) reaffirm that an organization's relationships with multiple stakeholder groups are central to stakeholder theory. The project management literature has largely been concerned with stakeholders on a macro-level (Aaltonen et al., 2015; Eskerod et al., 2015; de Oliveira & Rabechini, 2019). Di Maddaloni and Sabini (2022) discuss microfoundations in the context of sustainability in construction projects, but the micro-level is that of local communities rather than individual actors. They highlight the tension between the normative and the instrumental in stakeholder management, which is a recurring theme in the stakeholder project management literature (Huemann et al., 2016).

By examining the value created by an individual entrepreneur and stakeholders exploiting an opportunity, Wooley et al. (2022) discuss individual actors as well as stakeholder groups. The goals, actions, and effect of an individual actor and stakeholders contribute to value creation and the competitive advantage of the organization in their case study. Stakeholder engagement and the co-creation of value will be studied in the proposed to better understand the instrumental and normative aspects of stakeholder engagement. In reviewing the construct of stakeholder engagement, Kujala et al. (2022) develop a research framework that includes the strategic, moral, and pragmatic components. This investigation uses a pragmatic viewpoint, which envelopes such normative and strategic activities as ethical decision-making and co-production.

2.2 Portfolio Management

Martinsuo and Geraldi (2020) promote stakeholder management as a way for portfolio managers to understand the complex external stakeholder relationships that are an aspect of a portfolio's external environment and critical to managing a portfolio. Petit and Hobbs (2012) and Killen and Hunt (2013) are equally concerned with managing a portfolio in its external environment and investigate how sensing the environment is a component of portfolio management. Wooley et al (2020) indicate that relationships with external stakeholders enable such sensing. Beringer, Jonas and Kock (2013) affirm the role of stakeholder engagement on resource allocation, portfolio structuring, portfolio steering. Engagement is between portfolio managers and senior and line managers and is modelled quantitatively as a measure of intensity, which is tested for its effect on portfolio success. Lechler and Thomas (2015) also examine the influence of senior managers on portfolio structuring and resource management and find this influence can cause misalignment between an organization's strategic goals and goals of individual managers. The study measures executive advocacy and reports on its effect on the quality of project termination decisions, which is one way used to manage a portfolio's structure and resources. The cited literature supports stakeholder management as part of portfolio management and has measured the influence of individual actors modelled as stakeholders.

This investigation wants to describe qualitatively at the micro level the stakeholder actions influencing a project portfolio, as well as how these actions are carried out, to determine the microfoundations of stakeholder engagement in a portfolio setting. It aligns with such recent research as de Vasconcelos Gomes et al (2022) into the microfoundations of portfolio regulation in university-industry laboratories. Vedel and Geraldi (2020) use an individual researcher's interactions with a pharmaceutical company as the entry point to understand the nature of a project portfolio and the role of project lineage in the portfolio.

2.3 Microfoundations of Strategy

The microfoundations of strategy attempt to “unpack collective concepts to understand how individual-level factors impact organizations” (Felin et al., 2015, p. 576). This paper’s intended investigation attempts to understand stakeholder engagement between individuals and how it affects a project portfolio. Goal framing theory (Lindenberg, 2003; Lindenberg and Foss, 2011) explains the influence of individual behaviour on the relationship between motivation and value creation. Similar to the pragmatic description of stakeholder engagement in Kujala et al. (2022), goal-framing is a pragmatic attempt to co-create value between an individual employee and a focal organization through the normative behaviour of executive managers. Liu (2020) examines individuals in an entrepreneurial setting to understand how stakeholder engagement among these actors leads to value creation. It takes a temporal perspective of stakeholder engagement as does the proposed research investigating stakeholder engagement and the ensuing relationship over the duration of the project portfolio.

3.0 Research Questions

This paper presents the foundation for an investigation that attempts to answer the following:

- How does stakeholder engagement at the micro-level occur in project portfolio management?
- How does this engagement at the micro-level influence project portfolio management?

Analysis of the answers to these questions should help clarify theoretically and practically the origins of stakeholder engagement in portfolio management as well as the implications of the microfoundations of strategy in stakeholder engagement and portfolio management.

4.0 Research Method, Design, and Data Sources

This research is investigating the intersection of two theoretical frameworks, stakeholder theory and the microfoundations of strategy. Barney and Harrison (2020) emphasize that stakeholder theory is based on a macro-level view of phenomena, which indicates that a micro-level may not be appropriate. The project management literature has also focused on investigating stakeholders modelled as groups or classes at a macro-level (Aaltonen et al., 2015; Eskerod et al., 2015; de Oliveira & Rabechini, 2019). A starting point for microfoundations is that classes and groups are made up of individuals that are cast as microfoundations (Felin et al., 2015). It appears that the microfoundational framework is appropriate for investigating individual members of stakeholder groups despite an apparent conflict between stakeholder theory and the microfoundations of strategy.

The case study method is an appropriate method for research based on theoretical conflict (Eisenhardt, 2021). The method also aligns with the research questions that explore how stakeholder engagement unfolds in the context of a portfolio and portfolio management, as the method supports the investigation of operational links such as the ones between stakeholder engagement and portfolio management (Yin, 2014, p. 10). The research questions bind the phenomena to be studied (i.e., stakeholder engagement) with the context in which they occur

(i.e., portfolio management), which further backs the choice of the case study method (Martinsuo & Huemann, 2021; Yin, 2014).

Eisenhardt (2021) further recommends the multiple case study method to explore questions where prior theory conflicts. As the research concerns individual actors, the multiple-case study method enables the investigation to collect data from individuals in more than one portfolio setting to promote external validity and reliability (Yin, 2014) instead of relying on data collected from individual actors in only one portfolio. Multiple case studies also allow the investigation to focus on fewer individual actors per setting, so that they can be examined more in depth.

To collect data relative to portfolio management, the research design centres on individual portfolio managers. In keeping with the micro-level focus, the engagement studied is between the portfolio manager and individual stakeholders. To answer the question related to portfolio management outcomes, a stakeholder of strategic importance is selected. To enhance internal validity through design consistency, the engagement between a portfolio manager and multiple individual stakeholders belonging to the same stakeholder group is selected. An external stakeholder is used to further promote reliability and external validity as different organizational logic governs the portfolio manager from that governing the stakeholder. Individual stakeholders do not belong to the same organization to further enhance findings. The setting of the multiple case studies are organizations competing in the same market segment so that external validity and reliability are promoted.

The data source has to provide rich data on stakeholder engagement as well as satisfy the specified design criteria. Therefore, the research turns to an industry where stakeholder relationships are central. The editor and author relationship in the book publishing industry is an appropriate candidate as Greco, Milliot and Wharton (2014) describe the author and editor relationship as that of a parent and guardian in which the author is the parent of the book and the editor is the guardian to the book. Gross (1993) describes the editor and author relationship as one of great interdependence: “Each needs the other; each has much to offer to the other” (p. vii). Editors are part of a publishing organization, and authors are external to it but they supply a highly strategic resource to the publishing organization. “Books are the lifeblood of publishing” which “requires a steady source of readily available ... titles” (Greco et al., p. 184). The editor-author relationship is described as a rich one and it is based on a resource of strategic importance to the focal organization, which makes it suitable data source related to an investigation of stakeholders.

The context of the relationship can be modelled as a project portfolio consisting of multiple projects each supporting business objectives as editors and authors produce new books that deliver value to the focal organization (Constantino, Di Gravio, & Nonino, 2015; Kaiser, El Arbi, & Ahlemann, 2015; Marnewick, 2018). Aligning with Lenfle and Midler (2003), the development and publication of a book can be viewed as a project because, the book is the result of actors cooperating temporarily to deliver a unique outcome. Additionally, the editor and author, each with its own expertise and logic, are part of a temporary team working in cooperation to deliver a book, whose unique content is protected by a body of international copyright. At an organizational level, the uniqueness of each book supports overall strategy, as each book’s uniqueness gives a publishing organization competitive advantage and helps to

define the publishing organization in its marketplace. To mitigate risk associated with a book's reception in the market, a publishing organization relies on editors to deliver multiple book projects in a given time period (Greco, et al., 2014) which aligns with the view of a portfolio as a framework for managing risk through diversification (Markowitz, 1952; Petit & Hobbs, 2012). Editors support organizational goals as they are "managers, and they need to understand the 'marketing mix' (known as the 4 Ps): product; price; placement; and promotion" (Greco et al., p. 183). Through the development of book projects, a publishing organization requires an editor to develop strategic plans, connect with external stakeholders such as authors, deliver and communicate value, build brands, and create successful long-term growth (Greco et al.).

The basis of each case study is data to be collected from interviews of editors and related authors as well as from artifacts related to the authors and editors. Figure 1 shows the structure of each individual case study and lists the data sources. To promote reliability across the cases, all the editors to be interviewed work in the non-fiction book market as shown in Figure 2, which illustrates the multiple-case study's structure. Case study data is to be analysed using a codebook based on Kujala et al (2022) and reported as case study narratives (Flyvberg, 2006). The case study report is to be analysed in the context of the literature (Eisenhart, 1989) to develop theoretical contributions.

Figure 1. Structure of case study and list of data sources

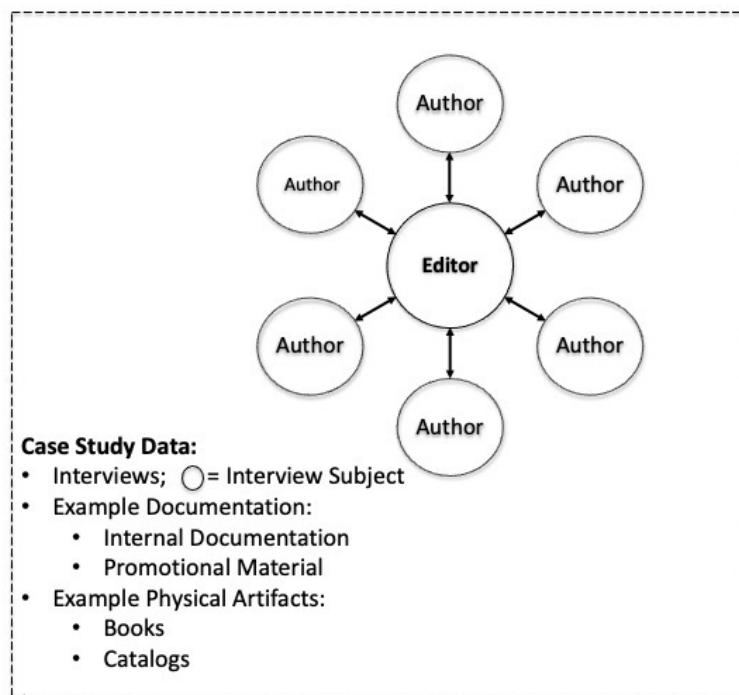
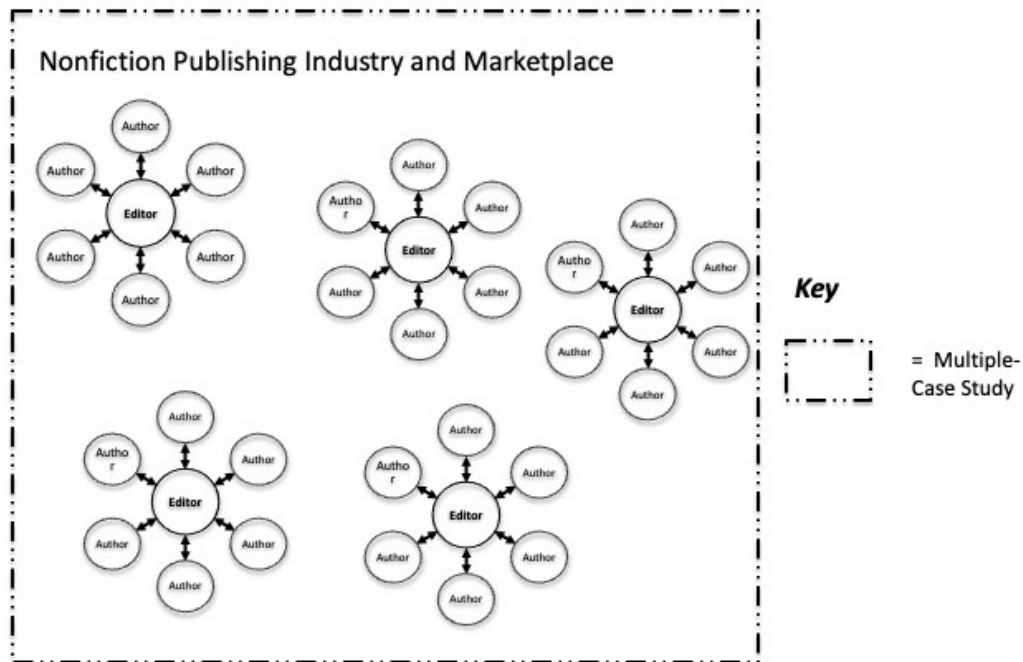


Figure 2. Structure of multiple-case study



5.0 Conclusion

This paper describes research under development and discusses underlying theory as well as the aims of the investigation and its methodology. The research seeks to clarify the role of individual actors cast as stakeholders and portfolio managers. Its practical aim is to guide portfolio managers as they engage stakeholders. Theoretically, it aims to add a micro-level dimension to stakeholder engagement and to describe the role stakeholder engagement can have in portfolio management. Finally, the investigation is an attempt to recognize in a scientific manner the role individuals play in project organizing and emphasize.

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