Електронний журнал «Ефективна економіка» включено до переліку наукових фахових видань України з питань економіки (Категорія «Б», Наказ Міністерства освіти і науки України № 975 від 11.07.2019). Спеціальності – 051, 071, 072, 073, 075, 076, 292.

Ефективна економіка. 2025. № 5.

DOI: http://doi.org/10.32702/2307-2105.2025.5.124
УДК 658.3.07

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STAKEHOLDER MANAGEMENT IN THE SUCCESSFUL IMPLEMENTATION OF PROJECTS

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МЕНЕДЖМЕНТ СТЕЙКХОЛДЕРІВ В УСПІШНІЙ РЕАЛІЗАЦІЇ ПРОЄКТІВ

The article investigates core managerial concepts of the stakeholder interaction domain in terms of the modern project environments, such as stakeholder identification, stakeholder prioritization, as well as stakeholder engagement strategies. Considering the ongoing industrial trends, the present-day projects tend to decompose the entire development lifecycle into separate areas, where stakeholder management remains quite integral, yet not a paramount area required for the project's success. Taking into account the fact, that stakeholders typically impact every single phase of project development, and perform various

functions, including but not limited to project sponsorship, project team selection, vision definition, functional roadmap development, project scope specification, schedule planning, budget allocation, and other, their primary role in projects success is typically mistakenly overlooked. As a result, such dereliction of project stakeholders can conceivably cause a continuous challenge for the project teams, which in turn generates a substantial misalignment on the project level and negatively collisions with the team dynamics. To address this issue, the article objectively defines the nature of stakeholders, discusses the need for stakeholder engagement and outlines the fundamental conceptions regarding the discussed topic in the interest of the comprehensive context generation that is intended to enhance peers' comprehension of the problem area. Reflecting the primary idea reflected in the work, the articles suggest a modernistic view on the stakeholder management approach that can be used for the sake of maximizing project success. This is achieved via a combination of well-established managerial tools, alongside the practical enhancement of the domain practices which, in their turn provide teams with a set of recurring methods with an utmost focus on the identification of stakeholders (both initial and ongoing), quantitative stakeholder prioritization technique via Stakeholder Impact Index (SII), and reflection of pre-defined stakeholder engagement strategies that delineate response framework and streamlines team responses and interactions with the respective parties.

У статті досліджуються основні управлінські концепції взаємодії із зацікавленими сторонами (стейкхолдерами) з точки зору сучасного проєктного середовища. Наприклад, такі як ідентифікація зацікавлених сторін, визначення пріоритетів зацікавлених сторін, а також стратегії залучення зацікавлених сторін. Враховуючи поточні тенденції управлінської сфери, сучасні проєкти схильні розподіляти весь життєвий цикл розробки на окремі області та фази, де управління зацікавленими сторонами залишається досить невід'ємною, але не основною сферою необхідною для успіху проєкту. Беручи до уваги той факт, що зацікавлені сторони зазвичай

впливають на кожен етап розробки проєкту та виконують різні функції, включаючи але не обмежуючись такими як спонсорство проєкту, формування проєктної команди, визначення бачення продукту, розробку функціональної дорожньої карти (roadmap), специфікацію обсягу робіт проєкту, планування графіку робіт, розподіл бюджету тощо, їхня основна роль в успіху проєктів зазвичай помилково ігнорується. Як результат, таке нехтування зацікавленими сторонами проєкту може призвести до регулярних викликів для проєктних команд, що у свою чергу, генерує суттєву неузгодженість та негативно впливає на динаміку команди. Таким чином, стаття об'єктивно визначає природу зацікавлених сторін, обговорює необхідність залучення зацікавлених сторін та окреслює фундаментальні процеси в рамках обговорюваної теми з метою генерації комплексного контексту, який має на меті покращити розуміння проблемної області. Орієнтуючись на основній проблемі згаданій в роботі, стаття пропонують сучасний погляд на підхід до управління зацікавленими сторонами, який може бути використаний для максимізації успіху проєкту. У статті, це досягається шляхом поєднання добре зарекомендованих управлінських інструментів, а також практичного вдосконалення практик у предметної області, що, у свою чергу, надає командам набір гучних та адаптованих методів з максимальним акцентом на ідентифікацію зацікавлених сторін (як початкову, так і поточну), метод кількісної пріоритизації зацікавлених сторін за допомогою Індексу впливу на зацікавлені сторони (Stakeholder Impact Index, SII), а також набір заздалегідь визначених стратегій взаємодії зі стейкхолдерами, які окреслюють можливі стратегії реагування, оптимізують процеси команди та взаємодію з відповідними зацікавленими сторонами.

Keywords: *management, project management, stakeholder management, stakeholder engagement, stakeholder prioritization*

Ключові слова: *менеджмент, управління проєктами, управління стейкхолдерами, взаємодія зі стейкхолдерами, пріоритизація стейкхолдерів*

Problem statement. Historically, the field of project management studies has recommended itself as an efficient structuring tool and mechanism that methodologically divides the comprehensive nature of projects into a set of individual, tangible, yet interconnected knowledge areas [1]. Despite the fact that all the projects tend to be unique by their nature, such a method has appeared widely welcomed in the industry, given its capacity to organize, standardize, and promote a shared comprehension of project management subareas, which makes project knowledge modular, structured, transferable, and reusable. Following this transition from assessing the project as a whole to an area-oriented approach, managers were equipped with a broader evaluation capacity, as all the project components were assessed independently, in spite of their interconnection and cross-dependence. One of the areas that was defined as a result of the aforementioned transition was Stakeholder Management [2]. As widely recognized, stakeholders are usually being referred to as individuals and groups of people who are directly or indirectly affected by the project activities and its outcomes [2]. In its turn, it is hard to overestimate the value of Stakeholder Management domain, as it learns and reviews not only types of stakeholders (depending on their power and influence), but also provides project managers with a contemporary view on interaction with them, alongside with best practices that can enhance stakeholder engagement, and furthermore improve all the further interactions with all the parties involved that might occur throughout the project. This said, while the necessity of efficient stakeholder management has become a common golden standard in the industry, the problem concerning the necessity of efficient stakeholder identification, prioritization, engagement and its influence on project success still appears to be insufficiently addressed and underdeveloped by practitioners and the expert community. Considering that investigation of the effective stakeholder engagement frameworks and their influence on project

success remains overlooked, it is logical to say that developing a thorough academic awareness of this area is essential for project managers. Additionally, even though project stakeholders are directly or indirectly participating in all the project phases, their role within the project Executing phase might be neglected. In that regard, this paper will suggest an approach for the progressive stakeholder interaction, which will be taking place not only during the project Planning, but also during the subsequent project stages.

Analysis of recent research and publications. The aforementioned topic of stakeholder management and engagement has been regularly brought up by both international and domestic scientists, including the work presented by Kujala, J., Sachs, S., Leinonen, H., Heikkinen, A., & Laude, D, highlighting a holistic view on the previous, ongoing and future development challenges that stakeholder engagement field face, in addition to review of historic precautions that led to the development of this domain [3]. Worth mentioning is the paper of Koptieva H. that suggests an approach to stakeholder management at the level of organizations, illustrating the sequential flow of this process [4]. Nonetheless, the scope of existing works analyzes the discussed concept in a high-level manner and provides a cursory theoretical overview which is lacking substantive depth, instead of generation of a solitary examination of the stakeholder engagement, highlighting what project activities it requires, and how efficient stakeholder engagement can benefit the the project as a whole.

Formulation of the article objectives. The core aim of the paper is to define the nature of stakeholders, specify stakeholder interaction as a separate activity group, and outline a contemporary framework facilitating stakeholder identification (both initial and ongoing), stakeholder prioritization, and stakeholder engagement strategies that combined can equip project teams with a comprehensive approach, capable of acknowledgement of all the parties involved, regular interaction with such parties, and consideration of stakeholders' expectations that can ultimately support the project success.

Presentation of the main research material. This section unveils critical insights and findings collected throughout the research process of the project management industry, especially in the context of the stakeholder management field, including academic literature, scientific papers, professional resources, and industrial best practices that are currently applied within the managerial domain. As was mentioned above, stakeholder management is being reasonably considered a crucial component of modern managerial skillset; therefore, in the interest of a comprehensive analysis of the discussed problem, it is vital not only to accentuate the shortcuts for the practical stakeholder engagement but also to reflect its fundamental concepts. As is known, stakeholders are described as a group of people, organizations, or entities that are directly or indirectly affected by the project's outcome [1]. Contrary to popular opinion, stakeholders imply two layers of parties involved. Firstly, those ones who are actively engaged in the project development and aware of its undertakings - engineers, analysts, project sponsors, business representatives, accountants, and others. The second cluster represents entities who might not be directly contributing towards the project, however, might potentially be influenced by its repercussions, both positive and negative, or interested in its features alongside the value it delivers. While the first group of stakeholders remains identifiable and determinable due to its coherent interconnection between its parties, in addition to their factual involvement, the second group remains ambiguous and fluid. Especially, the factualness of this difference can be supported by the fact that plenty of stakeholders located outside of the project's organizational structure remain obscure even after the project launch, due to teams' limited capacity to assess all the potential customers (for instance, in B2C business models). In that connection, stakeholder engagement represents a separate managerial field of study that suggests a set of pre-defined stakeholder treatment strategies that structure and organize a set of activities that companies and their projects perform with regard to project stakeholders [5]. Such an approach suggests a flexible framework that acknowledges the possible patterns between different stakeholders, structures them, designs a system of necessary

activities for each group, yet minimizes the amount of waste by focusing the team's resources on the most efficient methods and rejecting less practical techniques. Such a measure might not look straightforward, nevertheless, it has a practical aim - to achieve the project's success. In terms of the modern project management industry, project success is defined as the implementation of the project within the defined project triangle – Scope, Schedule and Cost [6]. But what's the connection? In reality, the answer is plain, as a suboptimal stakeholder engagement can lead to underwhelming requirements gathering and non-efficient consideration of stakeholder's needs, which may result in change requests, projects reworks, and projects pivots which will undoubtedly cause the change of initial scope, schedule, and cost - that are being fairly considered cornerstones of projects.

All things considered, it is practical to raise a reasonable question: how to identify project stakeholders and properly structure them for further prioritization, interaction, and engagement? In a nutshell, the project identification has never been a straightforward task to complete, especially in light of the unique nature of the projects. As is known, every single separate project is typically expected to deliver a unique product, service or value [7]. Consequently, such peculiarity of every project's individual inputs, objectives, constraints, and distinct set of unequalled processes, makes it quintessentially challenging to come up with a single, unified, yet efficient stakeholder structuring framework. Nonetheless, the managerial industry agrees on the possible practical response - providing project managers with a set of tools and techniques that are simple in nature, can be used outright, suitable for both Agile and Waterfall methodologies, and can be tailored according to the project needs and challenges.

In that regard, it is feasible to introduce two distinct approaches to stakeholder identification. Firstly, the *Initial Stakeholder identification* - the method that focuses on the initial assessment of parties involved, as it is impractical and risky to launch the project without an understanding of its stakeholders. In particular, the Initial stakeholder identification can use the

following set of practices called upon to detect parties involved in the earliest stages of the project [8]:

- *Review of the existing project documents:* analysis of available documentation and selection of the relevant information concerning stakeholders
- *Brainstorming*: a technique performed by team members to rapidly generate various ideas related to the potential parties involved
- *Interviews with Project Sponsor*: given that project sponsors usually have a comprehensive vision of the project lifecycle, their comprehension of stakeholders can deliver the utmost value
- *Organizational charts:* reflect the organizational structure of a legal entity where the project is implemented (e.g. enterprise or a firm)

Secondly, the *Ongoing Stakeholder identification* - a continuous process triggered throughout the project execution and implementation, with a primary focus on the identification of groups of people that are directly or indirectly affected by the project, but were obscure during the initial identification stage, and were identified during the latter stages of the project. Can be identified via [8]:

- *Analysis of change requests*: reflects groups and certain individuals who requested a change within the project direction or product functionality.
- *Issue log reviews:* structurally depicts a list of issues that occurred throughout the project lifecycle, including the person who raised the issue.
- *Feedback collection channels:* utilizing the value of personalized surveys, feedback forms, questionnaires, and polls.
- *Role-play and User personas:* helps to portray the potential or existing customers and convert them into a systematically organized list, which maps user types, their needs, wants, and demands.

As stated above, both approaches are addressing two different stances of the project. Whereas the Initial Stakeholder Identification ought to generate the biggest

systematic contribution within the project phase involving the biggest uncertainty degree possible, such as Planning, an Ongoing stakeholder Identification is expected to produce the biggest value throughout the Executing and Monitoring phase, where the project implementation actually takes place. Considering the contemporary managerial trends and practices, during the initial project planning (especially in waterfall or predictable environments), project objectives, requirements, constraints, as well as strategy are mostly based on the expertise, vision, and assumptions of in-house experts, alongside their decision-making skills [9]. This group of people can include Project Sponsor(s), Steering Committee, Product managers, Team leaders, which makes this group of individuals strictly isolated and potentially prejudiced, which is undoubtedly capable of impacting the probability of project success in direct way, both positively and negatively. As a matter of alternative, Ongoing Stakeholder Identification suggests a paradigm shift that is oriented on the actual project reality and progressively reassessing the pool of stakeholders whose opinion might be beneficial for the project scope. Even though these two approaches are generally expected to be applied to different project phases, it is reasonable to assert that they are fully complementary and might be used in parallel, providing managers with a tailoring opportunity. As a result, the combination of both approaches is able to deliver the utmost value for future project undertakings.

Following the performance of stakeholder identification (using either approach), it is essential to raise a question: how are project teams expected to prioritize the identified stakeholders, so that their expectations are addressed accordingly? For such a purpose, it is imperative to define a structural, objective, and unbiased approach that will consider the stakeholders' actual influence, rather than parameters representing less significant components. In that connection, we can introduce a single metric calledthe *Stakeholder Impact Index (or SII),* which is built upon the established stakeholder analysis model called Mendelow's Matrix, by extending it with a definition of universal value that reflects a sum of

Stakeholder Power, Stakeholder Influence, Stakeholder Interest, and Stakeholder Location to quantitatively evaluate stakeholder engagement levels [10].

$$Stakeholder\ Impact\ Index\ (SII) = Power + Influence + Interest + Location \quad (1)$$

To be more specific, each variable corresponds to the following:

- *Stakeholder Power:* stakeholder's managerial, decision-making, and authoritative capacity that can force or prevent a set of divergent proceedings in the organization; typically based on the chain-of-command, individual role, domain expertise, control of resources, etc. [10]
- Stakeholder Influence: stakeholder's ability to influence the direction of the project, its priorities, backlog, processes or deliverables, even without the direct authority or a formal role [11].
- *Stakeholder Interest:* stakeholder's personal or professional interest in the specific project, even if the project affects them in positive or negative way [10].
- *Stakeholder Location:* stakeholder's placement with regard to the organization, either internal or external.

Each variable mentioned above can accept the predetermined values as outlined in Table 3. Acceptable values for such variables as *Power*, *Influence*, and *Interest* follow a Low / Medium / High scale, where Low equals 1 point, Medium equals 2 points, and High equals 3 Points. The *Stakeholder Location* variable ranges follow an External / Internal scale, where External represents 0 points, while Internal corresponds to 1 point. Although the described formula is self-explanatory and unequivocal, from the perspective of the stakeholder prioritization process, teams are recommended to perform a facilitated review session that is supposed to address the cross-alignment function and promote shared understanding of stakeholders' influence based on the team members' reflections. Such a session could benefit from an agenda, where the team reviews the table of stakeholders and collectively evaluates them, by assigning each variable with

possible values, resulting in a detailed table delineating the Stakeholder Impact Index (SSI) of each entry in a plain way.

Table 1: Stakeholder Impact Index (SSI) formula variables

Variable	***Possible values***	
Stakeholder Power	Low	1
	Medium	2
	High	3
Stakeholder Influence	Low	1
	Medium	2
	High	3
Stakeholder Interest	Low	1
	Medium	2
	High	3
Stakeholder Location	External	0
	Internal	1

Source: formed based on [10]

Using the aforementioned formula, project teams receive the opportunity to perform the stakeholder assessment and prioritization based on the number of points they've been assigned. Subsequently, the number of points will help to assign stakeholders to a specific stakeholder category, which will have a set of pre-defined engagement strategies teams can use. Upon the completion of stakeholder identification, teams and project managers can proceed to the stakeholder engagement strategies. This can be performed using the Stakeholder Impact Index values calculated previously alongside usage of the following SSI Scope Ranges [10]:

- **Monitor (SSI Score 3-4):** the lowest possible scale that reflects negligible impact of this stakeholder group on the project proceedings. Even though this group is slightly related to the project, its actual effect could be considered as insignificant due to its virtually zero influence capacity
  Engagement strategy: passive monitoring and observation, strictly limited communication without regular engagement to avoid the waste of resources and non-essential resource allocation
  Tools and techniques: quarterly check-ins, automated monitoring tools

- **Keep informed (SSI Score 5-6):** group that actively interested in the project undertakings or affected by its outcomes, even though its lacking actual control over the project direction and vision, hence might be considered as a source of valuable insights concerning the expectations from the product, which in its turn can positively contribute towards project backlog
  Engagement strategy: regular communication
  Tools and techniques: status review meetings, email updates, surveys, feedback forms, and feedback gathering sessions
- **Keep satisfied (SII score 7-8):** a crucial group of stakeholders who might have either a high degree of power and influence but lack interest, or vice versa. Nevertheless, this category possesses a strong daily influence on the project activities, hence acknowledgement of their opinion, meeting their expectations, and satisfying their demands can be fairly described as essential cornerstones for the further project success
  Engagement strategy: one-to-one engagement
  Tools and techniques: one-to-one meetings, rapid communication channels (chats on corporate messengers), regular reporting (including personal), strategic planning meetings
- **Manage closely (SII score 9-10):** key players for the project success – highly powerful, influential, and interested in all aspects of the project. Typically, could be outlined as budget owners, visioners, core decision makers, and project drivers.
  Engagement strategy: executive-level focus
  Tools and techniques: project status dashboards, roadmaps, involvement in all the internal communication and meetings (e.g. daily standups), daily feedback collection and ongoing feedback loops, workshops, KPIs alignment, etc.

Conclusion. Progressive, as well as flexible stakeholder identification and prioritization processes, directly contribute to the project's success. This is achieved through the consideration of the needs, wants, and demands of all the

parties involved, both internal and external. As widely recognized, stakeholders serve projects of any kind as an essential source of product expectations and insights, that henceforth provide teams with an opportunity to acknowledge them, and integrate those findings into the project backlog by converting them into an implementable chunk of work, capable of generating value for the market, which without a doubt increases the changes of the project success. While the stakeholders still remain as one of the score sources of truth in project environments, it is mandatory to perform both initial and ongoing stakeholder identification, as not all the stakeholders can be identified during the initial Planning phase. Hence, the combined approach involving both types of stakeholder determination applied to the entire project development lifecycle generates an uninterrupted stakeholder recognition and analysis flow that supplies the team with new personas or groups whose opinions and reflections can be beneficial not only for the processes enhancement, but also for the achievement of ultimate project goals. Overall, an efficient stakeholder identification, prioritization, and engagement could not be neglected in modern projects. Given the present globalization process and teams' capability to rapidly interact with both existing and potential stakeholders via various tools, it becomes imperative to utilize suchlike an opportunity for the sake of maximizing of project deliverables.

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Стаття надійшла до редакції 14.05.2025 р.