

## Chapter 6.5

# Identifying and Managing Stakeholders in Enterprise Information System Projects

**Albert Boonstra**

*University of Groningen, The Netherlands*

### **ABSTRACT**

This article focuses on how managers and sponsors of enterprise information system (EIS) projects can identify and manage stakeholders engaged in the project. This article argues that this activity should go beyond the traditional ideas about user participation and management involvement. Also suppliers, customers, government agencies, business partners and the general public can have a clear interest in the ways that the system will be designed and implemented. This article proposes to apply identification, analysis and intervention techniques from organization and management disciplines in the IS field to enhance the changes for the successfulness of enterprise information system implementations. Some of these techniques are combined in a coherent method that may help implementers of complex IS projects to identify and categorize stakeholders and to consider ap-

propriate ways of involvement during the various stages of the project.

### **INTRODUCTION**

Information system implementation projects traditionally affect a number of parties, including managers, developers, and users. The notion that managers and developers allow users to participate in system development has been a core topic of IS research and practice since the 1960s. Mumford is one of the main advocates of this notion, by arguing that “people at any level in a company, if given the opportunity and some help, can successfully play a major role in designing work systems” (Mumford, 2001, p. 56). Main reasons for participation are the assumed link between participation and system success in terms of system quality, user satisfaction, user

acceptance, and system use (Markus & Mao, 2004). Mintzberg (1994) argues that people who have been consulted and have participated in the process will better understand the trade-offs between project benefits and disadvantages and have greater trust. Consequences of neglecting participants, on the other hand, may lead to system failure and resistance towards the system (Gonzalez & Dahanayake, 2007).

During recent decades, however, the traditional notion of users has been eroded by new trends in IS development, such as package installations, outsourcing, enterprise systems, and systems that cross organizational boundaries, and has changed the nature of IS practice. These trends indicate that modern information systems are increasingly complex since they affect a broader range of stakeholders both from within and from outside the organization. This wider group of stakeholders is also becoming an integral part of EIS implementation and is part of the 'sociology of technology.' Depending on the impact and scope of the system, these stakeholders may include suppliers and customers, business partners (such as banks), providers of IS/IT services, competitors, government agencies, and, in some cases, may well extend to the press and the general public. Information systems tend to increase the scope from smaller, internal, and functional areas to enterprise wide systems (such as ERP-systems) and systems that cross company boundaries and may well impact on personnel from different countries, with their own language and different value and legal systems.

This means that system development is increasingly an undertaking where many different people believe that they can affect or can be affected by the process or the outcome of the system. Many of these people will respond to system proposals according to their interests and their perception of the impact, the function and the objectives of the system (Rost, 2004). If project managers and others, responsible for the development and the implementation, are not prepared to take

into account these wider requirements, they will be reactive rather than proactive. In such circumstances, as Boonstra (2006) elucidates, the progress will be shattering and shocked by all kinds of unexpected actions and responses from a variety of stakeholders during the various stages of the project.

To take into account such considerations and be proactive, a systematic stakeholder management is needed in the more complicated information system projects. Stakeholder management means that stakeholders around EIS (Enterprise Information System) projects are identified and analyzed so that appropriate actions are taken in ways that support the project (McElroy & Mills, 2003). To address this need for stakeholder management, the objective of this article is to propose a coherent set of techniques that can be used to identify and categorize stakeholders and stakeholder relations in EIS projects as well as to define appropriate actions towards stakeholders.

Of course methods exist for stakeholder identification and categorization. However, these methods are diverse in focus and nature and not specified to EIS development and implementation. Some exclusively focus on identification of stakeholders (Vos & Achterkamp, 2006), others on assessing their relative importance (Mitchell, Agle, & Wood, 1997) or on ways to involve them (Bryson, 2004). The contribution of this article is that it will specifically focus on stakeholders within complex enterprise IS projects and that it combines various theories and approaches into a practical and consistent method.

The article is structured as follows. It begins with some theoretical backgrounds of the stakeholder management approach. This section will briefly discuss literature on stakeholders and its most important findings. The next section discusses the seven activities of the method and combines these activities into a coherent method. The details of the proposed method will be illustrated by a case study. The discussion section examines the extent to which the method contributes to solv-

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