

Stakeholders and Transnational Projects

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Abstract

The project stakeholder literature has evolved into a voluminous body of knowledge in recent years. However, comparatively little research has focused on stakeholders in the context of transnational projects. Transnational projects in their entirety have become ubiquitous and very numerous over time, especially with the advent of globalization, and many exhibit an enormous level of technical complexity and resource-intensiveness, long durations, and their outcomes not only affect in both positive and negative ways the lives of millions of stakeholders but can also profoundly influence the relationship between states. Hence, given the very high economic, social and political stakes evidently associated with transnational projects - and taking into consideration the now universal interest in and the great importance being accorded by project theoreticians and practitioners to project stakeholder management and engagement - there is a need to carefully study and evaluate these projects in stakeholder perspective. Doing so can help identify and exploit existing opportunities to the fullest and also mitigate the risk of conflict or animosity arising between states with all its ensuing negative ramifications.

For this exploratory research the authors have selectively examined dozens of high-profile and well documented transnational projects in the construction, transportation, energy, industrial manufacturing and other fields across the globe. Four distinct categories were identified under which transnational projects can be grouped, namely, cooperative, collaborative, integrative, and divisive, along with a fifth overlapping category wherein projects simultaneously exhibit both cooperative, collaborative or integrative, as well as divisive character. Each category is discussed with current and prominent examples. This project category spectrum constitutes a useful contextual framework which permits careful analysis and assessment of stakeholders' key attributes, notably their respective interests, motivations and concerns regarding transnational projects, and consequently delivers important insights to the initiators, planners and executors of such projects through which practical, effective and ethical strategies and approaches can be devised and put into action which seek not only to ensure fair benefit and cost sharing among stakeholders but also that as many, if not all, stakeholders ultimately derive net benefits from the projects.

Introduction

Projects in the post-World War II era are increasingly exhibiting transnational character. Data which can deliver a reliable current estimate of the number of and investment in transnational

projects at global level is non-existent but a conservative guess would run possibly into several hundred billion, if not trillions of Dollars. Transnational projects therefore constitute a sizeable share of the overall global portfolio and need to be examined carefully so that insights as to what determines their performance and lowers their risk of failure can be derived. As stakeholders are the most important consideration in every project regardless of location and time – it is after all the stakeholders who ultimately conceive, initiate, undertake, control and share the costs and benefits of projects – it is instructive to analyze the roles, responsibilities and relationships of stakeholders in the context of transnational projects especially since these projects exhibit some significant differences and pose additional challenges when compared to projects which are undertaken in a national context.

The transnationalization of projects being increasingly observed in the past few decades can be attributed to many inter-connected reasons, the most important of which is the phenomenon of globalization and its consequences which include the cross-border mobility (and availability) of capital, human resources, services and products, information and knowledge at a level which is unprecedented in history. The liberalization of national economic and investment regulatory and procedural frameworks across the globe, especially since the end of the Cold War, and the growing inclination by many states, in a regional context, to systematically harmonize and align over time their economies, policies and institutions in pursuit of shared goals and objectives for attainment of mutual benefit are also factors which have encouraged transnational initiatives. Technological innovations, the erosion of tariff and non-tariff barriers to external trade and the development of robust physical infrastructures capable of enabling and sustaining complex transnational supply chains are further major facilitative factors.

The term “transnational” has many definitions and is applied in a number of contexts. Viewed in the project context, transnational projects are often mistakenly perceived as being synonymous with high-profile complex, cost-intensive and technically challenging civil infrastructure or construction schemes undertaken usually at the inter-governmental level and which physically transcend national territorial borders even though such projects empirically constitute a very small percentage of the overall number of transnational initiatives. In fact, transnational projects span practically the entire project spectrum. For this research, the authors therefore broadly define transnational projects as those projects involving entities (i.e. stakeholders) from two or more sovereign states providing significant or crucial project input in the form of, inter alia, financing, material, human and technical resources, information, knowledge or creative input, or other forms of facilitative support including right of transit. Their participation or involvement time in the projects is variable – they can, for instance, be confined to the project conception phase, or extend throughout the project life-cycle or constituent phases, and/or include the period of time subsequent to project completion when the project benefits are realized and shared. The entities participating in transnational projects need not necessarily emanate from the public-sector; they can also be commercial or not-for-profit entities or any combination thereof. And it is not imperative that transnational projects must physically transcend national territorial borders as is the common misperception. Most transnational projects are actually confined within one state’s (i.e., the host state’s) territory. Furthermore, the authors extend their definition of transnational projects to encompass those projects which generate a considerable and sustained interest at the governmental and/or public level beyond the territorial borders of the state or the states which are undertaking them. Often this interest stems from the controversial nature of the projects in question which are seen as constituting a national security threat or standing in conflict with human rights and/or the natural environment and which consequently encounter vocal and severe criticism and opposition and awareness on a broad scale which is spread through the media.

Transnational Projects: Opportunities and Challenges

Transnational projects deliver significant and multi-faceted benefits. At the same time they are often comparatively more complex than non-transnational projects and can pose major challenges which if left inadequately addressed may render their chances of failure with its consequent loss high. Transnational projects enable the pooling of capital, technological, managerial, human, informational and intellectual resources to an extent and at a level of diversity which normally is not realizable in non-transnational projects in addition to guaranteeing access to a broad gamut of inter alia experiences, ideas, strategies, processes, quality standards and work methods which are inputted into the projects by the participating entities. They also ensure that risks are shared among these stakeholders. Transnational projects constitute the only means through which some opportunities can be availed, for example, for commercial companies seeking convenient access to new overseas national or regional markets for their products and services by setting up and operating their manufacturing facilities in proximity to target markets. Likewise, projects aiming to facilitate mobility of people, goods and services, information, energy (oil, gas, electricity) and water resources across national borders are feasible only through transnational cooperation and efforts. For the participating entities the rewards can be substantive monetarily, and in terms of image gain, organizational and professional networking possibilities, the accumulation of specialist expertise and experience, and so forth. For projects undertaken at the inter-governmental level, transnational projects go hand in hand with political benefits, which in some instances may be quite substantial, possibly contributing towards a significant reduction in tension and the consequent potential for conflict between states which ensues from the enhanced economic, social, institutional and other modes of interaction over time which are the inevitable consequence of transnational projects. The European Union, whose states and their societies have been brought closer together by countless such projects, is a case in point.

Their multi-dimensional benefits aside, transnational projects also entail numerous special challenges and obstacles for the participating stakeholders which normally they would not encounter in a non-transnational project environment. Primarily, these challenges and obstacles stem from the higher comparative technical and managerial complexity inherent to schemes transcending national territorial boundaries over those which do not. Most importantly, special consideration must be accorded to judicious stakeholder management and engagement because in comparison to the internal and external stakeholder communities of non-transnational projects the stakeholders in transnational projects in the corresponding category are usually more numerous and heterogeneous, and over time would exhibit a broader, more diverse spectrum of interests, motivations and concerns, attitudes and behaviors, expectations and perceptions which if inadequately and inappropriately addressed by the project owners, planners and executors can significantly increase the risk of the projects failing.

The individual challenges and obstacles in the transnational project and work environment have been the subject of numerous research studies and much discussion over time. A considerable body of knowledge now exists on the subject. Much of this work examines the role and extent of national cultural diversity on a global scale and its impact on individuals and organizations in different cultural environments. It is widely acknowledged that culture can profoundly affect perceptions about many major project-relevant considerations such as time, work attitude, professionalism, trust and relationship building, expressiveness, ethics etc. Failure to understand, appreciate and factor in inter-cultural differences when undertaking transnational projects thus constitutes a potential source of considerable risk and, in several observed instances, have derailed otherwise technically sound ventures.

It is now universally accepted that project management and administration is mostly founded on communication management. Communication in one language poses immense challenges of its own and many project performance surveys conducted across the globe in different industries from time to time have identified communicational deficiencies as a major cause of project failure. The communication risks are amplified in transnational projects where collectively a multiplicity of languages are often spoken by the key stakeholders whose command of a mutually agreed upon project language may exhibit a significant disparate level of proficiency from each other. Consequently, the risk of misunderstanding and miscommunications and all the possible negative consequences this entails for projects is compounded.

Culture and communication considerations aside, transnational projects encounter several additional practical complexities which can significantly increase their risk perception among stakeholders. Whereas one set of rules, regulations, restrictions and policies would normally apply to non-transnational projects this can, depending on the project in question, be doubled, tripled or even multiplied several fold in the case of transnational projects. Dealing with different, sometimes unfamiliar public administrative, legal, economic, political, social and other contexts requires special caution and additional resources and entails the possibility that conflicts, intentional or otherwise, may occur resulting in complications at best and at worst an existential threat for the projects. A host of mundane considerations, such as obtaining travel visas, the stability of inflation and currency exchange rates, profit repatriation assurances, incentive systems, the legal protection of contracts and contract dispute mechanisms, political stability, policy consistency and continuity, bureaucratic behavior, fear of arousing hostility amongst the local population and threats to physical safety – all these are frequently occurring examples of the numerous considerations which in the non-transnational context may play a peripheral or even negligible role but may constitute major practical project hurdles in the transnational context.

The Five Transnational Project Categories

Based on their research of transnational projects across the globe, the authors have identified five categories in which transnational projects can be assigned in stakeholder perspective, namely, cooperative, collaborative, integrative, divisive and a mixed category in which projects simultaneously exhibit both divisive and either cooperative, collaborative or integrative character. The choice of which of these categories to assign a transnational project to would depend on their purpose of the project and the perception stakeholders may have of it. These five categories are discussed below:

Cooperative Projects: Most transnational projects appear to fall in this category. These ventures span virtually the entire project spectrum and involve entities from the public, commercial or not-for-profit sectors or any combination of these. Prominent examples include, inter alia, corporate mergers and acquisitions, commercial industrial and service-focused joint ventures, development programs and projects sponsored by development agencies, joint scientific and technological research and development projects, public-private partnerships, outsourcing, production of movies and documentaries, and (which generally are relatively small in magnitude and complexity but collectively numerous) bi- or multilateral joint initiatives involving schools, colleges, universities and research institutes, museums, art galleries, theatres, hospitals and myriad other civic and professional organizations, associations and institutions. Typically also falling under this category are major events undertaken in periodic intervals such as the Olympic Games and other transnational sporting events and archeological excavation and even forensic exhumation projects. The motives for undertaking

cooperative projects can be quite diverse, for example, commercial entities seek to enlarge their profit levels or expand their market shares, not-for-profit entities initiate schemes which are consistent with their respective missions and fields of interest, while public-sector entities may be interested to learn about alternative and possibly more innovative and efficient administrative systems. In some cases the motive may be sheer practicality as in archeological or geological expeditions which can only be undertaken on-site. As important stakeholders, state governments primarily assume the role of onlookers and facilitators, intervening directly only in occasional instances when deemed necessary in the national interest.

Collaborative Projects: Transnational projects executed in this category differ from those in the above outlined cooperative category in one major respect, namely, that they all share a common overriding and longer-term macro-objective which is to systematically deepen economic, social, cultural, political, institutional and/or other relationships between states. The states, usually at the national level, thus assume the role as the dominant stakeholders whose responsibility, through mutual agreement, is primarily to create, consolidate and sustain a framework of policies, regulations and incentives which encourages and facilitates pursuit of such ventures which, analogous to projects in the cooperative category, can span virtually the entire spectrum of projects and involve entities from the public, commercial and not-for-profit sectors or combination thereof. The main difference between collaborative and cooperative projects is the former's greater emphasis on the steering function of the states and consequent larger, active and direct role played by the public sector. Furthermore, projects in the collaborative category necessarily include those which concern areas of immense strategic importance and, in particular, often large, complex and costly schemes which aim to connect the civil infrastructures between states. For example, collaborative projects in the transportation sector would usually aim to upgrade existing or develop new road, highway and railway networks, as well as ports and airports, for the purpose of facilitating movement of people, goods, cargo and vehicular traffic across national borders. Similarly, in order to transfer energy resources (oil, gas, electricity) from energy surplus to energy deficient states projects would be needed to lay pipelines and erect complex transmission and distribution systems, often traversing thousands of miles and necessitating passage through 'transit states' which themselves may utilize part of the transferred energy volume.

Integrative Projects: Transnational projects in this category are based on the goal of states to elevate their sectoral relationships to the highest attainable level over time, i.e., usually to a very significant extent to integrate their economies, markets, infrastructure, policies, institutions and their societies. Achieving such multi-dimensional harmonization in practice can prove extremely challenging and costly as well as time-consuming as experience has shown and its realization requires a robust, comprehensive and flexible agreement framework, an intense and sustained political commitment by the states as well as societal interest, in addition to continual and extensive multi-layered cooperation, coordination and communication. Such integration can occur at the bilateral level but mostly it involves groupings or associations comprising several states. Several such clusters of states have emerged and gradually evolved across the globe. The most prominent current example is the European Union with its common market, open national borders, common institutions and common currency area. Comparatively less integrationist but large groupings are the Association of South East Asian Nations (ASEAN), the North Atlantic Free Trade Area (NAFTA), and the Arab Gulf Cooperation Council (GCC). Integrative projects span the whole project spectrum with intensive involvement by the public, commercial and not-for-profit sectors. These can range from relatively simple ventures such as the development of secondary school and university student and teacher exchange programs and launching of city twinning initiatives to pursuit of complex infrastructure development schemes which are

conceived, planned and executed on a regional scale. Key stakeholders of integrative projects are the governments of the states who decide to what extent integration should and can be mutually and realistically pursued. Compared to the four other transnational project categories, the overall stakeholder community here is extremely large and heterogeneous as almost every person, association, organization or institution in each integrating state is in some form or the other, positively or negatively, affected by the process and outcomes of integration.

Divisive Projects: Projects in this category differ markedly from the projects in the cooperative, collaborative and integrative categories. Rather than helping bring states, their economies and their people closer together, divisive projects do the opposite, that is, they cause frictions or ‘divisions’ between them because their outcomes are perceived by their opponents as constituting a real or potential threat, provocation or challenge - economic, political, military or otherwise - which may eventually spiral out of control with potentially severe adverse or disastrous consequences over time. Divisive projects are undertaken unilaterally by states within their territorial borders, and sometimes beyond, and they reflect an evident incongruity of national interests and political and strategic goals with other states, neighboring or distant. There are numerous examples of divisive projects. Usually these tend to be larger schemes of a technical nature where security or economics is the major underlying concern. High profile contemporary divisive projects include the Iranian and North Korean nuclear weapon and missile development programs, the planned construction of large dams on major river systems in Africa, the Middle East and Asia, Chinese oil and gas exploration projects near the disputed Spratly Islands in the South China Sea, and the construction of housing settlements by the Israeli authorities in East Jerusalem. The governments of the project-implementing and the project-opposing states are key stakeholders in this project category. The occasional imposition of sanctions in response to such projects (as in the case of Iran and North Korea for instance) may however, depending on the scope, duration and intensity of the sanctions applied, drastically affect the sanctioned states which usually tend to be politically isolated and economically comparatively less developed and more prone to disruptions, causing hardship for most of their citizens which consequently would also inevitably become stakeholders.

Another category of projects which can be categorized as “divisive” are those projects undertaken within or between states which encounter strong opposition from non-governmental entities and broad sections of the general public in other states. Such is the case where concerns such as, for instance, human rights violations or damage to the natural environment figure prominently and information about these is made available to a global audience. The appalling treatment of foreign construction workers in Qatar in preparation for the World Football Championship Games in 2022 is an excellent contemporary case in point. The Ilisu dam project in Turkey which threatened to flood an area steeped in history and ancient archeological sites resulted in strong international opposition and the withdrawal of foreign financiers from the project. Other examples of divisive projects include those undertaken by mining and energy corporations in the developing world and forest logging schemes which have resulted in the murder of a number of environmental activists and caused intense hardship for indigenous peoples.

Mixed Category: Mixed category projects exhibit dual character, incorporating both a divisive as well as a cooperative, collaborative or integrative component. These projects are undertaken bilaterally or multilaterally on either a cooperative, collaborative or integrative platform between states, whereby the bi- or multilateral dimension distinguishes them from divisive projects which are unilateral, but are opposed by other states. A pertinent current

example is the Iran to Pakistan gas pipeline project under which Iran would supply and sell natural gas to its energy-starved neighbor and which constitutes the most economical and technically the most convenient option available but which is vehemently opposed by the United States whose intervention and threat of sanctions has so far prevented implementation of this project. Another case in point is the 45-billion Dollar China Pakistan Economic Corridor Project which envisages Chinese participation in several large transportation and energy projects in Pakistan extending from the Sino-Pakistan border to southern Pakistan as well as the development of a port on Pakistan's Arabian Sea coast. This project, which stands to deliver both China and Pakistan significant economic and other benefits during and especially subsequent to its realization, is opposed by India which historically has an adversarial relationship with both China and Pakistan and which fears that extensive collaboration between its two antagonistic neighbors in this strategic context may ultimately have highly detrimental economic and security consequences for India in future. Another example from the energy sector is the competing proposed multi-billion Dollar oil and gas pipeline projects envisaged to supply Europe with energy from production sites in Russia, the Caucasus and Central Asia, and the Middle East. Key Stakeholders in this highly complex regional constellation of strongly diverging political, economic and security interests and goals, and ideologies, include the governments of Russia, Turkey, states in the Caucuses and Central Asia, Iraq, Iran, the Arab Gulf Kingdoms and the western powers who all favor schemes which afford them the highest leverage and energy supply control.

Stakeholder Management and Engagement in the Context of Transnational Projects

Different transnational project categories present different and significant challenges and opportunities for stakeholder management and engagement. As discussed by the authors in their paper on project stakeholder governance framework which was presented at the University of Maryland's first international project management symposium in May 2014, the term stakeholder *management* basically concerns the interaction between the project and those stakeholders which have a contractual obligation or legal responsibility towards it (i.e. the primary stakeholders as defined by Cleland/Ireland). Conversely, stakeholder *engagement* centers on the interaction between the project and all those stakeholders which do not have a contractual obligation or legal responsibility towards it and are not actively involved in it though they may be affected by the project in the positive or negative sense (namely, the secondary stakeholders).

For transnational cooperative projects – and also though possibly to a lesser extent for collaborative and integrative projects given that the states involved in such projects are often geographically close to each other and cultural and other differences may not be as significant - the additional stakeholder management complexity over projects undertaken in the non-transnational context stems largely from the intercultural dimension, which often constitutes an immense challenge in its own right. Other complicating factors are the uncertainty brought about by operating in a potentially unfamiliar economic, social, political, legal, administrative and policy environment and seeking to nurture, consolidate and sustain relationships with stakeholders whose thought, behavioral and interaction patterns may deviate considerably from accustomed ones. For cooperative projects undertaken for the first time the unfamiliarity and uncertainty facets can be daunting and discouraging but with increasing transnational experience, measured by the number of projects and the length of time spent transnationally, these can be expected to gradually diminish through a process of learning, internalization and adjustment. Effective stakeholder management (i.e. of the primary stakeholders) should thus become easier.

At any rate, elevating the chances of success in undertaking transnational cooperative projects and minimizing the occurrence of complications with stakeholders, both primary and secondary, requires systematic and whole-hearted pursuit of several fundamental measures prior to project initiation, including intensive cultural training and acquisition of complete, specific and current information about the host country and stakeholders which is relevant for the projects under consideration. Lessons learned from previous projects and tapping the knowledge and experience of project managers and personnel who worked and/or who are currently working on similar projects in the host country would yield precious insights. As key stakeholders, the states hosting cooperative projects can be expected to actively encourage and facilitate such ventures by utilizing a variety of options available at their disposal ranging from public declarations of approval and endorsement, to the assurance of participation incentives (monetary and otherwise), and the simplification of cumbersome legal, administrative and procedural hurdles, to ensure active participation by their state corporations in transnational projects.

In the case of collaborative and integrative transnational projects, more intensive stakeholder management and especially engagement is needed in comparison to cooperative projects, particularly for integrative projects. This is because projects in these two categories are pursued primarily with the concurrence and active encouragement and support of states; consequently, the onus lies essentially with the states themselves to create, consolidate and sustain the requisite robust enabling environment which facilitates such projects, as well as to ensure the buy-in of such projects by their citizenry, industry and society because without broad public understanding and continual endorsement of collaboration or integration processes, it is doubtful whether these will be inclined to willingly or actively support or involve themselves in such projects. A prime challenge for states and project protagonists is hence to devise and execute an effective and flexible long-term information-driven engagement strategy which convincingly specifies and communicates to all secondary stakeholders the benefits, tangible and intangible, which result from the pursuit of such projects, and concurrently to satisfactorily address any concerns they may have about these projects. An additional engagement challenge for all states lies in ensuring adherence to stakeholder engagement best practices and upholding ethics since standards may differ significantly among states and actions which may be prohibited or frowned upon in some may be deemed permissible in others and this may prove counter-productive over time.

A more complex and difficult stakeholder engagement situation presents itself with divisive and mixed category projects where the projects undertaken by and within one state or jointly by two or more states are opposed by another state or group of states. Stakeholder engagement in this case may either simply be non-existent, which would be the case if the project-implementing states decide to ignore resistance to the schemes in question and also defiantly refuse to enter into a serious political dialogue about the projects with their antagonists, or it may assume the form of a negotiation process wherein restrictions on, modifications to, a deferment of or even a freeze on the projects are considered and agreed upon in exchange for the grant of some material concessions or non-imposition of sanctions and other punitive actions.

Concluding Remarks

Transnational projects constitute a sizeable chunk of the overall global project portfolio and, with occasional exceptions, serve as relationship facilitators between states and societies. This is of no small significance in today's global village. Extending across all project categories, they share numerous commonalities with non-transnational projects but at the

same time they also exhibit important differences, in particular, their higher level of comparative stakeholder management and engagement complexity. The magnitude of complexity depends on which of the five categories proposed by the authors transnational projects can be assigned to. Overcoming the challenges and complexities is possible but can only be achieved with determination, commitment and well planned, coordinated and executed strategies.