

A Need-based Perspective for Assessing Public Project in China

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Abstract: Public project plays a key role in our daily life. The assessing of public projects is a task of growing importance. This paper arose from problems faced by Agencies, Authorities and other Government bodies in China in assessing public project. This paper proposes a method to identifying stakeholders of public project and their needs. The method is consisted of five steps: (a) identifying the phase of public project, (b) defining the goal/objectives, output, activities, and inputs, (c) selecting the appropriate classification model(s), (d) selecting the appropriate tools, and (5) identifying needs of stakeholders. In addition, we found that the problems in assessing public project are mainly caused by bad needs management.

Key words: Public Project; Need-based; Assessing; Stakeholder

1. INTRODUCTION

In China, the assessing of public projects is becoming more and more importance. Public project is different from private project in such aspects as : (a) conception of public project was oriented from the mix of social development and needs of Public, while the conception of private project was oriented from the mix of market demand and personnel interest; and (b) criteria for feasibility analysis is different, Public interest and general planning are settled by compromise in public project .On the contrary, the criteria is the proportion of benefits according to common laws.

This paper arose from problems faced by Agencies, Authorities and other Government bodies (herein Government) in China in assessing public project. The Government's policy objective was to address the standard market failure which leads to short of public goods. However, particular problems such as resistance from Public emerged from implementation of project. For example, trial operation of Wujiang waste incineration power plant was stopped by Wujiang municipal government in emergency due to the resistance from local masses.

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*Received 5 November 2010; accepted 20 November 2010

These problems are not uncommon in the process of public project in China, which are often responsible for turning profitable projects into losing ventures and led to a negative impression of Government. These problems, however, can be avoided or reduced provided the major causes of such problems can be identified and dealt with in a timely fashion. In public project assessing literature, there is a growing awareness for the relevance of stakeholders for success measure of public project (YIN Yi-lin and HU Jie, 2006; WANG Hai-zheng et al., 2006). However, to our knowledge the problem of systematically identifying the needs of stakeholders has not been dealt within the public project literature. Therefore the study objectives are (a) to identify the major causes of problems such as noncooperation in the public project in China; and (b) to present a method based on need management for resolving the problems.

The remainder of this paper is organized as follows. Section 2 views the literature on critical issues involving evaluation of public project. Based on the findings and suggestions from the literature, Section 3 outlines the methodology. Section 4 then discuss the situation in China by applying the method to the public project. Section 5 contains concluding remarks and suggestions.

2. LITERATURE REVIEW

The literature review is intended to provide an understanding of the founding fields on which the conceptual framework is based, and to identify it's limitations as far as providing satisfactory answers to current issues (Aubry et al., 2007). Three fields are discussed in the next sections: reform of investment management system in China, stakeholder theory and need-based management. Literature review shows that classification of stakeholders is in-depth discussed, and produced some useful model for further research. However, few attentions are paid to the way to collect stakeholders' needs.

2.1 reform of investment management system in China

There's no investment conception in China from 1949 to 1978. Means of production are belonged to Government, factories just produced according to orders from Government. In 1978, individuals are given the right to traded in open market due to enact of reform and opening-up policy, meanwhile, state-owned enterprises got some autonomy in their operation.

A milestone event in the process of reform in investment management system is the issue of "Decision of the State Council on Reform of Investment System" (herein Decision) by the State Council. The boundaries of right for investment decision-making are defined for Government, state-owned enterprises and private-owned enterprises. According to the Decision, government invests mainly in economic and social areas which related to national security or existing market failure. The areas including (a) infrastructure construction that enhancing public interest; (b) protecting and improving the ecological environment; (c) promoting the development of economic and social in less developed regions; and (d) stimulating scientific and technological improvement and industrialization of high and new technology (The state council, 2004).

The relationship between public and private investment project is complex. On the one hand, public investment project raises the marginal productivity of private capital and leads to potential crowding-in of private investment (MENG Yao, 2004). On the other hand, the competition for resources could diminish the positive effects of public investment projects and crowd-out private investment (JIA Ming-qi and LI He-nan, 2009).

2.2 Stakeholder classification

Freeman fulfills a landmark position by proposing the stakeholder approach and his broad definition of stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (freeman, 1984). Meanwhile, he strengthens that if organizations want to be effective, they will pay attention to all and only those relationships with stakeholders.

In contrast, Clarkson offers a narrower definition of stakeholders as “Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk as a result of a firm’s activities” (Clarkson, 1995).

Further, Mitchell et al. pointed out that “we need to evaluate stakeholder-manager relationships systematically, both actual and potential, in terms of the relative absence or presence of all or some of the attributes: power, legitimacy, and/or urgency. (Mitchell et al., 1997)” And argue that stakeholder theory must account for power and urgency as well as legitimacy. Their classes of stakeholders are given in Fig. 1. Managers should pay attention to and respond to the claims of those stakeholders that they perceive to have more salience which measured by attributes of power, legitimacy and urgency.

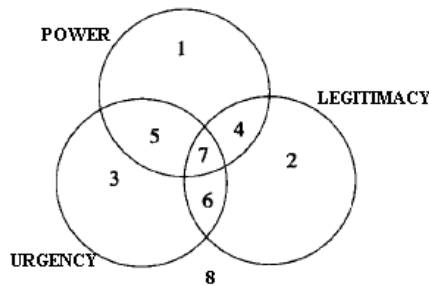


Fig. 1. Stakeholders Typology: One, Two, or Three Attributes Present

Source: Mitchell et al., 1997

Where: 1,Dormant Stakeholder; 2,Discretionary Stakeholder; 3,Demanding Stakeholder; 4,Dominant Stakeholder; 5,Dangerous Stakeholder; 6,Dependent Stakeholder; 7,Definitive Stakeholder;8,Nonstakeholder.

Moreover, Johnson and Scholes developed the power/interest matrix (see Fig.2) which classified stakeholders into four kinds according to their power and interest. By using of the power/interest matrix, manager can hold a better understanding of how to communicate with and keep good relationships with/between stakeholders.

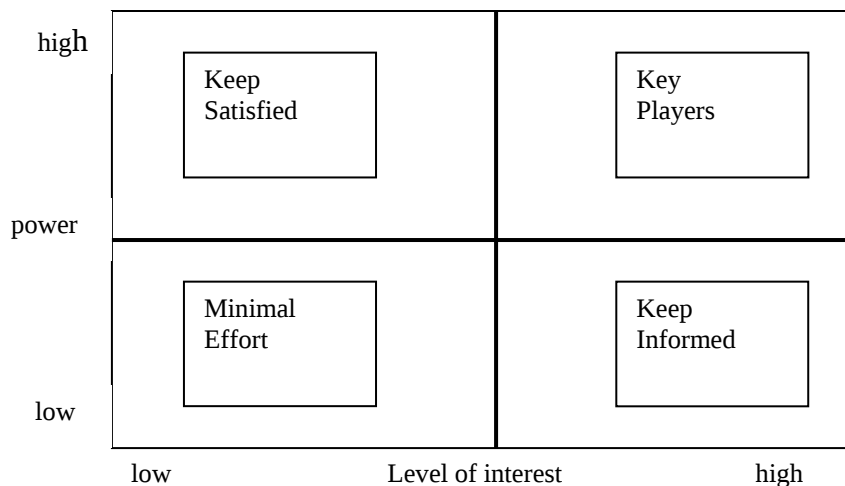


Fig.2. The power/interest matrix

Source: Johnson and Scholes, 1999

Recently, the management of project stakeholders is an essential part of project management (Aaltonen et al.,2008). Project managers must consider stakeholder’s needs and requirements to ensure project success (Olander and Landin,2005).

2.3 Need-based management: tools

Only accepted by consumers can an entity survived and developed in market economy. While a consumer accepted a product or service means it can meet some kind of his needs. To public project, it is crucial to identify stakeholders quickly and understand their needs, which involves producing, processing, or distributing information. Balancing different interest groups is a difficult task. For its ultimate success the public project depend on the exchanging good-quality information with its stakeholders. As we known that each tool has advantages as well as disadvantages. So using right tools according to the situation is crucial to attain an efficient and effective communication.

Frequently used tools and their features are listed in Table 1.

Table 1: Frequently used tools and their features

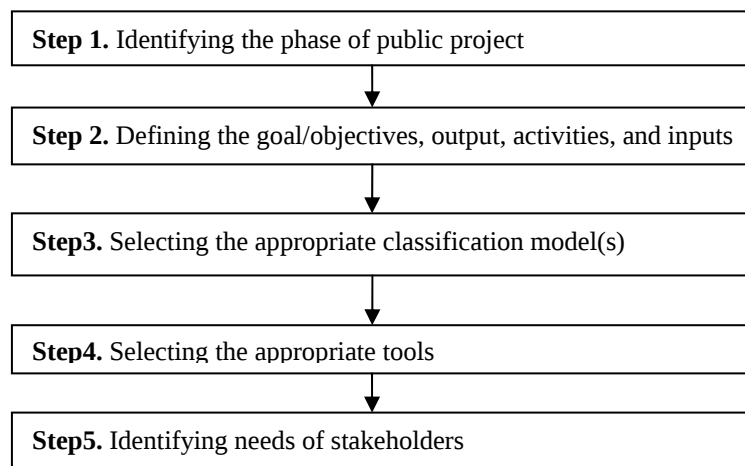
tools	features		
	speed	coverage	communication mode
face-to-face meeting	moderate	low	two-way
telephone call	fast	low	two-way
book,magazine,newspaper,leaflet	slow	moderate	one-way
broadcast,TV	fast	high	one-way
internet	fast	high	one-way/two-way

Source: Neuman WL,2010; CHEN Junliang,2010

3. THE NEED-BASED MANAGEMENT METHOD: CLASSIFICATION MODEL AND ITS ACCOMPANYING IDENTIFICATION TOOLS

The essence of the method is that it not only classifies the parties involved in a public project, but also actually identifies their needs. In other words, deals with the question of “how to know who they are and what they are want.” As the previous section show, the stakeholders’ classification models are complement, rather than compete with, each other. In contrast to previous studies, we consider the public project phases as a starting point for the identification of real world stakeholders. The method provides a procedure for applying the model. The procedure consists of five steps (see Fig. 3).

Fig. 3. procedure for applying the model



Step 1 concerns identifying the phase of public project. The Public project divide into five phases: initiating phase, planning phase, executing phase, monitoring and controlling phase, and closing phase. The method is based on the idea that project is an elaborative progress.

In step 2, the objectives, output, activities and input of project phase based on step 1 are defined.

Step 3 selecting the appropriate stakeholder classification model.

In step 4, tools are selected.

Step 5 identifying the needs of stakeholders.

1) initiating phase

In this phase, conception of the public project is developed. The goal of project is point out. The output, activities and inputs are in vague. So the suitable model is Freeman's model. The appropriate tools are Internet, Broadcast and TV.

2) planning phase

In this phase, outline of the project is emerging. The objectives, output, activities and inputs are clearer than initiating phase. The appropriate models are Clarkson's model and Mitchell's model. The appropriate tools are internet, broadcast, TV, newspaper and leaflet.

3) executing phase

In this phase, the objectives, output, activities and inputs are clear. The appropriate model is Mitchell's model. The appropriate tools are internet, newspaper, telephone call and face-to-face meeting.

4) monitoring and controlling phase

In this phase, the objectives, output, activities and inputs are clear. The appropriate models are Mitchell's model and Johnson's model. The appropriate tools are internet, newspaper, telephone call and face-to-face meeting.

5) closing phase

In this phase, the whole process of project is reviewed. The appropriate model is Johnson's model. The appropriate tools are internet, TV, book, magazine, newspaper, and face-to-face meeting.

4. DISCUSSION

Based on the above analysis, we are not surprised about the problems occurred in public project management in China.

First, the stakeholder theory is neglected or misused. Many public projects are initiated for dressing officials' performance instead of the benefits of public. While considering the public benefits, they always take the stakeholder for constant. According to stakeholder theory, the stakeholders of a public project are keeping change from time to time.

Second, the tools for identifying stakeholders and their needs are misused. The information about public project is seldom open to public. In China, public projects are approved by National Development and Reform Commission and its local branches. However, profiles about project such as feasibility study are not found in their website or links.

Therefore, public project without procedures for identifying its stakeholders and their needs must be meet lots of obstacles. And its efficiency and effect are in dangerous.

5. CONCLUSION

Identifying stakeholders' needs is important as identifying stakeholder. Both depend on the tools used: appropriate tools are helpful, while misused tools are harmful. In this paper, we proposed a need-based method which consists of five steps.

We find that the problems in public project in China are mainly caused by bad needs management.

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