

## ***Stakeholder Perspective and Effective Relationship Management***<sup>1</sup>

***A series of stakeholder-centered short guidance articles for increasing delivered value and success rate of projects***

### **Basic skills and behaviors: personal mastery, leadership, teaming, and ethics**

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by Massimo Pirozzi

Which are those modern and advanced interpersonal skills that are basic to managing effectively both relationships and communications with a variety of stakeholders who have diverse interests, expectations, and characteristics? Actually, the development of interpersonal skills is not only a consequence of the learning of tools, methodologies, and techniques, but it is based on a continuous individual learning path, which, in turn, relies on increasing personal knowledge, abilities, and experience, and, then, needs the ownership and the continuous improvement of personal skills, too. In fact, personal skills and interpersonal behavior integrate in a “professional self”, whose basic continuous-learning approach to stakeholders has to be the result of the growth of both “how to be” and “how to behave” skills: therefore, personal mastery is essential to improve organizational behavior too, and it becomes the foundation also for developing leadership and teamwork, which always were, and still are, crucial factors to achieve both efficacy and efficiency in project management.

Personal mastery is one of those four core disciplines (the others are mental models, shared vision, and team learning) of learning organizations that are integrated in the fifth discipline “System Thinking”, and it can be defined as «the discipline of continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively» (Senge, 2006). Although personal mastery is based on both the development of competences and/or skills, and on spiritual growth, it goes beyond all of them (Senge, 2006) in the direction of proficiency: indeed, it integrates two perspectives that are foundational in managing stakeholder relationships, communication, and project itself, which are, first, the focus on objectives to be achieved, i.e. answering to the question “what is really important”, and, second, the continuous

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learning approach based on the clear and updated assessment of the reality, i.e. answering to the question “what is real”. Actually, in stakeholder relationship management, the assessment of the real situation is fundamental in stakeholder identification and analysis processes, while focus on objectives to be achieved and to expectations to be satisfied, becomes essential in stakeholder management processes.

Moreover, personal mastery is the basic state to enable that self-awareness, which is not only one of the four domains of emotional intelligence, but it is also the foundation of the other three, i.e. personal management, social-awareness, and relationship management. Above emotional intelligence groups of competencies are crucial for leadership, and specifically for that resonant leadership, which represents the great and effective ability of connecting personally with the followers (Goleman, Boyatzis and McKee, 2002) – and/or, in project management, with the stakeholders. In fact, each one of the four emotional intelligence domains interact with others, and includes a set of core leadership competencies, as follows.

The personal competencies refer to the capabilities of managing ourselves, and they consist in self-awareness and self-management competence groups. The self-awareness competencies group includes the emotional self-awareness, the accurate self-assessment, and the self-confidence. The self-management competencies group includes emotional self-control, the transparency, the adaptability, the achievement, the initiative, and the optimism.

The social competencies refer to the capabilities of managing relationships with others, and they consist in social awareness, and relationship management, competence groups. Social awareness competence group includes the empathy, the organizational awareness, and the service, which is the capability of understanding and meeting follower, client, or customer needs (and, in project management domain, stakeholder needs and expectations). The relationship management competence group includes competencies and skills that can be all directly related to project management, and that all are of extraordinary importance in it, as change catalyst, developing others (coaching), and, above all, conflict management, inspirational leadership, teamwork and collaboration, and influence.

Indeed, influence is a foundational concept of leadership: «Leadership is influencing people to take action. In the workplace, leadership is the art of getting work done through other people. Leadership can be widely distributed within an organization – most everyone leads at some time or other, if not all the time. And it’s highly situational: anyone might step forward to lead, given the right circumstances. » (Goleman, 2012). Leadership and influencing are key points in project management literature starting from its early beginning: in the first Edition of PMBOK Guide (Project Management Institute, 1996), leading involves establishing direction, aligning people, motivating and inspiring, while influencing the organization involve the capability of “get things done”. Presently, in the Sixth Edition of PMBOK Guide (Project Management Institute, 2017), «leadership skills involve the ability to guide, motivate, and direct a team», and Leadership is, together with Strategic and Business Management, and Technical Project Management, one of the

sides of the PMI Talent Triangle™, which is considered by Project Management Institute the ideal skill set - while influencing is specifically one of the major leadership competencies, together with brainstorming, coaching and mentoring, conflict management, interpersonal skills, listening, negotiation, problem solving, team building, and, conveniently, emotional intelligence.

In addition, we can consider that leadership competences are even more important in project management, because they are effectively applicable not only to the traditional domain of those specific key stakeholders, who form the project team, but also, in a much greater sense, to the whole domain of project stakeholders. Indeed, leadership skills are not only put into practice by the project manager and/or, if this is the case, by other stakeholders, but they are also perceived, and quite immediately recognized, by all stakeholders: this usually happens mainly either via verbal, paraverbal, and nonverbal language, whether an interpersonal direct relationship exists, or via records, writings, information about reputation and/or satisfaction of expectations, in case of the other non-key part of stakeholder network is involved. Definitely, leadership is basic to generate trust, and, then, to manage effectively relations with all types of stakeholders.

Practicing leadership in project management requires the flexibility that is necessary to adapt to the different stakeholders and/or situations, so that leadership repertoire of project manager should include the six leadership styles: visionary, coaching, affiliative, and democratic, which are the “resonant” ones, plus pacesetting and commanding, which can be very useful and/or necessary in some specific situation, but which often have negative impact on the working environment (Goleman, Boyatzis and McKee, 2002). In more detail:

- The visionary style is best when a new, or a clearer, direction is needed; it motivates people versus achieving common goals, by using competences of empathy, self-esteem, sharing of information, and the capability of catalyzing changes, and it has a strongly positive impact on climate. It may be less effective in case of highly experienced people, who can consider it redundant, and unnecessary.
- The coaching style is best to help people to enhance their medium-term performances via building their long-term capabilities, connecting personal and organizational goals, and sharing strengths and weaknesses; it uses mainly the competences of self-awareness, empathy, and human resource management, and it has a highly positive impact on climate. It may be less effective in case of people who are not so much motivated in their professional growth, and, since it has medium-term positive effects, when time constraints are strict: moreover, there is the risk that, if this style is not realized properly, it may be perceived by people as micro-management, and, then, it may be refused by them.
- The affiliative style is best to get through stressful situations, and/or to strengthen relations, and/or to heal eventual rifts; it creates, and increases, harmony by using

mainly the competences of empathy and effective relationships management, and by connecting people to each other, and it has a positive impact on climate. It may be less effective when there are strict objectives in terms of quality to be incorporated, and/or of people growth, and/or of mistakes to be corrected.

- The democratic style is best to obtain inputs and/or approvals from people; it values the inputs of the people and it obtains their commitment and contributions through the participation, by using mainly the competences of effective communication and of enhancing cooperation, and it has a positive impact on climate. It may be not so much effective in case it leads to endless meetings, and/or to a certain degree of indecision.
- The pacesetting style is best to achieve results from an already motivated and competent team; it builds and meets for people exciting goals and/or challenges, which generally represent excellence, by using mainly the competences of effective guidance towards objectives to be achieved, of initiative, and of thoroughness. Since it is a lot demanding from everybody, it can depress less competent and/or motivated people that suffer comparisons, and since it is so often poorly managed, its impact on climate may be frequently highly negative, and it has to be used carefully.
- The commanding style is best when there are either start-up, or critical, or involving big changes situations, and/or when there are unresponsive and/or problematic people involved, and/or when time to act and/or react is very limited; it gives clear directives, and it demands that they are promptly and duly satisfied, moreover it requires the acknowledgement of the power and/or the role, and it uses mainly the competences of self-control, of initiative, and of effective guidance towards objectives to be achieved. Since it tends to inhibit flexibility, and to decrease the people's motivation, and it is so often misused, its impact is quite frequently highly negative, so that this style has to be used carefully too.

The project team members are actually the key stakeholders who are essential to have things properly done, and to address, and then to achieve, both project objectives and other stakeholders' satisfaction; therefore, the importance of the team in the projects is nowadays continuously increasing, and managing properly the team dynamics became essential. In fact, a team is not only composed by living beings, but it is a living entity itself, with its own specific life cycle, and its own organizational behavior. In each project, as in each organization, the results of a team should be major than the as-is sum of the results of all its member, and, then, a positive and effective integration of all the contributions to be made by the project manager becomes a success factor; in fact, team building encourages the team members to cooperate effectively, and it requires a careful attention to team lifecycle.

In Project Management, teamwork is the most evident demonstration of stakeholders' power, since effective cooperation may greatly improve productivity up to levels that are still partially unknown. In the projects, the process of integration, which is basically the same that leads to the organizations' birth, is quite well known: the results of the teams are, and so are expected, greater than the sum of the individual contributions, due to their integration, which is mainly a project manager's task. In addition, project management tends to increase also the individual productivity, by enhancing the concept of responsibility: team members are transparently charged with the responsibility of work packages, and this happens not necessarily because of their belonging to an organizational structure, but on the basis of a shared decision process that is based on both individual competence and common effectiveness recognition, and that is also made known and official to the other stakeholders. Above process guarantees an improvement of both self and social awareness and, therefore, it enhances motivation, and it leads to better both individual and collective results; maybe it is not a coincidence that the community of projects managers identifies, in its perspective, the responsibility as a major ethical topic (Project Management Institute, 2006).

Ethics are specifically integrated in each project, and are essential both in project management and for project managers; indeed, codes of ethics and of professional conduct always characterized project management and project managers' communities, so that their guidelines, but also their peculiar nuances, can address both the importance and the effectiveness of ethical issues in stakeholder relations.

Main values that support PMI's Code of Ethics and of Professional Conduct (Project Management Institute, 2006) are responsibility, respect, fairness, and honesty. Responsibility is defined as «our duty to take ownership for the decisions we make or fail to make, the actions we take or fail to take, and the consequences that result»; its mandatory standards include both being informed and informing about, and upholding, the applicable laws, regulations, policies, and rules, and reporting eventual illegal or unethical conduct. Respect is defined as «our duty to show a high regard for ourselves, others, and the resources entrusted to us. Resources entrusted to us may include people, money, reputation, the safety of others, and natural or environmental resources»; its mandatory standards include negotiations in good faith, non-abusive actions versus others, refraining of exercising inappropriate decisions and/or actions that are directed towards personal benefits, and the respect of all kinds of property rights. Fairness is defined as «our duty to make decisions and act impartially and objectively. Our conduct must be free from competing self-interest, prejudice, and favoritism»; its mandatory standards include both information and management, as appropriate, of existing and/or potential conflict of interest situations, while fairness' aspirational standards include transparency, impartiality, objectivity, and behavioral equity. Finally, honesty is defined as «our duty to understand the truth and act in a truthful manner both in our communications and in our conduct»; its mandatory standards involve not engaging in dishonest behaviors intending to get a personal gain at others' expenses, and, in addition, condoning and/or not engaging behaviors that are thought to damage others.



IPMA's Code of Ethics and Professional Conduct (International Project Management Association, 2015) addresses the core values of integrity, accountability, and transparency. It may be interesting to notice that, according to the Code, the commitment to acting ethically both leads to better projects, programmes, and portfolios, and serves to proceed with the profession, and to promote it: in other words, while it is evident that ethics are based on values, the principle that has also to be clearly stated is that ethics add value to the projects.

In United Kingdom, APM Code of Professional Conduct (Association for Project management, 2019) reports both Standards of Professional Conduct and Standards for Ethical Conduct, and both personal responsibilities and responsibility to the profession and to the Association. Standards of Professional Conduct include the practice of own competence in accordance with professional standards and qualifications, an honest, integer and probe behavior in relations with other professionals and/or non-professionals and/or the wider public, the attention to safety, public health, and the environment, the knowledge about relevant legislation, regulations and standards, and the relevant compliance with the consequent requirements. The professional ethical behavior is considered in accordance with Standards for Ethical Conduct if it includes the capability of "doing things right", and in compliance with the norms of ethical behavior and public interest.

In Australia, the AIPM's Code of Ethics & Professional Conduct (Australian Institute of Project Management, 2018) focuses on ethical principles of acting with integrity, by being honest and trustworthy, by demonstrating respect for others, and by acting with a clear conscience, of practicing competently, by maintaining and/or developing knowledge and skills, and by acting on the basis of adequate competency, of demonstrating leadership, by upholding the reputation of the profession, and of acting with responsibility, by engaging responsibly with the community, by fostering health, safety, and wellbeing, and by balancing needs of the present with the needs of the future.

In Italy, ISIPM's Deontological Code (Istituto Italiano di Project Management, 2019) focuses on nine main ethical issues, which include: the respect of the laws and of the constitutional principles of the Italian State, of the European Commission regulations, of the ethics, and, in the case in which activities are developed in foreign countries, also in the respect of regulation in the country of destination; the commitment to respect, and to promote the respect of, the Code, with the purpose of taking care of both the Association and the professional activity; the update and the upgrade of professional competences, also in order to satisfy stakeholder needs; the development of stakeholder relations that has to be respectful, loyal, transparent, and fair as much as possible; the acknowledgement and the respect of both intellectual and industrial property; the development of stakeholder relations that have to be based on trust, and on the respect of confidentiality; accepting and honoring both responsibilities and commitments; giving adequate information to interested parties about eventual conflicts of interests; respecting regulations, and feeling committed for preservation, relevant to safety, health, environment, ecological balance, and cultural, historical, and landscape heritage.

Ultimately, all ethics are relevant to stakeholder relations, and, although they introduce constraints in the projects, at the same time, they empower project, programme, and portfolio results, since they act also as a lever that moves stakeholder satisfaction. In particular, ten guiding ethical principles can be synthesized and suggested for application (Pells, 2015): care for stakeholders as people, minimize harm to the planet, be honest - speak and act honestly at all times, commit to professional standards of behavior, obey the laws, avoid conflicts of interest, assume responsibility, do a good job, commit to continuous learning, growth and maturity, and, last but not least, create value for stakeholders.

Definitively, personal mastery, leadership, teaming, ethics, and, in general, stakeholder relations, have an indissoluble link with the generation and the delivery of project value.

The contents of this Article are extracted from Chapters 7 and 8 of my book "[\*The Stakeholder Perspective: Relationship Management to Increase Value and Success Rates of Projects\*](#)", CRC Press, Taylor and Francis Group, Boca Raton (FL), U.S.A., October 2019, where Readers, if they wish, can find insights and further information. The previous articles of this Series are available on [PM World Library](#), and may be accessed also through [my Author Showcase webpage](#).

This Article Series is dedicated to Russ Archibald, extraordinary Master, Author, and Person, who was so kind to repeatedly validate and promote my papers, and of encouraging me greatly and affectionately to proceed in my research on stakeholders.

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Massimo Pirozzi has a wide experience in managing large and complex projects, programs, and portfolios in national and international contexts, and in managing business relations with public and private organizations, including multinational companies, small and medium-sized enterprises, research institutes, and non-profit organizations. He worked successfully in several sectors, including Defense, Security, Health, Education, Engineering, Logistics, Cultural Heritage, Transport, Gaming, Services to Citizens, Consulting, and Web. He was also, for many years, a Top Manager in ICT Industry, and an Adjunct Professor in Organizational Psychology. He is registered as an Expert both of the European Commission, and of Italian Public Administrations.

Massimo Pirozzi is an Accomplished Author and the International Correspondent in Italy of *PM World Journal*. He received two *2019 PM World Journal Editor’s Choice Awards* for his featured paper “*Stakeholders, Who Are They?*”, and for his report from Italy titled “*PM Expo® and PM Maturity Model ISIPM-Prado®*”. He received also the *2018 PM World Journal Editor’s Choice Award* for his featured paper “*The Stakeholder Management Perspective to Increase the Success Rate of Complex Projects*”.

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