Chapter VII
Examining Stakeholders’ Roles in Influencing IT Project Cancellation Decisions

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ABSTRACT

This study adopts a stakeholder analysis to examine stakeholders’ roles in influencing organizational decisions to abandon information technology projects. To do so, we adapted from Freeman’s (1984) work and developed a theoretical assessment framework to organize and interpret data, and define avenues (five propositions were proposed) for further research into information technology project cancellation. By providing a better understanding of the project stakeholders’ perception, expectations and their interrelationship, this study provides practitioners with useful insights to managing project stakeholders during information technology development projects. For researchers, our contribution lies in the development of a project cancellation review model that adds a stakeholder perspective.

INTRODUCTION

Information technology (IT) has been playing an instrumental role in helping organizations to achieve success. However costly IT projects have raised the stakes associated with project failure as IT project cancellation is a widely recognized problem in the software development community (Iacovou and Dexter, 2005; Nelson, 2005). According to a report by Computing in 2003 on UK public sector organizations, IT project development emerged as a major problem area encompassing a series of cancellations and delays that incurred a staggering sum of around £1.5 billion. IT experts have attributed the high incidence of failure to the availability of few effective solutions for organizations to prevent project failure (Drummond, 1996) and the failure of organiza-
tions to learn from their own experiences (Pan et al., 2007).

While several factors may contribute to IT project failure, the roles played by various project stakeholders during project development may turn out to be vital to the success of project development (Pan and Pan, 2006). Generally, the development of an IT project requires effective participation of diverse stakeholders (Cavaye and Cragg, 1995). Lyytinen and Hirschheim (1987) underline the importance of fulfilling the expectations of relevant stakeholders in an IS development project. Without having proper understanding of stakeholders’ roles in projects may cause serious consequences during project development. In some cases, such misunderstanding alone may lead to project failure. Against such a backdrop, we undertook an exploratory research study into an abandoned electronic procurement (e-procurement) system development project. Specifically, the paper aims to examine stakeholders’ roles in influencing IT project cancellation decisions.

The chapter is structured as follows: the background and research approach will be discussed. After that, data will be extracted from a case of an abandoned e-procurement project and findings are discussed along with implications and conclusion.

BACKGROUND

IT Project Failure

The dominant stream of research on IT project failure is committed to uncovering factors associated with failure (Nelson, 2005; Barki et al. 1993; Schmidt et al. 2001). These studies worked on the assumption that if factors contributing to project failure are detected, organizations can directly remove these contributing factors. On the other hand, process research on IT project failure has gathered momentum in recent years and has highlighted a number of themes. The themes are: political (see Drummond, 1996; Bussen and Myers, 1997), technical (see Beynon-Davies, 1995; Wastell and Newman, 1996), strategic (see Mitev, 1994; Sauer and Burton, 1999) and a combination of several factors. Besides all these accounts of IT project failure, other studies have attempted testing process frameworks (e.g. Beynon-Davies, 1995) and proposition of a configurational theory of IT failure (e.g. Sauer et al. 1997). Even though IT project failure has been the focus of many articles in the IT discipline, the subject of IT project cancellation has been largely neglected and under-studied (Ewusi-Mensah, 1997; Oz and Sosik, 2000). Particularly, the lack of progress in understanding stakeholders’ roles in influencing IT project cancellation decisions has been highlighted as an important issue awaiting to be addressed (Pan and Pan, 2006).

The concept of stakeholder was first introduced in the early work of system theorists, but it was Freeman (1984) who brought stakeholder theory to the forefront of academic research. Even though the stakeholder concept has been widely accepted among information systems (IS) researchers and practitioners (see Pouloudi and Whitley 1997; Gallivan 2001), very few studies have examined the incompatibilities between stakeholders’ perceptions and expectations with the project goal, especially in the case of external stakeholders; and assess the stakeholders’ conflicting inter-relationship in an IS development project. These are important issues since individual stakeholder cannot be viewed as a single entity in a project. Rather, it is the interrelations among different stakeholders that constitute one of the most appealing mechanisms of stakeholder behaviour (Pouloudi and Whitley, 1997). Therefore, there is urgent need to examine the stakeholders’ roles during project development. One way to better understand project stakeholders’ roles is through the lens of Freeman (1984)’s stakeholder assessment framework.