

# Issue Management in Arab Professional Company in the Kingdom of Saudi Arabia

**Mohamad Ali Jamal \***

College of Administrative and Financial Sciences, AMA International University-Bahrain

**Abstract** - Construction industries were acquiescence that project management is a way of life to make the project successful. Project management deals with in-depth understanding on the interactions of the different dimensions of the project and their cause-effect relationship leading to issues management. Studies revealed that dealing with strategic issues are critical to the organization's long-term survival and sustainable growth. Issue management as a systematic approach can improve the impact assessment, stakeholder engagement, and corporate and project risk management. The study assessed the relationship between corporate and project management issues of Arab Professional Company and issue management. It intended to explain the effect of project value mindset of the selected stakeholders in Arab Professional Company on issue management. The study used descriptive and regression analysis to explain the significance of identified variables to issue management. Corporate and project management issues was statistically significant to issue management and cost was considered as topmost significant among the issues. The results stressed the value of communication among employees. Although communication was consistently important, the need to assess the issue, its urgency and its impact on issues confronting the project is needed. This allows Arab Professional Company to visualize the need of creating a standardized issue management process or a system on responding to issues in the company.

**Keywords:** issue management, issue management process, project value mindset, corporate issues, project management issues

## INTRODUCTION

The construction industry of the Kingdom of Saudi Arabia (KSA) has a 6% estimated compounded annual growth rate for the period 2019 to 2024 (Morden Intelligence Report). It is witnessing tremendous growth and opportunities due to Vision 2030, National Transformation Plan (NTP) 2020 and the economic diversification from oil-based industry to non-oil-based industries (IMF Report). The boost of private sector's investment and the government economic diversification are the drivers for growth for the construction industry since 2018. However, in an article published by Commodity Inside last March 2017, it states that the diversification to non-oil-based industries is creating a huge challenge in the Construction sector pushing industry related companies to adjust their businesses.

Despite economic challenges, KSA announced mega-projects that will be hosted by different cities such as Taif, Jeddah and Makkah. The emphases are on housing and infrastructure development such as tourism infrastructure among other projects. There were more than 5,200 on-going projects which has an estimated value of US \$819 billion. The amount accounts 35% of the total projects across Gulf Cooperation Countries (Morden Intelligence Report). Construction market in KSA becomes highly competitive with local construction firms holding majority of the market shares consolidate and with the presence of international players. Construction industries are acquiescence that project management as a way of life to make the project successful. Project management deals with in-depth understanding of the interactions of the different dimensions of the project and their cause-effect relationship leading to issues management. Each Organization

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\*Corresponding author:

Email: [eng.maj@live.com](mailto:eng.maj@live.com) (M.A. Jamal)

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may have different ways on responding with issue management which can be observed in their issue management processes.

Recent study shows the importance of issue monitoring particularly on times of crises (Strauß & Jonkman, 2017). The study of Wagner et al., (2016) on issue management process, its rationale, process and outcomes of an early- stage, issue identification and management process applied in the oil and gas industry revealed that issue management has significant value to sustainable project planning, execution, and corporate risk management. Issue management can assist the company to enhance its impact assessment approach, reinforce stakeholder engagement, strengthen project and corporate risk management approach processes. It helps the management to make informed decisions in predicting issues related to estimation inaccuracy (Karim et al., 2016).

this study established the following objectives.

1. Assess the effect of corporate and project management issues as perceived by selected stakeholders on Arab Professional company
2. Explain the effect of project value mindset of the selected stakeholders on Arab Professional Company
3. Determine the influence of the perceived corporate and project management issues on issue management.
4. Determine the influence of the project value mindset of the selected stakeholders on issue management

### Hypotheses development

The Project Management Star model as shown in Figure 1 is a project management framework that categorizes the project into different components; namely, time, quality, scope, product, risk, cost, and resources to effectively manage the projects. These components were considered as constraints.

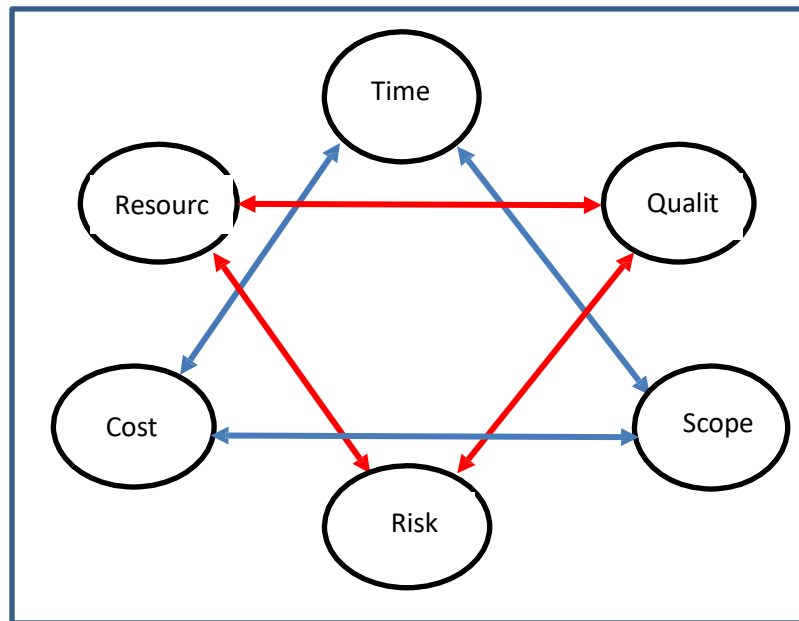


Figure 1: Project Management Star Model by Geek Displaced

**Time.** Project has definite timetable that must be managed. With the set deadline of accomplishing project, management of the budgeted time should be based on the project schedule. Time management or the project schedule is about prioritizing resources, estimating the completion time of the project, and achieving the set timetable.

**Quality.** As the project has deliverables or work product results, output needs to meet the set project objectives and performance standards. To attain the set standards, quality planning, quality assurance, and quality control must be utilized.

**Scope.** Scope is the outlined parameter of the project and this is managed by breaking the whole project structure into pieces. Managing scope refers to how work is broken down in into structure creation, verifying the project, planning and control.

**Risk.** In every project there will be risks involving the manpower, machineries and resources, the management, and changes in methodologies. This makes it necessary to properly identify various risks involved and be able to mitigate these risks. Risk Management needs risk planning and identification, risk analysis, risk response planning, and risk monitoring and control.

**Costs.** Projects require resources. Thus, investments generated to reach the required monetary needs are expected to increase its value (i.e., the advantages outweigh the quantity spent). Managing costs needs proper resource planning, cost estimating, budgeting, and control.

**Human Resources.** In dealing with projects, teams are formed and needs to be managed during the project life cycle. An effective team requires looking for the right people, managing their outputs, and constantly assuring that they are on track with the schedule. Managing human resources involves the process of human resources planning, hiring, and developing and managing a project team.

Further, for projects needing the services of external vendors and contractors, as of requirements or processes regarding vendor selection should be in place throughout the project duration. Managing procurement process encompasses seller acquisition and contracting, responses and selections, contract administration, and contract closure.

The duration of the project involves people and stakeholders. To better respond to issues, identifying stakeholders early is necessary as there might be issues that would arise and alter throughout the project. Addressing their concerns may be key factor leading the success of the project. Managing stakeholders involves identifying them, their interest level, their potential to influence the project; and managing and controlling the relationships and communications between stakeholders and the project.

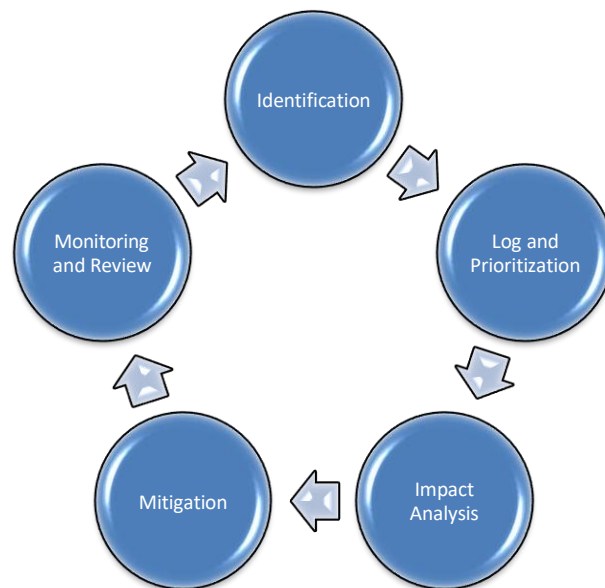


Figure 2: Issue Management Cycle

Chase (1984) states that issue management started as a systematic and effective approach to influence decision makers. Issue management is the systematic set of communication interventions designed to influence decision-making, predicated on issue identification and analysis, and requires balancing the interests of organizations and stakeholders to facilitate mutually beneficial relationship. Issues Management process is a systematic process of identifying and resolving issues in a project or organization. These are general strategies formulated by the organization to respond with the issues that arise. The general strategies formulated by the industry is further broken down into specific processes called Issue Management Process. The schematic diagram shows the Issue Management Process. The process commences with the identification of issue, followed by log issue and prioritization, then analysis of the issue and its impact; mitigation plan is formulated. Mitigation plan is implemented, constantly monitored, and reviewed. This process guides the project management team for the speedy resolution of the issue and lessens untoward events that might result to losses at worst, legal cases.

Issues cannot be eliminated but can be reduced by having effective planning, risk management and involvement of stakeholders' in managing the project. Issue management discovers issues on its onset or as may arise. The early

identification of issues warrants higher chance of issue resolution before it has an affect the project. The neutral concept of project issue management is the identification of issue , recording, tracking, resolution formulation, and communicating all issues that may have negative impact to the project.

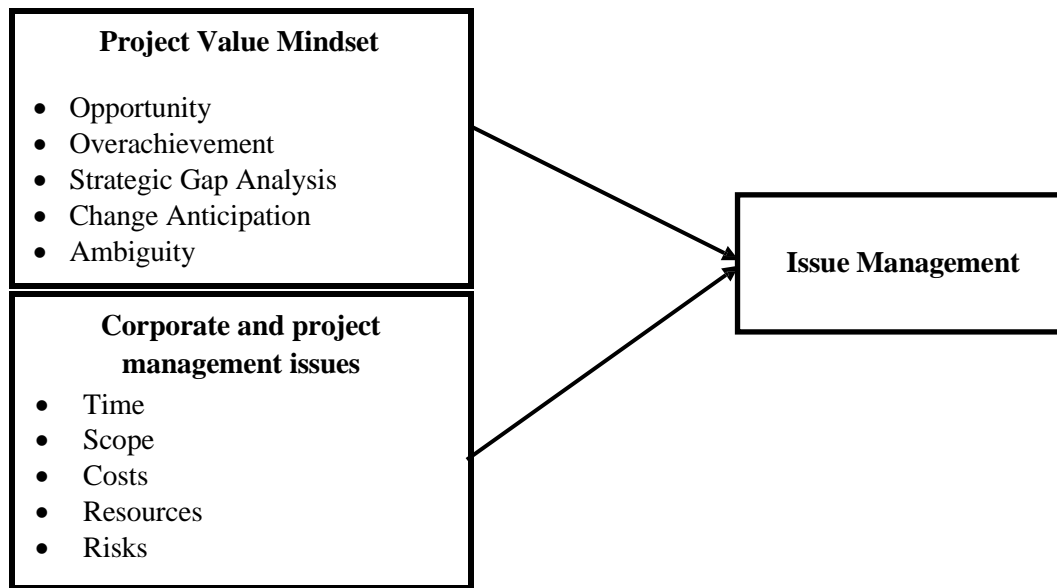


Figure 3: Conceptual Framework

The focus of the study was to assess the relationship between corporate and project management issues of Arab Professional Company and Project value Mindset to issue management. Issue management is that the process of managing the issue by understanding the problem and identifying the causes to be able to respond timely, tracking on issues facing the project. The study also assesses the relationship between the project value mindset of stakeholders and the issue management. According to Lechler, T (2010), the Project Value Mindset (PVM) refers to the attitude of project manager that maximizes the value of a project. This is done by making decisions based on what optimizes the value of the project decisions and by utilizing opportunities beyond the baseline, leading to an increased project value”. The mindset of project manager is considered as significant factor in understanding how the decisions are formulated and actions are implemented during action. Given these working assumptions and premises, the following null hypotheses were drawn and tested at a 0.05 level of significance.

H<sub>01</sub>. The Corporate and project management issue has no significant influence on issue management

H<sub>02</sub>. The project value mindset has no significant influence on issue management.

## RELATED LITERATURE

Issue is a current event that may have negative impact on the project and requires appropriate solution to make the project successful. Organization can employ issue management to favorably create better working environment at the same time to achieve its objectives. The catalytic model of issues management of Crable and Vibber (1985) illustrates how an organization manage its issues using the five issue management stages, the potential, imminent, current, critical, and dormant. In the potential stage, a person who can identify a problematic situation/event, while in imminent, some people can determine the value of the issue and they are willing to be involved. The current stage is a stage when the issue is known by many stakeholders and it got the attention of the media. The critical stage is the point that decision was made, and action was undertaken. Dormant stage is when the issue was resolved (Coombs. 2002).

The study of Palese and Crane (2002) suggests the evolutionary issue management models, the observational, communicative, coordinated, and integrative models represents a scale of involvement, from least to most involve. Issues management is a strategic process for the management to help the organization resolve and adapt to evolving trends within the socio-political environment. These evolving trends will develop into issues for the organization’s stakeholders, hence issue management is restoring and maintaining relations with stakeholders and stake seekers (Heath, 2002).

The study of Hauptmann, G. (2019) found out that dealing with strategic issues is critical to the organization's long-term survival and sustainable growth. The continuous confrontation of employees with threat decreases organizational energy which negatively affect the performance of the organization.

Issue management can bring significant value to the sustainability of the project. Sustainability project planning, execution, and corporate risk management can improve the companies approaches to impact assessment, reinforce stakeholder engagement, align projects with international project finance requirements and strengthen corporate and project risk management processes (Wagner, J., et.al, 2016). Organization's decision-makers will refer to issues management when responding to changes towards the stakeholder's perception and expectations which greatly affect the organizations. (Ochieng, 2013). Issues should be effectively and efficiently assessed to the affected organization and the executive-level management must be involved at the initial stages of the project life (Shane, J & et.al., 2015).

Organizational disturbances influence strategic issue initiation by top management, which in turn influences the quality of strategic issue management practices and subsequent performance outcomes (Laamaen, T. & et.al., 2018).

The issues influencing the issues environment can be trailed by understanding the turnover of issues (stability), the quantity of issues (complexity), volume of media inclusion (intensity) and the likeliness of that coverage (direction). The quantity of issues which will rise (complexity) can also reach its saturation. Issue-related Corporate Social Responsibility programme works well in the reduction of skepticism when stakeholders have positive attitude and high involved. (Zhang, X & Borden, J., 2017).

Issues may rise and draw the attention of the public including activists the media. Issue-set latency depicts a situation where in similar issues endure after some time while issue managers, even whole organization, changes over time (Dougall, 2005). While issues will not be quickly settled, the environments where the issue happened changes and may have positive effects to the public as new issues rise.

## METHODOLOGY

The research design showed the overall flow on how the study was carried out to answer the issues identified in the research problems and objectives. This study utilized the descriptive method and correlational research designs. The goal of a descriptive research is to study a phenomenon that is happening at a particular time and place. On the other hand, Correlational research involved the collection of data in verifying if there exists a relationship between two or more quantifiable variables and to what degree is the relationship. If a relationship is established between variables, it means that values on one variable vary with the values on another variable. By examining the relationship between variables, insights on the nature of the variables as well as the relationships among them are obtained such as the nature, degree, and direction of the relationship.

In particular, the quantitative and qualitative techniques. Mixed methods were used to gather and analyze data as developed by mixed method theorists (Creswell 2003; Creswell & Plano Clark 2007; Greene & Caracelli 1997; Mertens 2005; Miles & Huberman 1994; Morgan 1998; Morse 2003; Tashakkori & Teddlie 2003).

In this study, a mixed methods approach provided the opportunity to examine the project managers' point of views regarding issue project management in Arab Professional Company using a structured survey, followed by a qualitative interviews to better understand the findings of the study. The type of mixed methods was a sequential explanatory design (Creswell & Plano Clark, 2007; Creswell, Plano Clark, Guttman, & Hanson, 2003). The inference quality (Tashakkori & Teddlie, 2003) or validity procedures in mixed methods research rely on the researcher in drawing validated conclusions from the data gathered. The mixed methods sequential explanatory design has two phases: quantitative followed by qualitative (Creswell & Plano Clark, 2007; Creswell, Plano Clark, Guttman, & Hanson, 2003).

It started with the data collection and analysis. The quantitative data was processed and used for the interview. The qualitative data was analyzed to validate the results obtained in the quantitative phase. This sequential method provided statistical explanation of the research problem and understanding of the phenomena by exploring project manager's views in depth based on the quantitative results (Mertens (2005), Caracelli and Greene (1997), Creswell and Plano Clark (2007) and Tashakkori and Teddlie (2003). The quantitative examination of issue management phenomena is the dominant methodology.

The respondents of the study were the project managers of Al Arab Professional, as operationally defined in this study. They were the project managers, electrical engineers, sanitary engineers, maintenance manager, surveyors, engineering supervisors, general manager, and operation manager.

Considering the availability of the respondents in the conduct of the study, Purposive sampling was utilized. Respondents were the employees of Al Arab Professional that have the overall responsibility for the successful initiation, planning, design, execution, monitoring, controlling and closure of a project. Using existing data from Al Arab Professional, forty-two (42) employees qualified as part of the study. The respondents have technical responsibility in making the project successful were chosen for being directly at the forefront of the project's stakeholders. These includes the sponsors, the team members of the project and those who has the command of the resources needed for the project. The study used descriptive and inferential research method to determine the level of effectiveness of the issue management process and the project value mindset of the project managers using a well-structured, written questionnaire.

## RESULTS

Survey results showed that 64% of the respondents have 3 -5 years' service in the company while the remaining 36% stayed in Al Arab Professional Company for less than 3 years. Based on the interview with HR and Admin Manager on the length of stay of the respondents in the company, majority of the respondents were already with the company when it started five years ago, thus, they have good background of the operation of the company. Majority of the managers and technical workers were hired when the project started.

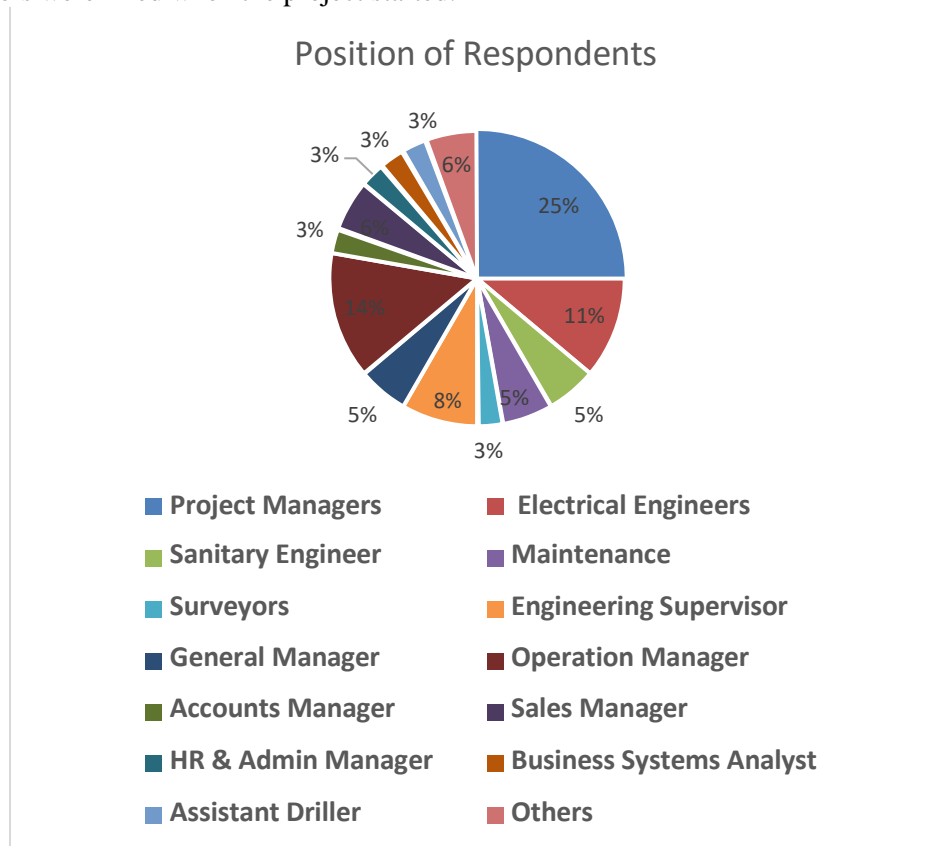


Figure 4 :Profile of the Respondents based Position

The Figure 4 on the Position of the Respondents showed the distribution of the respondents in relation to their position in the company. The chart shows that 25% of the respondents were project managers followed by operation managers and electrical engineers with 14% and 11%, respectively. Respondents such as the project managers, electrical engineers, sanitary engineers, maintenance manager, surveyors, engineering supervisors, assistant drillers, general manager, and operation manager have the overall responsibility for the successful initiation, planning, design, execution, monitoring, controlling and closure of a project. Respondents such as the Accounts Managers, Human Resource and Admin Manager, Sales Manager are Business Systems Analysts provide support services in the implementation of the projects. Based on the interviews with these respondents on their roles in the initiation and in the implementation of the projects, they were involved in the resource planning, cost estimation, budget preparations, and control aspects. Other respondents

are the data encoders of the Company. They are responsible in encoding data given by the managers. Diagnostic tests were run, and the assumptions were fully satisfied.

Table 1: Regression Model Summary  
Model Summary<sup>b</sup>

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .858 <sup>a</sup> | .737     | .711              | .30932                     | 1.722         |

| ANOVA <sup>a</sup> |                |    |             |        |                   |
|--------------------|----------------|----|-------------|--------|-------------------|
| Model              | Sum of Squares | Df | Mean Square | F      | Sig.              |
| 1 Regression       | 8.306          | 3  | 2.769       | 28.937 | .000 <sup>b</sup> |
| 1 Residual         | 2.966          | 31 | .096        |        |                   |
| Total              | 11.272         | 34 |             |        |                   |

| Coefficients <sup>a</sup>                 |                             |                           |      |        |                         |      |       |
|---|-----------------------------|---------------------------|------|--------|-------------------------|------|-------|
| Model                                     | Unstandardized Coefficients | Standardized Coefficients | t    | Sig.   | Collinearity Statistics |      |       |
|   | B                           | Std. Error                | Beta |        | Tolerance               | VIF  |       |
| (Constant)                                | -2.504                      | 1.386                     |      | -1.807 | .080                    |      |       |
| 1 Corporate and project management issues | .457                        | .293                      | .153 | 1.560  | .129                    | .888 | 1.126 |
| Project Value Mindset                     | .056                        | .113                      | .054 | .495   | .624                    | .706 | 1.416 |

The regression model on data from Issue Management that included other factors showed a significant  $F$  – statistic ( $F = 28.937$ ,  $\alpha = 0.000$ ). In order to test for 52 autocorrelation, the Durbin – Watson test was run and yielded a value of 1.722. This was used in hypothesis testing since table of critical values for Durbin – Watson do not include higher sample sizes and more than 20 independent variables. There are also no multicollinearity issues as indicated by the variance inflation factor (VIF) since its values are less than 5.0.

In this model, all the variables included explain 73.7% of the variance of Issue management. More so, some factors significantly influence issue management. Corporate and Project management issues turned out to be a significant factor. Corporate and Project management issues tend to increase issue management by 0.457 units ( $t = 1.560$ ,  $\alpha = 0.129$ ). On the other hand, Project Value Mindset does not have significant influence on issue management ( $t = 0.495$ ,  $\alpha = 0.624$ ). Among the 5 factors identified on the perceived corporate and project management issues, all are considered very strongly significant. However, cost has greatest significance followed by scope and time while the least are resources and risk, respectively. As perceived corporate and project management issues is deemed statistically significant, improvements of these factors need to be considered as it is positively correlated.

However, in relation to the subfactors, majority are considered Very Strongly Significant except for inadequate control measures and lack of skilled manpower which were rated as Strongly significant. Among the highest rated subfactors, very strongly significant ratings were on Increasing cost of materials, labor, and other expenses, Penalties due to unmet deadlines, miscommunication and or inadequate communication, and Unrealistic completion time. This purports the value of establishing defined policies and creating a system of open communication to respond to changes in the environment and in addressing the demands of stakeholders.

These concerns are also prevalent on other variables identified particularly on the Issue Management Process where urgency on the issue need to be addressed. In deciding on a course of action, determining the impact and the severity of every issue is essential. This allows project managers to take necessary steps needed to resolve issues quickly. However, respondents sees that proper recording and reporting on issue exist in the organization.

## CONCLUSION

The study derived the following conclusions after analysis and interpretation of the data.

**On the perceived corporate and project management issues:** Cost was considered as the top most significant while other factors follow. On the subfactor response, inadequate control measures and lack of skilled manpower were not very strongly significant while increasing cost of materials, labor, and other expenses, Penalties due to unmet deadlines, miscommunication and or inadequate communication, and Unrealistic completion time were highly significant.

**On Issue management** was seen as Strongly significant and determining the impact of the issues on time and cost of the project, determining the current issues facing the project using the different sources of information, and Communicating the tasks assigned to different team members to handle the issue and other stakeholders were seen as very strongly significant.

**On project value mindset**, ambiguity was highest rated highly significant while on the subfactors, the project manager's vision to see opportunities for project improvement and being open to new ways to achieve better project results were rated highest as strongly agreed.

**The two hypothesis were tested to describe the relationship it has to issue management.** H01: Corporate and Project management issues turned out to have a significant factor and H02: Project Value Mindset does not have significant influence on issue management. Thus, in responding to issue management, with the positive correlation on Issue management process and in Corporate and Project management issues focus can be directed on these hypothesis as they were deemed positively statistically significant. Addressing the two positively significant factors also improves issue management.

## RECOMMENDATIONS

The following were the recommendations derived from the study. Focus can be on the improvement on the perceived corporate and project management issues and Issue management process as they were statistically significant to the improvement on issue management. Particularly,

**On the perceived corporate and project management issues**, consistent to the survey results, attention can be focused on defining a clear an attainable project completion time as it has effects on beating the deadlines. In most cases, failure in meeting the deadlines could incur added cost on materials, labor and other expenses. Research results also stressed the value of communication among employees. Although communication was consistently important, the need to assess the issue, its urgency and its impact on issues confronting the project was needed. A system of assessment may be made to address issue management.

**Although project value mindset** was not statistically significant, the need why ambiguity was the highest rated highly significant needs to be studied deeper through research. More so, an expanded research on issue management may be conducted across the organization to better understand the movement of the issues.

The research results allow Arab Professional Company to visualize the need of creating a standardized issue management process or a system on responding to issues in the company. This allow provides an innovation strategy in responding to issues. A Standard issue management system may provide strategic direction in the company when confronted with an issue. It is also suggested that a detailed regression analysis per factor considered in the study be conducted to better explain the significance of the variables identified.

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