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COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

DEPARTEMENT OF PROJECT MANAGEMENT

# ASSESSMENT OF STAKEHOLDER MANAGEMENT PRACTICES AND CHALLENGES IN CONSTRUCTION PROJECTS.

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# ASSESSMENT OF STAKEHOLDER MANAGEMENT PRACTICES AND CHALLENGES IN CONSTRUCTION PROJECTS.

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ADDIS ABABA

**Advisor approval sheet**

This is to certify that the thesis entitled "assessment of practices and challenges of project stakeholder management of Ethiopian construction design and supervision works corporation, building and urban design and supervision works sector." submitted in partial fulfillment of the requirements for the degree of Masters of Arts in Project Management, has been carried out by Mahlet Teshome, under my supervision. Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the Project Work (thesis) to the department.

Name of advisor _____

Signature _____

Date _____

**Approved by board of examiners**

Approved by: Name and signature of members of the Advisor and Examining Boards members

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| _____ | _____ | _____ |
| Internal Examiner | Signature | Date |
| _____ | _____ | _____ |
| External Examiner | Signature | Date |

## Declaration

I declare that this thesis is my original work and has not been presented for degree or other purposes in any university or places. I further confirm that all the sources of materials used for this thesis are dully acknowledged.

Name: Mahlet Teshome

Signature: _____

June, 2019

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## Abbreviations and acronyms

ECDSWCo - Ethiopian construction design and supervision works corporation

CDSCo - Construction design Share Company

GDCF - Gross Domestic Capital Formation

INGO/NGO –International / national nongovernmental organization

MoC- Ministry of construction

MoFED – Ministry of finance and economic development

PMBOK – Project management body of knowledge

SHM – Stakeholder management

TSDSCo - Transport construction design Share Company

UCBP - University Capacity Building Program

WWDSE - Water works design and supervision enterprise

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*Abstract*

*The purpose of this study is to understand the level of stakeholder management practices in Ethiopian construction design and supervision works corporation, building and urban design and supervision works sector and examine the challenges the organization faces in stakeholder engagement. The objective of the study is to assess the key stakeholders of the sector, assess their respective roles, and assess the stakeholder management practice in the sector and finally the challenges or critical barrier factors for effective stakeholder management practice. The study used both qualitative and quantitative approach and data was gathered through structured questionnaires distributed to employees of the corporation and in depth key personnel interview. Analysis of the data revealed that the key stakeholders of the industry are client, consultant, contractor, government authorities and suppliers. Their respective roles ranged from funding the project, technical assistant to supplying the necessary equipment and material. The study revealed that the sector considered internal stakeholders as key stakeholders than external stakeholders. The level of readiness in the sector for stakeholder management practice was found to be level 2 or procedural and finally the challenges to effective stakeholder management were project planning and development, project set targets and Stakeholder management process.*

***Keywords:*** *construction industry, stakeholders, stakeholder management, key Stakeholders, Stakeholder's role, stakeholder management maturity level, critical barriers.*

# CHAPTER ONE: INTRODUCTION

## 1.1. Background of the study

The construction industry makes significant contributions to the socio-economic development process of a country. Its importance emanates largely from the direct and indirect impact it has on all economic activities. It contributes to the national output and stimulates the growth of other sectors through a complex system of linkages (Tadesse, 2016).

Construction industry as defined by the National Accounts department of MoFED, the activities actually covered under the industry are the construction and maintenance activities of: (1) Residential buildings in urban and rural areas, (2) Nonresidential buildings, i.e. factory buildings, ware houses, office buildings, garages, hotels, schools, hospitals, clinics, etc., (3) Other construction works, like roads, dams, dikes, athletic fields, electricity transmission lines, telephone & telegraph lines, etc.

A stake is an interest or a share in an undertaking while a stakeholder is an individual with a stake (Weiss, 2006). Argues that stakeholders are individuals or groups that benefit from an organization (Moloney, 2006). Further, stakeholders can be harmed or have their rights affected by an organization. Fundamentally, stakeholders affect and are affected by an organization and its activities. Stakeholders can affect an organization's functioning, goals, development and even survival. Stakeholders are beneficial when they help you achieve your goals and they are antagonistic when they oppose your mission. In effect, stakeholders have power to be either a threat or a benefit t to an organization (Gibson, 2000).

Their influence can be small or great and can be exerted either deliberately or incidentally. Individuals and organizations need to be wary of their stakeholders and their influences. Diverse sources can trigger stakes, e.g. stakes can be influenced by economic and other considerations. Stakes can have cultural or political origins too. Shareholders constitute a stakeholder group, and often have a vested interest in the profits their organization will make. To them, if keeping other stakeholders happy will yield more profit, then so be it (Mintzberg, 1995). Organizations often depend on external stakeholders for resources, services, information, etc. Our operations make us interact with several stakeholders. Most often, an organization would depend on others for something and this can give the latter some leverage (Frooman, 1999). The argument is that stakeholders have claims, rights and expectations that ought to be honored and not taken lightly (Carroll, 2006). Thus, stakeholders must be managed in each undertaking to avoid any of their negative influences, especially those that could be contrary to a firm's objectives. Conversely, business endeavors and indeed construction projects affect stakeholders. So it is a tit-for-tat affair. Businesses must recognize their stakeholders and manage them and vice versa.

The level of construction project management practice in terms of adapting general project management procedures, project management functions, tools & techniques to be unsatisfactory. Particularly, the level of practice in terms of safety, risk and time management was found to be very low. The amount of schedule slippage ranges between 61-80% and that of planed costs and other variables such as risk, quality, resources utilization and safety deviates in the range 21-40% from predetermined requirements or anticipated at the beginning of the project. (Tadesse, 2016)

Ethiopian construction design and supervision Works Corporation is a multi-disciplinary engineering firm founded by amalgamation of three companies: water works design and supervision enterprise (WWDSE), Construction design share company (CDSCo) and transport construction design share company (TSDSCo) that were engaged in planning, study design and supervision of water and hydropower, building and transport sector works since 1998, 1977 and 1987 respectively.

ECDSWCo. is now a fully integrated engineering consulting firm giving consultancy services with six business units in areas of water and energy, building and urban, transport, geo technics and underground works which are supported by fully organized and dedicated two centers; one with advanced laboratory and research , the other with surveying, geospatial and civil informatics in search of excellence and quality. (Brochure, 2019)

The corporation is organized in such a way that it enables to provide its clients a comprehensive range of engineering services in the following business units.

- Water and energy sector,
- Transport sector
- Building and urban sector
- Geotechnical investigation, geotechnical engineering and underground construction sector,
- Research, laboratory and training center and
- Surveying, geospatial and civil informatics center.

**Table 1**; Current projects (2017) in Addis Ababa under the sector

| No | Project | Employer | Contract amount |
|---|---|---|---|
| 1 | Property and supply division, engineering division workshop fire alarm and site work | Federal police commission | 117,399,219.21 |
| 2 | Prisoners house | Federal prison administration | 66,704,603.62 |

| | | | |
|---|---|---|---|
| 3 | Federal police camp at kolfe | Federal prison administration | 20,224,168.16 |
| 4 | Administration, exceptional prisoners, isolation and admission building | Federal prison administration | 61,632,709 |
| 5 | Site work, information guard watch tower kitchen, grain store, incinerator | Federal prison administration | 268,940,625.69 |
| 6 | Office building maintenance and renovation work | ECDSWC | 32,676,180.50 |
| 7 | Geophysics building | Addis Ababa university | 217,068,248.14 |
| 8 | 3B+G+8 National archives building | Archives and library agency | 202,483,464.66 |
| 9 | National archives and library agency 9 to 13 floor | Archives and library agency | 88,662,219.99 |
| 10 | Store and staff recreation center | Ethiopian conformity assessment enterprise | 18,356,574.28 |
| 11 | School of journalism and mass communication | Addis ababa university | 813,827,805.95 |
| 12 | Transport and vehicle building | Federal police commission | 99,135,781.01 |
| 13 | Hospital electromechanical work at kality | Federal prison administration | 68,582,228,00 |
| 14 | Electromechanical works for central kitchen | Federal prison administration | 48,401,102.25 |
| 15 | New Addis Ababa prison facilities | Federal prison administration | 97,123,982.90 |
| 16 | Prisoners house | Federal prison administration | 106,834,547.84 |
| 17 | B+G+10 office building | National alcohol and liquor factory | 132,997,541.67 |
| 18 | Prisoners house building | Federal prison administration | 53,417,278.92 |
| 19 | Prisoners family hall garage building | Federal prison administration | 18,487,204.03 |
| 20 | 4B+G+M+25 | Saving institution | 2,097,503,533.65 |

| | | | |
|---|---|---|---|
| 21 | Prison house building | Federal prison administration | 53,417,278.92 |
| 22 | Office building | Affairs supreme council | 144,326,724.5 |
| 23 | Maintenance work | Ethiopian youth sports academy | 2,664,499.40 |
| 24 | Specialized laboratory building | Ethiopian water technology institute | 52,945,204.72 |
| 25 | Parliament building maintenance | EFDRE house of peoples representative | 14,951,349.32 |
| 26 | Building material production day care shop building | Federal prison administration | 16,006,109.69 |
| 27 | Prisoners and visitors check point building | Federal prison administration | 7,334,896.08 |
| 28 | Video conference metal work shop | Federal prison administration | 12,016,517.67 |
| 29 | Craftsman ship workshop women's kitchen building | Federal prison administration | 21,128,381.90 |
| 30 | Elementary school building | Federal prison administration | 24,617,308.88 |
| 31 | Wood work shop building | Federal prison administration | 9,643,642.31 |
| 32 | Main gate and fence work incinerator | Berehaneselam printing enterprise | 2,431,867.63 |
| 33 | Ware house floor maintenance | EFDRE Transport authority | 29,679.10 |
| 34 | Kality bus terminal | EFDRE Transport authority | 9,157,478 |
| 35 | Transport management and traffic safety training institute training facility building | EFDRE Transport authority | 404,627,776.62 |

Source: (Project coordination office of ECDSWCo, 2017)

### 1.2. Statement of the problem

The Ethiopian construction industry can be viewed in six distinct periods for its evolution. The following table summarizes these distinct periods and their feature (Tadesse, 2016).

**Table 2**; Summary of Ethiopian construction industry six district periods.

| Period | Designation | The Feature of Each Period |
|---|---|---|
| **Pre 1968** | Foreign Company Domination | This was a period where almost all construction activities in the country were undertaken by international construction companies |
| **1968-1982** | Emergence of small scale domestic construction companies | A period that encourages private sector development, which results in establishment of small-scale domestic construction companies in the country. |
| **1982-1987** | Parastatal Companies domination | This period was known as parastatal company domination period since the government has taken the private construction company that was established earlier and those state owned construction firms undertook almost all construction activities. |
| **1987-1991** | Fragmentation of Phases. | During this period design services and construction phases was introduced as a separate phase to Ethiopian construction industry |
| **1991-2001** | Era for Re-emergency of privatization | The year 1989 brings another change in government with completely different policies that re-emerge private sector development. As a result of this a number of private construction companies were established in the country and started taking parts in many construction activities. |
| **Since 2001** | Emergency of Integration and capacity building | Realizing the performance and capacity limitation of domestic firms, which begins to be involved in some projects, the government has introduced the concept of integration and capacity building in 2001. |

Source; (Tadesse, 2016)

The construction industry in Ethiopia has been developing tremendously since 2001. Recent study by (Aregaw & Zewdu, 2015)indicated that the GDP contribution of the industry is raised to 5.6% and approaches to the sub Saharan average (6%). Meanwhile, the Gross Domestic Capital Formation (GDCF), which was about 60 percent in 1996/97, has reached nearly 75% in 2002/03.

Since then, the country has been implementing significant number of programs/projects, which include the University Capacity Building Program (UCBP), the housing development program and the road sector programs among others.

**Table 3**; summarizes the major construction projects undertaken during this period.

| Sector | Program/Projects | Description |
|---|---|---|
| **Building** | University capacity building Program | It was a program with an objective of constructing 13 university projects together with capacity development of domestic construction and consulting firms. The program was designed and implemented with involvement of GTZ IS as a project-implementing agent. |
| | Housing development Program | This was a program that aims to construct 450,000 housing units in 5 years in the capital and creating employment opportunity for small and medium scale enterprises. |
| **Road and Transport** | Road Sector Development Program I-III | A 13 years program that was planned to implement 38,080 Km of road together with capacity building of domestic construction and consulting firms. At the end of the 13 years the program was succeeded to accomplish 105% of its target (39,965km). |
| | Railway | In addition to road infrastructure the country has also identified potential railway corridors to connect the capital with major cities. Currently there are two active railway projects in Ethiopia: The Light Railway Transit in the capital and the Addis Ababa- Djibouti rail way that connects the capital to the port of Djibouti. |
| **Energy** | Gilgel Gibe I-III, Tekeze and Beles | These are hydropower projects constructed for the last two decades to generate 3,230 MW of electricity. Except Gilegel Gibe III all of these projects are completed some years back and started functioning. |
| | The Great Renascence Dam (GRD) | Besides the above hydropower projects, the country is also undertaking the construction of the great renaissance dam (GRD). |

| | | |
|---|---|---|
| | Geo-Thermal Project | This is also one of the mega and largest Geo-thermal plant in Africa launched at a cost of 4Billion USD recently |

Source : (Tadesse, 2016)

Stakeholders are individuals and organizations actively involved in the project, or whose interest may be affected as a result of the project execution or completion. Due to the interest of stakeholders on the project, they may exert influence on the project's objective and outcomes. To ensure a successful project, the project team must identify and engage all stakeholders, determine their requirements and expectation and manage their influence in relation to their requirements. Stakeholder satisfaction should be managed as a key project objective (A Guide to the Project Management Body of Knowledge (PMBOK® Guide) – Fifth Edition, 2013).

Despite its prominent role, the construction industry in Ethiopia, like in other developing countries, faces many challenges in its practice. The fragmented and inadequate relationship between key actors is one of the major cause of inefficiency in the industry (Aseefa, 2018).

Ethiopian construction design and supervision Works Corporation is the organization responsible for the design and supervision works of public construction projects of federal democratic republic of Ethiopia. Public construction projects in Ethiopia have not fully embraced the vast importance of stakeholder management. It is known to focus on internal stakeholders i.e. clients, contractors and contractors etc alienating the external stakeholders who are usually affected by the projects i.e. End users, local community, neighbors etc

Therefore, this study seeks to assess the stakeholder management practices and challenges encountered by this Corporation.

### 1.3. Basic research questions

1. Who are key stakeholders in the Building and urban design and supervision works sector of ECDSWCo?
2. What are the roles of the key stakeholders in the building and urban design and supervision works sector of ECDSWCo?
3. What are the stakeholder management practice in the building and urban design and supervision works sector of ECDSWCo?

4. What are the challenges that affect the stakeholder management practice in the building and urban design and supervision works sector of ECDSWCo?

## 1.4. Objectives of the study

### 1.4.1. General objective:

To assess the practices and challenges of stakeholder management in construction projects; the case of Ethiopian construction design and supervision works corporation, building and urban design and supervision works sector.

### 1.4.2. Specific objective;

The specific objective of the study are to:

- Assess key stakeholders in construction projects specifically Building and urban design and supervision works sector of ECDSWCo.
- Assess the role of the key stakeholders in Building and urban design and supervision works sector of ECDSWCo.
- Assess stakeholder management practices in Building and urban design and supervision works sector of ECDSWCo.
- Assess stakeholder management challenges in Building and urban design and supervision works sector of ECDSWCo.

## 1.5. Scope of the study

Compared to other sectors in the country, the construction industry is a sector which engages many stakeholders. Hence, identifying the key stakeholders, analyzing there role in the industry and assessing the stakeholder management practice and challenges is found to be the purpose for this study. Even though stakeholder's management in the construction industry is a broad concept that covers a wide array of sectors, individuals and institutions, this study used ECDSWCo as a case study, Therefore, this study focused on assessing the current practice of stakeholder management in the Building and urban design and supervision works sector only and the conclusions are not applicable to other sectors. The study is a cross sectional study and only revels the one time situation in the sector.

The study is confined to assess the stakeholder management practice on projects located in Addis Ababa only and it does not assess the practice in other location projects of the sector.

### 1.6. Significance of the study

Considering the number of stakeholders in the industry, appropriate stakeholder management is essential to attract investment, build stakeholders' confidence, ensure accountability and transparency, and protect stakeholders and their rights. This study has, among others, the following contributions, it serves to expand the understanding of who the key stakeholders are and their role in the industry for policy makers, regulatory body, contractors, consultants, financial intuitions, raw material suppliers, construction equipment suppliers and other stakeholders. It also increases understanding of the level of stakeholder management practices are in place and what the related challenges are.

### 1.7. Definition of key terms

**Construction Industry:** is an economic activity directed to the creation, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, etc. The industry consists of a group of establishments engaged in one or more of the following activities of: (1) Residential buildings in urban and rural areas, (2) Nonresidential buildings, i.e. factory buildings, ware houses, office buildings, garages, hotels, schools, hospitals, clinics, etc., (3) Other construction works, like roads, dams, dikes, athletic fields, electricity transmission lines, telephone & telegraph lines, etc.

**Stakeholders:** any group or individual who can affect or is affected by the achievement of the organization's objectives.

**Key stakeholders;** stakeholders whose needs, requirements and expectations must be considered as a necessary part of any organization's planning and management.

**Stakeholders Role**: The role of stakeholders is affected by an interest, rights (legal or moral), ownership and contribution in the form of knowledge or support.

**Stakeholder management**: The process of forming, monitoring and maintaining constructive relationships with stakeholders by influencing their expectations of gain resulting from their investment appropriately.

**Stakeholder management maturity model:** a five-level model of Stakeholder Relationship Management Maturity and provide a means for organizations to identify their own level of "readiness" for the introduction of stakeholder engagement practices and to identify areas of potential improvement.

### 1.8. Organization of the paper

This paper is organized into Five Chapters. The First Chapter deals with introductory part which consists of background of the study, statement of the problem, objectives of the study.

The Second Chapter deals with major stakeholder theories including meaning, type and benefits, of stakeholders.

Chapter Three discusses the research methodology specifically, research design, data type, data sources, data collection method, method of data analysis and ethical considerations.

Chapter Four also presents discussion and analysis. In this chapter, the questionnaire and document review results are triangulated and integrated into the discussion of the findings.

Finally, Chapter Five presents summary of findings, conclusion and recommendations.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1. Introduction

An increasing number of studies have identified the importance of stakeholder management in construction projects (Nauman & Piracha, 2016). However, the construction industry has a poor record of stakeholder management. Many problems of stakeholder management in construction projects proposed by previous scholars include inadequate engagement of stakeholders, project managers having unclear objectives of stakeholder management, difficulty to identify the "invisible" stakeholder, and inadequate communication with stakeholders (Derek Walker, 2008). In order to solve these problems, project teams need to know what the essentials are for managing stakeholders.

## 2.2. Stakeholder management definition

The concept of stakeholder management is accepted as theory, especially in academic discourse. Stakeholder management theory evolved from business management and aims to describe, understand, analyze and manage stakeholders. Many scholars identify the book by Freeman (1984) as a pioneer; thus some scholars attribute the introduction of modern stakeholder theory to Freeman.

Carroll (2006) described stakeholders as "individuals or organizations that are either affected by or affect the deliverables or outputs of a specific organization", other defined stakeholders as "those who can influence the project process and/or final results, whose living environments are positively or negatively affected by the project, and who receive associated direct and indirect benefits and/or losses.

Stakeholder "as being those who can influence the activities/final results of the project, whose lives or environment are positively or negatively affected by the project, and who receive direct and indirect benefit from it" (Takim, 2009). Project Management Institute (2008) defined project stakeholders as "individuals and organizations who are actively involved in the project, or whose interests may be positively or negatively affected as a result of project execution or successful project completion".

Stakeholder management involves managing relationships in order to motivate stakeholders to behave in ways that support the objectives of a firm (Moloney, 2006). The theory posits that businesses, causes, interests and pressure groups have to manage their relationships with those external entities that can influence the achievement of their goals.

## 2.3. Stakeholder assessment

In the real world, stakeholders have influenced projects in a variety of complex ways. In order to analyze the impact of stakeholders upon projects, it is necessary to identify and include the factors by which they do so. To enhance the understanding of project managers on stakeholders, their attributes, behavior, and potential influence need to be assessed and estimated. The conflicts and coalitions among stakeholders also could be analyzed based on the information about stakeholders (Yang, 2009). Once the information about the stakeholder is prioritized, the assessment of stakeholder on the basis of their impact and vested interested in the project could be done, so it is important to have an accurate understanding of the stakeholder attributes in order to categorize the stakeholder according to their attitude.

### Stakeholders' attitude

The capacity and willingness of stakeholders to threaten or cooperate with project teams should be measured (Savage, 1991)during stakeholder management process. Because stakeholders may have negative or positive impacts on projects, there is a need to determine objectors and supporters. Stakeholder attitude refers to whether the stakeholder supports or opposes the project (McElroy & Mills, 2000). In other words, this factor gives a 'clue' for managers to be aware that stakeholders have positive or negative influences on project outcomes. Stakeholders' attitude can be sorted into 3 categories: observed behavior, cooperative potential and competitive threat, a project manager need to clearly understand the range of stakeholder reactions and behaviors (Freeman, 2001). According to McElroy and Mills (2000) stakeholder attitude includes five levels: active opposition, passive opposition, no commitment, passive support and active support.

### Stakeholders' interests

Stakeholders are characterized as having a 'stake' in the proposed project and trying to influence its implementation so as to guard their individual interests (Olander & Landin, 2008). There are various stakeholders' interests due to the complex nature of construction projects (Yang, 2009), and (Freeman, 2001) believe that identifying stakeholder interests is an important task to assess stakeholders, these interests include product safety, integrity of financial reporting, new product services, and financial returns. Similarly, (Karlsen, 2002) also presents one possible consideration to evaluate the stakeholder's area of interests in the project. Stakeholder interest in a project is considered by many researchers to be a factor affecting the successful outcome of a project. Several scholars, even show the "interest" term in their stakeholder definitions such as the definitions of McElroy and Mills (2000); PMI (2008); and Bourne (2005).

**Stakeholders influence**

Project management procedure is affected by project stakeholders (Olander & Landin, 2008). Therefore recognizing the stakeholders' influence is important to "plan and execute a sufficiently rigorous stakeholder management process". Olander (2007) developed the "stakeholder impact index", and he considers that analyzing the potential impact of stakeholders indicates to determine the nature and impact of stakeholder influence, the probability of stakeholders exercising their influence and each stakeholder's position in relation to the project. Therefore recognizing the stakeholder' influence is an important factor to "plan and execute a sufficiently rigorous stakeholder management process" (Olander & Landin, 2008).

**Stakeholders' conflicts and coalition**

Conflicts in construction project may involve stakeholders external or internal to the project or a combination of those. Conflicts between external stakeholders may be the most difficult to resolve because of their diversity and because of the lack of established procedures for tackling most of them. For example, in developed societies, public opinion tends to be more opposed than supporter of a construction project encompassing some environmental impact, although it may respond to a specified public need; on the contrary, in less developed or poorer countries, the public may be more keen to accept the project if it aims at solving important infrastructure needs (transportation, sewage, pipelines, water treatment, etc..) (Moura, 2010). Analyzing the conflicts and coalitions among stakeholders is an important step for stakeholder management (Freeman 2007). In fact, conflicting parties seek mutually satisfactory solutions, which can be achieved by joint problem solving to seek alternative solutions.

**Stakeholders' power**

Brourne (2010) defied the power as an individual or group that may have to permanently change or stop the project or other work, The power as a factor is considered to be a key driver of stakeholder-manager relations for several reasons, since the definitions of stakeholders undoubtedly imply that relationships between stakeholders and the project reflect social-business exchanges, and power means the ability to "control resources, create dependencies, and support the interests of some organization members or groups over others" (Mitchell, 1997). Bourne and Walker (2005) believe that successful project managers should have the ability to understand the "invisible power" among stakeholders.

**Stakeholders' legitimacy**

The legitimacy of a stakeholder is a prerequisite for the success of transactions with stakeholders (Freeman, 2001). Mitchell (1997) indicate that many scholars define stakeholders as those who have such legitimate relationships with the project (including contracts, moral, and legal rights). Mitchell (1997) conclude that

legitimacy is a social good something larger and more shared than mere self-perception that may be defined and negotiated differently at various levels of social organization. Legitimate stakeholders are those whose actions and claims must be accounted for by managers, due to their potential effects upon normative stakeholders. The legitimacy of a stakeholder gives a sense that legitimacy reflects the contractual relations, legal and moral rights in relationships between stakeholders and a project (Nguyen, 2009).

**Stakeholders' urgency**

Urgency is described by Mitchell (1997) as the "degree to which stakeholder claims call for immediate attention." They argue that urgency only exists when two conditions are met: (1) when a relationship or a claim is of a time-sensitive nature. (2) Why that relationship or claim is important or critical to the stakeholder. They also state that urgency has two attributes: time-sensitive and critical. The urgency attributes of stakeholders decides the extent to which they exert pressure on a project manager by calling for emergency action.

**Stakeholders' proximity**

Proximity, according to Bourne (2005) implies the extent to which a stakeholder is involved in the project. She uses proximity as a criterion to prioritize project stakeholders by rating them on a scale of 1-4 where 1 is relatively remote from the project (does not have direct involvement with the processes) and 4 been directly working on the project (most of the time). Bourne and Walker (2005) argue the need to take proximity into account stakeholder analysis by stating that stakeholders who may have strong power and influence but are relatively far from the project core may seem transparent / invisible. Therefore their potential impact may be underestimated.

**Stakeholder' knowledge**

Yang (2007) found in their research that automation and integration technology may contribute significantly to project performance in terms of stakeholder success. They argue that due to technological development, stakeholders can seek a variety of information from numerous sources. Undoubtedly, the more knowledge a stakeholder has about the project, the more he/she is able to influence it observe that today, Walker (2008) pointed out to the importance of the receptiveness of each stakeholder to gain the a knowledge about the project, and McElroy and Mills (2000) suggest stakeholder knowledge ranges from full awareness up total ignorance. The former refers to the intention of stakeholders to gain knowledge of the project by finding the facts to help them achieve their own objectives. The latter, on the other hand, refers to the fact that stakeholders have knowledge of the project by hearsay and assumptions rather than facts. Additionally, it may be argued that although the stakeholder may have a strong salience to, and great interest in, the project,

it hardly accounts for influence if the stakeholder lacks sufficient knowledge. As such, stakeholder knowledge is considered a driver, affecting stakeholder impact on projects.

### 2.4. Stakeholder management: the new project management knowledge area

The project management knowledge areas are the core technical subject matter, which are necessary for effective project management. This is an evolving standard that is updated periodically in its PMBOK. The 10 knowledge areas the 5th edition of PMBOK (Project Management Body of Knowledge) are:

1. Project Integration Management
2. Project Scope Management
3. Project Schedule Management
4. Project Cost Management
5. Project Quality Management
6. Project Resource Management
7. Project Communications Management
8. Project Risk Management
9. Project Procurement Management
10. Project Stakeholder Management

Project Stakeholder Management is introduced as a new knowledge area in the 5th edition of PMBOK (Project Management Body of Knowledge)

It is important to understand the expectations and issues of the stakeholders in order to address them for the successful delivery of the project. Stakeholder management is the process of managing the expectation of anyone who has an interest in a project or will be affected by it. This intuitive stuff but a rationalized and planned approach in this knowledge area has become the need of the time and so the new knowledge area of PMBOK is justified.

### 2.5. Processes in stakeholder management

According to the PMBOK there are four process groups in stakeholder management:

**Identify stakeholders**

Identify Stakeholders is the process of identifying project stakeholders regularly and analyzing and documenting relevant information regarding their interests, involvement, interdependencies influence, and potential impact on project success. The key benefit of this process is that it enables the project team to

identify the appropriate focus for engagement of each stakeholder or group of stakeholders. This process is performed periodically throughout the project as needed.

**Plan stakeholder engagement**

Plan Stakeholder Engagement is the process of developing approaches to involve project stakeholders based on their needs, expectations, interests, and potential impact on the project. The key benefit is that it provides an actionable plan to interact effectively with stakeholders. This process is performed periodically throughout the project as needed.

**Manage stakeholder engagement**

Manage Stakeholder Engagement is the process of communicating and working with stakeholders to meet their needs and expectations, address issues, and foster appropriate stakeholder involvement. The key benefit of this process is that it allows the project manager to increase support and minimize resistance from stakeholders. This process is performed throughout the project.

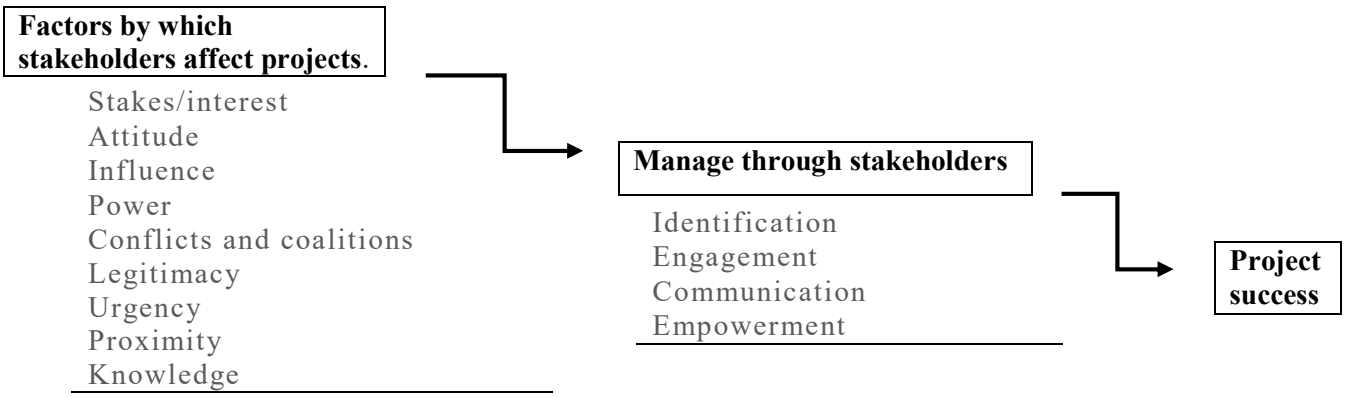
**Monitor stakeholder engagement**

Monitor Stakeholder Engagement is the process of monitoring project stakeholder relationships and tailoring strategies for engaging stakeholders through modification of engagement strategies and plans. The key benefit of this process is that it maintains or increases the efficiency and effectiveness of stakeholder engagement activities as the project evolves and its environment changes. This process is performed throughout the project.

## 2.6. Conceptual framework

In order to understand the impact of stakeholders on projects. It is necessary to identify and include the factors by which they do so. According to Bourne L. (2009) the role of stakeholders is affected by interest, rights (legal or moral), ownership and contribution in the form of knowledge or support. In this literature review we have seen further factors by which stakeholders affect projects from different authors. The factors mentioned are attitude, interest, influence, conflicts and coalitions, power, legitimacy, urgency, proximity and knowledge.

**Table 4**; Conceptual framework




**Source;** (Bourne, 2008)

### 2.7. Stakeholder management maturity level

Identifying, mapping, and prioritizing a project's stakeholder community are only the beginning steps. Projects will only be considered successful when their key stakeholders acknowledge they are a success. This requires the project team to engage effectively with each of its key stakeholders to understand and manage their expectations and then deliver the project to meet or exceed these "managed expectations." Expectations are never "fixed"; effective communication can help change perceptions and expectations to make them realistic and achievable. Conversely, ineffective communications can create the perception of failure in the mind of a stakeholder even when the project is "on time, on budget and delivering the specified scope." (Bourne, 2008)

Engaging effectively and ethically with key stakeholders to help create a successful project outcome requires significant levels of skill and organizational maturity. According to Bourne (2008) there are five-level model of Stakeholder Relationship Management Maturity and they provide a means for organizations to identify their own level of "readiness" for the introduction of stakeholder engagement practices and to identify areas of potential improvement.

The five levels of SRMM® are as follows:

1. Ad hoc: This level is characterized by isolated pockets of awareness of the need for stakeholder management and through the use of simple tools.it has some Standardized Processes, no centralized Support and Organization-wide implementation. There is no Application of beyond projects, programs and portfolios
2. Procedural: This level is characterized by some individuals having knowledge of the importance of SRM, routine use of tools and processes, with an internal focus on measurement and the "project benefits" of these

activities. Standardized processes not widely accepted or used. Organization focus is on "rolling out" standard tools and processes. There is some centralized support: Support exists through manuals, supplier support mechanisms, or local "experts". It is not implemented in the whole organization. Some application of beyond projects, programs and portfolios: Limited recognition of the need to focus on SRM beyond projects: for programs or organization-specific needs such as pre-qualification of tender bids.

3. Relational: This level is characterized by more generalized understanding of the importance of SRM, with an external focus on engaging stakeholders and use of tools and processes to achieve and measure this, along with a specific focus on "mutual benefits. "Standardized processes: the use of a standard methodology is recognized and expected. Effective Stakeholder management is seen as important in the successful delivery of business initiatives and projects. Managers focus on mutuality and shared benefits. A PMO (or similar) provides some formal support, mentoring and training. Some organization-wide implementation and some application of beyond projects, programs and portfolios.

4. Integrated: This level is characterized by commitment to continuous improvement and strong internal support within the organization; a focus that recognizes individual stakeholders may be involved in many projects/programs and transfer expectations/experience; Multi-faceted focus; Use of tools and processes to integrate information and gain "insight"; recognition of overall benefit/"win-win "Standardized Processes: the organizations focus moves to measuring the practical benefits of effective stakeholder engagement and management. Central Support Unit dedicated to SRM training, support and mentoring. Organization-wide implementation. Some application of beyond projects, programs and portfolios: The development of specific applications to meet the organization's unique needs may occur to facilitate the development of specific communication strategies and plans.

5. Predictive: This level is characterized by corporate management focus with collection of Lessons Learned (historical) data; and regular use of information for project "health checks" (is the project "normal") and predictive risk assessment. There is a standardized processes, centralized Support: Organization-wide implementation and application of beyond projects, programs and portfolios.

**The methodology**

The Stakeholder Circle methodology is based on the concept that success of an organization's activities to achieve its business strategies and objectives (often projects) depends on the engagement and involvement of the stakeholder community. All decisions or understanding of the relationships are made from the perspective of the manager of the activity. Surrounding the activity itself is the team; often overlooked in many stakeholder engagement processes. Surrounding the team is the community of stakeholders that has

been identified as being important to the success of the activity at the present time. The outermost circle references potential stakeholders: those who may, or will, be important to the success of the work at a later stage. By differentiating current stakeholders and potential stakeholders in this way, confusion about which stakeholders are important at any particular time and how best to manage the current relationships will be minimized, while ensuring that planning for future relationships is managed effectively. The stakeholders in the outer circle may also be considered in risk management planning because they may cause the activity to be at risk of failure in the future. Alternatively, these stakeholders may need to be considered in an organization's marketing plans, as potential customers. (Bourne, 2008)

**Figure 1**; the circle of stakeholders


**Source;** (Bourne, 2008)

**Managing stakeholder relationships**

The Stakeholder Circle is a five step methodology that provides a flexible but structured approach to understanding and managing relationships within and around the activity. The methodology is based on the concept that any activity can only exist with the informed consent of its stakeholder community, and that managing the relationships between this community and the activity will increase the chances of success. The stakeholder community consists of individuals and groups, each with a different potential to influence the activity's outcome positively or negatively. The team must develop knowledge about this community and appreciation of the right level of engagement. This information will help define the appropriate level and content of communication needed to influence stakeholder's perceptions, expectations and actions. Stakeholder relationship management is complex and cannot be reduced to formula: each person in unique

and the relationships between people reflect that uniqueness and complexity. The Stakeholder Circle enables the team to accumulate information necessary for the engagement of its stakeholders. It consists of five steps: (Bourne, 2008).

**Step 1: identify**; consists of three activities

1. Developing a list of stakeholders
2. Identifying mutuality

a. How each stakeholder is important to the work of the project; and

b. What each stakeholder expects from success (or failure) of the project, or its outcomes;

3. Categorize: document each stakeholder's:

a. Influence Category: these are upwards, downwards, outwards, and side wards

b. Relationship to the organization - whether they are internal to the organization or external.

The output of this step will be a list of all stakeholders that fit the definition of stakeholder. There is often an unconscious boundary on what a 'good number' of stakeholders can be – this is stakeholder myopia. It is important for the team and for their management to understand that while the initial number of stakeholders identified may appear unwieldy or overwhelming,

**Step 2: prioritize**: provides a structured means to prioritize the key stakeholders for the current time.

Mutuality: The application of mutuality to stakeholder relationship management addresses the two-way nature of any relationship whether personal, family or work-related. Two additional questions must be asked to gauge and then document both characteristics of each stakeholder

1. "How is this stakeholder important to us? What is their stake?"
2. "What does this stakeholder require from the success or failure of the work's execution or its outcomes?" The answer to the first question establishes that this person or group actually is a stakeholder and what their potential contribution to the project's success (or failure) may be. The answer to the second question establishes the stakeholder's expectations or requirements of the success or failure of the project. Generally a stakeholder will have expectations of personal or organizational gain through either the success or failure of a particular organizational activity. An understanding of the two parts of the relationship with the stakeholder community is crucial to subsequent steps in the stakeholder mapping process and to developing targeted communication strategies.

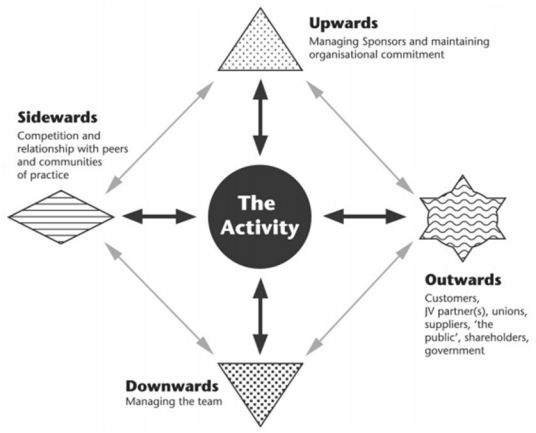
The final task in step 1: identify is to categorize the listed stakeholders according to the type of influence that they can have on the work or its outcomes, or that the work and outcomes can hold over the stakeholders. This is the start of the refinement of the raw list of stakeholders into more manageable information.

Influence Categories; there are two sets of influence to consider

1. Is the influence of the stakeholder upwards, downwards, outwards or side wards?
2. Is the stakeholder part of the organization or outside it?

Upwards defines the influence that senior management, especially the sponsor, exert over the activity. Downwards denotes team members, whether full-time staff, consultants, contractors or specialists who work with the manager to achieve the objectives or outcomes of the activity. Outwards stakeholders are those outside the team and will include individuals and groups such as: end users, Government, regulators, the public, shareholders and lobby groups. Finally side wards stakeholders are peers of the manager, industry groups and managers within the organization who are considered to be at the same level professionally. Categorizations for internal and external are primarily directed to the information necessary for planning communication.

**Figure 2**; Influence categories




Source; (Bourne, 2008)

**Step 2: Prioritize**

Most stakeholder management methodologies rely on an individual's (or the teams) subjective assessment of who is important. The approach adopted in the Stakeholder Circle methodology attempts to provide consistency in decision making about stakeholders. It does this through a structured decision-making process where team members agree on and rate the characteristics of stakeholders to assess their relative importance. The ratings are based on three aspects

- Power: the power an individual or group may have to permanently change or stop the project
- Proximity: the degree of involvement that the individual or group has in the work of the team

- Urgency: the importance of the work or its outcomes, whether positive or negative, to certain stakeholders (their stake), and how prepared they are to act to achieve these outcomes (stake).

**Step 3: Visualize - mapping complex data**

The objective of every stakeholder mapping process is to

• Develop a useful list of current stakeholders

• Assess some of their key characteristics;

• Present data to assist the team's planning for engaging these stakeholders;

• Reduce subjectivity;

• Make the assessment process transparent;

• Make the complex data collected about the stakeholders easy to understand;

• Provide a sound basis for analysis and discussion.

**Step: 4 Engage**

The team must understand the expectations of all stakeholders and how those expectations can be managed to maintain supportive relationships and to mitigate the consequences of unsupportive stakeholders. The process of documenting stakeholder attitude is developed through application of step 4: engage.

A stakeholder's attitude towards an organization or any of its activities can be driven by whether involvement is voluntary or involuntary, whether involvement is beneficial personally or organizationally and the level of a stakeholder's investment either financial or emotional in the activity. If the individual or group's stake in the activity is perceived to be beneficial, or potentially beneficial to them, they are more likely to have a positive attitude to the activity and be prepared to contribute to the work to deliver it. If on the other hand, they see themselves as victims, they will be more likely to hold a negative attitude to that activity.

**Step 5: Monitor the effectiveness of the communication**; the process of monitoring the effectiveness of communication involves

1. Review of the stakeholder community to ensure that the membership is current – the right stakeholders for the current phase or time
2. Review of the stakeholder engagement profile.

## 2.8. Types of stakeholders

Stakeholders can be divided into internal and external, internal stakeholders being those directly involved in an organization's decision-making process (e.g. Owners, customers, suppliers, employees) and external

stakeholders being those affected by the organization's activities in a significant way (e.g. Neighbors, local community, general public, local authorities). In construction, there has traditionally been a strong emphasis on the internal stakeholder relationship such as procurement and site management, while the external stakeholder relationships to some extent have been considered a task for public officials via the rules and legislation that concern facility development (Hammad, 2013). Similar classifications are inside and outside stakeholders and direct and indirect stakeholders. Another delineation considers primary versus secondary stakeholders (Carroll, 2006). A primary stakeholder group is one without whose continuing participation the corporation cannot survive as a going concern, whereas secondary stakeholders are those who influence or are influenced by the firm, Stakeholders could also be contested between those that are contracted to provide services (e.g. Contractors, subcontractors, consultants) that is in a primary or direct relationship with an organization; in contrast to those that have no contracted responsibility or formal redress, but are in an indirect or secondary relationship with an organization (Carroll, 2006). Based on the above discussion,

**Table 5;** Example of construction project stakeholders

| **Stakeholder group** | **Objectives and roles** |
|---|---|
| Client | The client can be public or private. The main difference between a private construction project and a public project is that the client and the beneficiary are the same in a private construction project and in the reconstruction housing project the main initiator is the government and benefit accrues to the community affected |
| Consultant | Provides the consultancy advice for the project on designing, evaluating the cost, technical issues/advice |
| Contractor /subcontractors | Engage in actual construction according to the designs, specifications, and contract documents communicated by the relevant parties. |
| Funding body / Donor | E.g. UN, IDB, ICRC. Address humanitarian issues while providing the necessary funds to the community project. Ensures that the funds are utilized for the purpose. E.g. if a precondition is imposed to spend the money on community development, the donor has to make sure that the funds are used for this particular activity |
| International nongovernmental organizations | Acted as the mediator of the funding body and the government. Assisted in constructing tens of thousands of temporary shelters and permanent homes |

| | |
|---|---|
| Government | The government takes the lead in terms of formulating and maintaining regulations, policies and monitoring the adherence to these. Setting the standards relating to the delivery of housing reconstruction projects |
| Beneficiary/ End User | Is the most important stakeholder. Since, they are the beneficiaries their engagement should be to communicate their needs/ requirements of the relevant parties involved in executing the reconstruction housing project .Designing the house and supplying labor (skilled/ unskilled) at the stage of construction |
| General public | Voluntary involvement in clearing the debris, provision of labor at the construction phase of housing |
| Local landowners/ neighborhood | Own land; ensure that their interests will not be hurt by the project. A neighborhood may fear a fall in amenity |

Source: (Hammad, 2013)

### .2.9. Key stakeholders in construction projects

The natures of construction industries involve diverse stakeholders such as construction professionals, consultants, contractors, financial institutes, governmental agencies, local communities etc. (Aseefa, 2018) In order to gain an overall view of construction stakeholders, it is helpful to classify them into different categories according to their legal or contractual relationship. Therefore, the identification of key stakeholders and their objectives are important to achieve business success. Key stakeholders are the main players in the business, holding high power to influence and high level of interest in it. The identification of key stakeholders and their objectives are important to achieve organizations success.

The number of stakeholders involved or interested in the project can dramatically increase the complexity and uncertainty of the situation. Figure 1 shows some of the most typical stakeholders. Each of these would influence the course of a project at some stage. Some bring their influence to bear more often than others. If diverse stakeholders are present in construction undertakings, then the construction industry should be able to manage its stakeholders.

### 2.10. Challenges or barriers of stakeholder management in construction projects

The construction industry is faced with several challenges. The industry is large, complex and geographically spread out due to project implementation throughout the country. Areas such as building construction, civil engineering and specialized construction can be identified .In addition, it is diverse with many factors influencing its performance and prospects at many levels together making it difficult to manage stakeholders involved. There are adversarial relationships; inadequate involvement of suppliers,

and a large number of small and medium-sized enterprises impacting on management of participants involved. The industry is typically fragmented in terms of the roles of the participants as well as the distribution of the sizes of its component firms. (Eyiah-Botwe, 2016)

In Africa, infrastructure development is a measure of the political achievement of a state (Oyedele, 2013) . This has resulted in political interference in project development. The need for continuous action to improve the construction industry is necessitated by the diverse, disorganized and uncontrolled nature of the industry and participants (Oyedele, 2013). This has resulted in poor industry performance in developing countries in relation to achievement of project goals

Critical success factors (CSFs) for stakeholder management are activities, practices and considerations that directly or indirectly can ensure successful stakeholder management. Equally critical barriers are factors militating against the achievement of successful stakeholder management and project set targets of cost, time and quality. While many studies have considered CSFs, no research has considered critical barrier factors (CBFs) to effective stakeholder management in developing countries. It is worth noting that these activities become challenge and barriers to stakeholder management if not properly managed. These are also not peculiar to developing countries. Similarly, El-Sawalhi and Hammad, (2015) identified challenges to stakeholder management in the Gaza strip construction industry as; hiring a project manager with high competency, transparent evaluation of alternative solution, ensuring effective communication between the project and its stakeholder. In addition, setting common goals and objectives for the project, exploring the stakeholders' needs and expectations were identified as challenges. Their impact is thus dependent on the active or otherwise management of the factors.

10 factors based on literature were outlined and grouped as “Project Planning and Development”, Project Set Targets”, “Project Stakeholder Management Process”. (Eyiah-Botwe, 2016)

**Table 6**; Factors acting as Barrier to Effective Stakeholder Management Process

| item | Group/Factor | Freeman 1984 | Newcombe | Chinyio | Yang, | Amankwa 2003 | Ofori, | Oyedele et al | Othman, | Mok et | Eyiah-Botwe |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Project Planning and Development** | | | | | | | | | | |
| 1 | Project manager's unfamiliarity with SM process | | | | x | | | x | x | | x |
| 2 | Project planning and control | | x | x | | x | | x | x | x | x |
| 3 | Procurement approach | | x | x | | x | x | x | | | x |
| 4 | Political influence | | x | | | | x | x | | | |
| | **Project Set Targets** | | | | | | | | | | |
| 5 | Project cost increase | | | | | | x | x | | | x |
| 6 | Project scope changes and quality | | | | | | x | x | | | x |
| 7 | Project delays | | | | | | x | x | | | x |
| | **Stakeholder Management Process** | | | | | | | | | | |
| 8 | Stakeholder identification | x | x | x | x | | | | | x | x |
| 9 | Stakeholder engagement | x | x | x | x | | | | | x | x |
| 10 | Stakeholder analysis and monitoring | x | x | x | x | | | | | x | x |

**Source:** (Eyiah-Botwe, 2016)

### 2.11. Empirical studies related to stakeholder management in construction projects

A study done on project stakeholder management in Pakistan's construction industry. Entitled project stakeholder management - developing country perspective aimed at identifying the most significant project stakeholders and investigate the relationship between them used critical success factors (CSFs) approach was used to identify the essentials of project stakeholder management for effectively managing construction projects. Data was collected from 133 project managers and the key project team members working in various construction projects. Results demonstrate that the clients and end users are ranked as the most important project stakeholders. Moreover, exploring stakeholders' needs and constraints to projects is found as the most critical factor for successful project stakeholder management whereas keeping and promoting a good relationship by building trust and commitment among stakeholders stood second.

A study entitled exploring critical success factors for stakeholder management in construction projects aimed to identify CSFs associated with stakeholder management in construction projects, and explore their ranking and underlying relationship. 15 CSFs were identified through a literature review, and consolidated by interviews and pilot studies with professionals in construction industry. A questionnaire instrument containing these 15 CSFs was used. The top three ranked factors for stakeholder management were "managing stakeholders with social responsibilities", "assessing the stakeholders' needs and constraints to the project", and "communicating with stakeholders properly and frequently". Using factor analysis and considering the high importance of the factor "managing stakeholders with social responsibilities", the 15

CSFs were grouped into five dimensions namely, precondition factor, stakeholder estimation, information inputs, decision making, and sustainable support. All these five groupings and their relationship were included in a framework for successful stakeholder management in construction projects. These findings help to clarify what the high prioritized factors are, and could also be used as an assessment tool to evaluate the performance of stakeholder management and thus help to identify areas for improvement.

A study entitled The Management of Stakeholders' Needs and Expectations in the Development of Construction Project in Malaysia provides an analysis of the process used to identify project stakeholders, the factors used to manage their needs and expectations, and the implications of mismanaging their needs and expectations in the development of Malaysian construction projects. A survey was conducted among four construction stakeholders comprising: the Government, private clients, consultants and contractors. In total, 93 respondents completed the questionnaire. A list of 4 major processes and 22 possible critical factors for managing the stakeholders' needs and expectations are identified, in order for the respondents to determine their level of importance. The Kruskal-Wallis test of One-way ANOVA (Analysis of variance) is used to examine the significant difference in opinion between the four groups at the 5% significance level. The findings reveal that a formalized process is more effective in identifying project stakeholders. The priority criteria used to manage the stakeholders' needs and expectations differ between the private and public sectors. The government and consultants are confident that social and political matters are of the greatest importance, whereas the private sector puts a great deal of emphasis on forming project coalitions and lobby tactics mechanisms in managing the stakeholders' needs and expectations. It is expected that this study will provide some empirical insights into the process of stakeholder management in the development of construction projects in Malaysia.

A study entitled Stakeholder Management on Construction Projects: A Key Indicator for Project Success determined the barriers to stakeholder involvement in developmental projects at the grassroots level and examined the impact of stakeholder involvement on the success of projects implemented. Data was gathered through structured questionnaires distributed to ordinary citizens, community leaders and local authority staff in selected district assemblies in Ghana. Analysis of structured questionnaires revealed that there was inadequate explanation of the background, technical and material justification for the project to the stakeholders prior to project initiation. Stakeholders held that they had difficulty in participating in technical discussions and there was the perceived unwillingness of project implementers to involve them during decision making, to this end, the impact of stakeholders towards project success was significant. To overcome the challenge of stakeholder involvement and meaningful impact to projects, stakeholders must develop capacities to contribute meaningfully in discussions or delegate their concerns to professional

representatives. To this end, projects implementers must acknowledge the value of stakeholders and embark on stakeholder outreach to solicit their involvement for enhanced project success.

A study entitled Critical barriers affecting stakeholder management in the construction industry investigates critical barriers to stakeholder management in the construction industry of developing countries as part of a larger study aimed at developing a "Sustainable stakeholder management framework for construction projects in developing countries". The present paper aim is necessary since construction projects have numerous stakeholders and involves several activities hence stakeholder management is vital for an enhanced project delivery. A literature review of selected articles on stakeholder management was validated using interviews of 6 project key stakeholders. The study confirmed five additional critical barriers relating to (1) project managers knowledge in stakeholder management (2) public procurement approach, (3) politicization of projects (4) project delays and (5) poor project planning and development. These findings may not be generalized due to limited research participants involved. Nonetheless, it serves as a useful basis for the larger dissertation and contributes to the body of knowledge by identifying critical barriers affecting stakeholder management in the developing nations' construction industry for improved construction projects delivery. Considering and managing these critical barriers will ensure the achievement of project goals, stakeholder needs and satisfaction.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1. The study sector

Building and urban design and supervision works sector is one of the oldest sector in the corporation and mainly provides study, design and construction supervision works for architectural and civil engineering projects in the following key thematic areas:

- Building design (architectural, structural, electrical, sanitary mechanical, quantity surveying)
- Building construction supervision and contract administration urban and regional planning
- Urban design

The sector currently has 35 projects in Addis Ababa as shown on table 1 and 35 resident engineers are responsible for the 35 projects and this study is done on this particular projects.

## 3.2. The research design and approach

The major aim of this study is to assess the practices and challenges of stakeholder management in the Ethiopian construction industry. The research objectives and the research questions are identifying key stakeholders in the construction industry in Ethiopia, describing their role, identifying the level of stakeholder management practice and the related challenges in the construction industry. It is a descriptive study, it analyzes the stakeholder management practices and states conclusion from the data gathered. So the research approach for this study is mixed approach. The basis for selecting a mixed approach for this study is because the nature of the research problem required both qualitative and quantitative data.

The research design is a descriptive type which will be describing particular practices and challenges on a particular organization. This study will combine secondary data and primary data. Data will be collected from the field using structured and semi-structured questionnaire as well as key personal discussion.

## 3.3. Data types and sources

### 3.3.1 Data types

Both qualitative and quantitative data types will be collected. Primary data will be collected through survey, structured question and key resource persons discussion. Secondary data are quantitative and qualitative in their form and will be collected from high level managers, project managers and office engineers of the sector.

### 3.3.2 Data sources

Sources of data for this study are both primary and secondary sources. Primary sources includes program manager, project managers, project coordinators, frontline project staff and key resource persons. Secondary sources includes reports and documents.

## 3.4. Target population of the study

The target population for this study are all of the resident engineers of Building and urban design and supervision works sector of ECDSWCo. It is mentioned above that the target population of this study was all of the resident engineers of the sector managing the 35 projects in Addis Ababa. According to the information gathered from the Administration and Finance head department, there are 35 resident engineers who are responsible to planning, implementing, coordinating, managing and supporting the overall projects implementation of the 35 projects in Addis Ababa.

According to Kothari (2004) Census inquiry needs to be used when the universe is a small one, it is no use resorting to a sample survey. Census is a complete enumeration of all items in the 'population'. It can be presumed that in such an inquiry, when all items are covered, no element of chance is left and highest accuracy is obtained.

## 3.5. Data collection procedures and technique

This work relied mainly on primary and secondary sources of data but more heavily on primary data as the research is purely a survey type which will utilize structured questionnaire and semi structured guide. The structured questionnaires designed for this study are made up of close and open-ended questions administered directly and indirectly to mainly program/project managers. The semi-structured guide will be for key personnel discussion. Closed-ended and open ended questions will also be used. Most of the questions of this research are closed-ended to enable the researcher obtain the exact information needed for the study purpose, the rest of the questions are open ended to elicit information.

## 3.6. Data analysis

To transform the raw data into information for useful and meaningful purposes, there is the need to put the data into manageable form, thus creating summaries and categories and applying Statistical inferences. From here, the following was done to finally analyze the data in order of the research objectives and questions. First and foremost the data are edited to ensure consistency and as well as identify and purge them of all forms of errors and omissions which could come up in the course of the data collection. The data was then coded thus classifying and categorizing the data into manageable and analyzable form. The

quantitative aspect of the data is analyzed using statistical software known as, SPSS Statistics version 24 while the qualitative aspect was analyzed and interpreted by way of transcription as well as logical and deductive narratives.

### 3.7. Ethical considerations

The information provided was kept confidential and the response that key informants reply will not be used for any other purpose other than this research work .The respondents were assured that the information they provide is confidential and used for academic purpose only.

# CHAPTER FOUR; RESULTS AND DISCUSSIONS

In this section, the result and discussion on the practices and challenges of project stakeholder management case of Ethiopian construction design and supervision works corporation, building and urban design and supervision works sector is presented. Before the questioner was distributed, pilot testing (pretest) was made with 2 questioner and amendments were made for clarity. Out of the 35 questionnaires distributed, 35 was filled and returned. The response rate to questionnaire distributed was 100 % (35/35*100). The section is divided into three subsections: first, general profile of the respondents. Second, the stakeholder identification, classification and relevance. Third, stakeholder management, its practices and challenges.

### 4.1. General profile of the respondents

**Table 7**; Sex, Age, Educational status of Respondents and Duration of work experience in the organization

*Sex of respondents*

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 24 | 68.6 | 68.6 | 68.6 |
| | Female | 11 | 31.4 | 31.4 | 100.0 |
| | Total | 35 | 100.0 | 100.0 | |

*Age of respondents*

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Less than 30 | 5 | 14.28 | 14.28 | 14.28 |
| | 30 to 40 | 10 | 28.57 | 28.57 | 42.85 |
| | 40 to 50 | 13 | 37.15 | 37.15 | 80 |
| | More than 50 | 7 | 20 | 20 | 100 |
| | Total | 35 | 100.0 | 100.0 | |

*Educational status*

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | BSc | 22 | 62.9 | 62.9 | 62.9 |
| | MSc | 13 | 37.1 | 37.1 | 100.0 |
| | Total | 35 | 100.0 | 100.0 | |

*Duration of work experience in the organization*

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 to 5 | 10 | 28.6 | 28.6 | 28.6 |
| | 6 to 10 | 9 | 25.7 | 25.7 | 54.3 |
| | 11 to 15 | 3 | 8.6 | 8.6 | 62.9 |
| | > 15 | 13 | 37.1 | 37.1 | 100.0 |
| | Total | 35 | 100.0 | 100.0 | |

***Source:*** computed from own survey data, 2019

As it is indicated in the table above out of the total 35 respondents 24(68.6%) were male and 11 (31.4%) were female. From this, we can understand that the numbers of male respondents are greater than female respondents. The data clearly shows that, majority of respondents were in the age group of greater than 40 and are matured enough to have the necessary experience to understand the nature of projects. The mean age of sampled households was 41.4 years with the standard deviation of 9.246. The minimum and maximum age of the sampled household heads was 29 and 57 years, respectively. When we see the educational status of the respondents, about 22(62.9%) of the respondents have BSc, 13(37.1%) respondents have MSc degree holders and there is no other educational status. Here the data indicates that the number of respondents who hold Bachelor of art or science are greater than that of the other.

## 4.2: Stakeholder identification, classification and relevance

### 4.2.1: Typical stakeholders of the sector

Table 8 represents a whole range of groups and institutions constituting stakeholders for construction projects, Out of the total range of groups and institutions, client, contractor government authorities,

suppliers and consultant were seen by more than half of respondents as Stakeholders due to a number of reasons shown below. The rest donors, INGO/NGO, end user, general public and landowner which are considered stakeholders according to basic definitions of stakeholder were not seen by most of the respondents.

**Table 8**; typical stakeholders in the sector

| Typical stakeholders in the industry | Frequency | Percent |
|---|---|---|
| Client | 35 | 100 |
| Consultant | 26 | 74.3 |
| Contractor | 35 | 100 |
| Donor | 1 | 2.9 |
| INGO / NGO | 0 | 0 |
| Governmental Authorities | 31 | 88.6 |
| Beneficiary / end user | 10 | 28.6 |
| General public | 15 | 42.9 |
| Suppliers | 27 | 77.1 |
| Landowner / neighbor | 13 | 37.1 |

***Source:*** computed from own survey data, 2019

### 4.2.2: Stakeholders interest, responsibility and level of relevance

**Table 9**; Stakeholders interest, and responsibility

| ***Stakeholder*** | ***Stake(s)*** | ***Role*** |
|---|---|---|
| Client | • Efficient use of funds<br>• Achieve project goals | • Choosing the right project manger<br>• Purchasing project resources<br>• Making project-specific decisions in the implementation phase of a project and in the case of deviations.<br>• External representation of project interests<br>• Ensure that suitable management arrangements are made for the project<br>• Select & appoint a competent and resourced Principal Designer.<br>• Notify the relevant enforcing authority of certain projects (notifiable).<br>• Ensure sufficient time and resources are allowed for all stages of the project.<br>• Provide the pre-construction information to the designers and contractors. |
| Consultant | • Completion of the project and profit making.<br>• Achieve project objectives | • Preparing Contracts and Selecting Contractors.<br>• Administering Construction Contracts<br>• Timely and periodic visit to the site<br>• Consultation and guidance to client/owner.<br>• Interpretation of plan drawings and specification<br>• Checking the authenticity of drawing and data provided.<br>• Processing and estimating contractor progress and further payments.<br>• Guiding in amendments to contractors contract<br>• Preparation of "as-built' drawings |
| Contractor | • Completion of the project and profit making.<br>• Achieve project objectives | • Providing (temporary) facilities on site<br>• Taking care of generated waste<br>• On-site personnel management<br>• Site surveying<br>• Schedule monitoring<br>• Furnishing Project Needs |
| Donor | • Insure development | • Funding of projects<br>• Technical service |

| | | |
|---|---|---|
| | | • Monitoring and Evaluation |
| INGO / NGO | • Insure development | • Funding of projects<br>• Technical service<br>• Monitoring and Evaluation |
| Governmental Authorities | • Empowerment of their people.<br>• Insure development,<br>• Secure livelihood | • Policy and info support<br>• Insure legality of the projects |
| Beneficiary / end user | • Achieve Project deliverables | • Taking ownership<br>• Implementation of the project plan |
| General public | • Development | • Making sure the construction has no hazard causing risk to the public |
| Suppliers | • Profit | • On time delivery<br>• Delivering according to specification |
| Landowner / neighbor | • Development | • Building permit processing<br>• Providing site facility |

***Source:*** computed from own survey data, 2019

**Table 10:** level of relevance of stakeholders to project success

| | Very critical | |
|---|---|---|
| Stakeholders | Frequency | Percent |
| Client | 35 | 100 |
| Consultant | 25 | 71.4 |
| Contractor | 33 | 94.2 |
| Governmental Authorities | 28 | 80 |
| Suppliers | 19 | 54.2 |

***Source:*** computed from own survey data, 2019

As the type of stakeholders differ so does their interest, responsibility and level of relevance to the success of the project. The interest/ demand range from achieving project goals to making profits and collecting payments. The responsibility also ranges from funding the project, designing the infrastructure to delivering. It can be seen here that the client, contractor, consultant and government authorities are very critical to most respondents. Supplier and beneficiary are considered critical to the success of the project, while General public, donor, landowner's relevance is not critical to the success of the project according to most of the respondents. The difference among respondents opinion on the relevance of the stakeholder to the project success shows there is no universal relevance each stakeholder has, it is different in every project. Most of the interest and role of the stakeholders was missed by all most all respondents.

According to Stakeholder's Cooperation Office at Ministry of Construction key stakeholders in the industry with high power, high influence and high interest are:

- MoC (Policy making and regulatory body)
- Construction Professionals
- Contractors and Consultants
- Construction Associations
- Financial Institutions
- Construction Equipment and Raw material Suppliers (Aseefa, 2018)

According to Assefa (2018) the role of the key stakeholders in the industry are as follows:

**Ministry of Construction (MoC) – Government Authorities**

According to Proclamation number 916/2015, definition of powers and duties of the executive organizations of the FDRE. The MoC acts as a regulatory body and policy maker for construction industry since October 2015; MoC was reestablished after divorcing from the former Ministry of Urban Development, Housing and Construction (MoUDHC). The roles that the MoC plays include, but are not limited to, promote an enabling environment, devising a holistic, sustainable and accessible regulatory framework, promotes stability in the construction industry. Furthermore the MoC initiates, prepares, and revises construction industry policies, strategy and legal frame works relevant to the construction industry and follows up effective implementation thereof. It provides the industry competency certification and registration system, through this system, assesses the technical competency and determines level of engagement of construction professionals, contractors and consultants, preparing annual conference for the active participation of stakeholders, Also the Ministry provides education, trainings, international experience, knowledge and technology sharing in order to build the capacity of domestic professionals, contractors and consultants. Promotes and supports use of cost effective construction materials and technologies through research and technology transfer. (Aseefa, 2018)

**Construction Professionals**

According to Directives for the Registration of Construction Professionals and Contractors No.19 (2013), construction professionals are technical professionals with educational level of Degree or above, Diploma or Certificate in engineering related technical courses and want to take part in construction works or professionals who are certified for the different levels in the occupational standard. (Aseefa, 2018)

**Contractors and consultants**

Contractors are companies which are registered to take part in construction projects. It includes Building Contractors, Road Contractors and General Contractor's registered and licensed by MoC in accordance with the directive number 19/2013 and Consultants are individuals or companies registered with MoC after having satisfied the various requirements specified in the directive number 22/2013. The major roles which consultants play in the Ethiopian construction industry include; advising on matters relating to the design, cost and any regulations, ensure that projects are built to the agreed quality, budget and timeframe, providing advice on setting up and defining the project, developing and coordinating the design, preparing production information and tender documentation and inspecting the work of contractors. (Aseefa, 2018)

**Construction Associations**

Constructions associations are legal institutions including construction professionals associations, contractors associations and consultants associations. Construction associations usually provide comprehensive betterment to the construction professionals, contractors and consultants. The associations furnishes free education and training, participation and give feed backs in the preparation of legal frame works, directives, code and standards that the industry well be guide, involve in conference and seminars important for idea and knowledge sharing. (Aseefa, 2018)

**Financial Sectors**

Financial institutions include banks, insurances, financial donors, saving and credit associations etc. The fundamental role of financial institutions in the construction industry is supply of loans, grants and funds to the business community for the purpose of infrastructures development within the construction industry. (Aseefa, 2018)

**Raw Materials and Construction Equipment Suppliers**

The major roles of raw materials and equipment suppliers are offering the necessary raw materials and machinery in the construction industry based on the demand of the industry. The final goal is to reduce costs and duration of site construction activities. In this case, the primary consideration is to ensure dependable material flow to the site to avoid disruption of workflow in the construction industry. On the other hand availability of enough raw materials and equipment's in the domestic construction industry reduce the total costs and duration of construction projects. (Aseefa, 2018)

### 4.2.3. Classification of stakeholders

Stakeholders have been classified by different scholars using different approaches. Aaltonen (2010) pointed out that prior literature has suggested a variety of different types of stakeholder categorization schemes. The pioneer researcher of stakeholder management, Freeman (1984) views stakeholders as either *internal* or *external*. Internal Stakeholders are those who are members of the project coalition or who provide finance. For example: sponsor, contractor, employees, customers, stockholders etc. while the external are those that are affected by the project in a significant way. Example of such stakeholders involve: community activists, media, advocacy groups and other nongovernmental organizations. Savage *et al.* (1991) divided stakeholders into *claimants* and *influencers* and consider the potential of stakeholders to threaten or cooperate with the organization. Clarkson (1995) divides stakeholders into *primary* and *secondary* stakeholders. Primary stakeholders are in a direct association with the firm, engaged in transactions with the firm or have direct legal authority over the firm. For example: employees, customers and governmental organizations. In turn secondary stakeholders are not directly associated with the focal organization because they lack a "formal contractual bond with the firm" or "direct legal authority" over the firm (IBRAHIM, 2014). High level of interdependence exists between the firm and its primary stakeholders. While, secondary stakeholders are not directly engaged with economic activity, but are still able to influence an organization (Savage, 1991). Similar classification closely related to primary and secondary stakeholders are that of Newcombe (2003) where he views stakeholders as *inside* and *outside* stakeholders; and that of Smith and Love (2004) as *direct* and *indirect* stakeholders. Furthermore, Smith and Love (2004); Carroll and Buchholtz (2006) grouped stakeholders as those with contractual relationship *(contracted)* and those that can influence or be affected despite existence of any contractual relationship *(un-contracted)*. This is also in line with Savage et al. (1991) classification; *contracted* stakeholders are those that can bring claim using the contractual relationship while *un-contracted* stakeholders can only influence. Stakeholders could also be contrasted based on decision-making (Chinyio and Akintoye, 2008). As such, stakeholders can be *supportive, neutral, or anti*

**Table 11**; Summary of classification of stakeholders

| ***Authors*** | ***Classification*** |
|---|---|
| Freeman, (1984); Eesley and Lenox, (2006) Calvert 1995; Winch and Bonke (2002) | Internal and external |
| Savage et al. (1991) | Claimants and influencers |
| Clarkson (1995); Carroll and Buchholtz, (2006) | Primary and secondary |
| Calvert, 1995; Winch and Bonke, (2002 | Critical and less critical |
| Newcombe, (2003), | Inside and outside stakeholders |

| | |
|---|---|
| Smith and Love (2004 | Direct and indirect stakeholders |
| Carroll and Buchholtz (2006) | Social versus non-social, and core, strategic or environmental stakeholders |
| Smith and Love (2004);<br>Carroll and Buchholtz, (2006) | Contracted and Un-contracted stakeholders |
| Chinyio and Akintoye (2008). | Supportive, neutral, or anti |
| Bourne (2009) | Important and Key stakeholder |

Source; (IBRAHIM, 2014)

The respondents didn't indicate the stakeholder categorization they use and only indicated what critically determines a stakeholder as key and as shown below, most respondents indicated its influence over project resources.

**Table 12 .** Factors that determine stakeholder's status

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Influence over project resources | 33 | 94.3 | 94.3 | 94.3 |
| Stake on project deliverables | 2 | 5.7 | 5.7 | 100.0 |
| Total | 35 | 100.0 | 100.0 | |

## 4.3. Stakeholder management, its practice and challenges

### 4.3.1. Stakeholder management maturity level of the sector

From the five levels of stakeholder managemnt maturity levels, level 2 or procudural level resembles the sectors stakeholder management maturity, it is observed that ;

- 21 (60%) respondentes agree that the sector has a standardized stakeholder management process
- The above respondents also agreed that the process has a centralized support
- 8 (38%) from the 21(60%) agreed that the process is implemented organizational wide and is applied beyond projects, programs and portfolios

The procedural level or level 2 readiness of the organization means stakeholder management is introduced as part of implemenetation of consistent processes. Sometimes all the five steps of stakeholder circle methodology is used but truncated and simplified. The Stakeholder Circle is a five step methodology that provides a flexible but structured approach to understanding and managing relationships within and around the activity. The methodology is based on the concept that any activity can only exist with the informed consent of its stakeholder community, and that managing the relationships between this community and the activity will increase the chances of success. The stakeholder community consists of individuals and groups,

each with a different potential to influence the activity's outcome positively or negatively. The team must develop knowledge about this community and appreciation of the right level of engagement. This information will help define the appropriate level and content of communication needed to influence stakeholder's perceptions, expectations and actions. Stakeholder relationship management is complex and cannot be reduced to formula: each person is unique and the relationships between people reflect that uniqueness and complexity. (Bourne, 2008) .

### 4.3.2. Institutionalization of stakeholder management

The data clearly indicates that there is distinct functional unit in the organization to manage relationships and communications for some projects only. The respondents indicated almost 70% of projects have designated units for stakeholder management. From this projects 84% have a stakeholder management plan. The respondents also indicated the remaining 30% for projects that do not have their own designated unit for stakeholder management the function is taken care of by mostly the CEO and the rest by the project manager and the team members. The respondents also indicated that they are not planning on having designated stakeholder management unit for the remaining projects.

### 4.3.3. Project managers habit of keeping a stakeholder register

The stakeholder register is one of project documents from the 33 project documents listed on project management body of knowledge. Its higher level stakeholders are registered in the define scope process and it is updated all the way through the project. Most of the respondents 32 (91.4%)have the habit of keeping a stakeholder register as shown and this number is a good indicator of a stakeholder management practice.

### 4.3.4. Challenges or barriers to effective stakeholder management

**Project managers' PM knowledge on SM**

20(57.1%) respondents ranked PMs' poor knowledge as a major CBF for an effective SM. Respondents agreed that SM practice cannot be enhanced except the PM understands, can implement and is ready to embrace it. Without training and education, lack of knowledge affects the entire stakeholder process, project planning, results in delays, litigations and will continue to be a barrier.

**Procurement approach**

32(91.4%) respondents agreed that the procurement approach is a CBF. A good example is the traditional procurement approach, when projects are designed and managed without external involvement, it is easier to identify all stakeholders, agree on funding, address all interests and agree on project targets. The

traditional approach to project development results in different stakeholders involved at various stages hence the difficulty in managing them. In 'design and build' and 'partnering there can be several stakeholders but having worked together enhances project communication. In relation to the procurement approach late scope changes, identification of stakeholders and having several stakeholders working together for the first time militates against effective SM. It requires entirely new process and SM plan for every project. There are stakeholders the PM will never want to work with but meet them on a project because he/she don't have a choice in their selection". Some stakeholders may not be identified at the initial stages while the procurement approach dictates project responsibilities and communication channels.

**Political influence**

23(65.7%) respondents mentioned political influence as a critical barrier factor CBF. Public infrastructure projects are a measure of political achievement hence key stakeholders of most projects are politicians than a public servant. The most difficult stakeholders' are the politicians on a project whose interest will have to be satisfied at all cost. There is also a frequent change of representatives with some merely dormant, unclear and uninterested in the project. Political stakeholders can misinform others and increase support base to rally against project decisions and other stakeholders' interest.

**Project set targets of cost, scope and quality changes, project delays**

Almost all respondents indicated project cost increase, scope and quality changes each as affecting stakeholder management, Changes in this set targets frequently leads to increased duration which leads to changes in end users, and client representatives. Some projects might have consultants even changed after long delays. Change in stakeholders leads to change in interest, roles and attitude on the project. Project delays were a major CBF for stakeholder management because they are always associated with change in scope and stakeholder representative especially from the community and client organization. Different stakeholders always have different interest and level of impacts on project outcomes and might lead to strained relationship and misunderstanding when project cost increase due to variation and scope changes. This requires a new approach to stakeholder monitoring.

**Stakeholder Management (SM) process**

Around 60% of the respondents agreed that stakeholder engagement, analysis and monitoring processes are challenges to effective stakeholder management. Stakeholder identification process is not seen as a challenge and according to Eyiah (2016) if the whole project planning and development is properly done then the stakeholder management process is smooth. (Eyiah-Botwe, 2016)

**Table 13**; challenges to effective stakeholder management

| Challenges | Frequency | Percentage |
|---|---|---|
| **Project planning and development** | | |
| Project managers unfamiliarity | 20 | 57.1 |
| Project planning and control | 24 | 68.6 |
| Procurement approach | 32 | 91.4 |
| Political influence | 23 | 65.7 |
| **Project set targets** | | |
| Project cost increase | 35 | 100 |
| Project scope change and quality | 29 | 82.9 |
| Project delays | 35 | 100 |
| **Stakeholder management process** | | |
| Stakeholder identification | 8 | 22.9 |
| Stakeholder engagement | 21 | 60 |
| Stakeholder analysis and monitoring | 19 | 54.3 |

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1. Introduction

The main purpose of this study was to assess the stakeholder management practices and challenges in construction projects specifically Ethiopian construction design and supervisor works, building and urban. To this end the study has identified key stakeholders, their respective roles, the stakeholder management practice maturity level and the challenges in implementing effective stakeholder management to enhance understanding of project managers and other professionals in the industry, stakeholders and policy makers. All the objectives and research questions of the study has been achieved. The following summary, conclusion and recommendations are drawn from the investigation undertaken on the study.

## 5.2. Summary of findings

As a result of having gone through the analysis and interpretation of the data obtained from the structured questionnaire and document review, the following are the summary of the findings

- It was found out that there are about 10 groups and institutions recognized as typical Stakeholders; however, not all the groups and institutions are stakeholders to all the respondent in the sectors. It was also revealed that respondents considered internal stakeholders as stakeholders than external stakeholders.

  The 10 typical stakeholders of construction projects are namely client, consultant, contractor, donor, INGO/NGO, governmental authorities, beneficiary/end user, general public, and supplier. All the stakeholder groups are not seen as stakeholders. Only client, contractor and government authorities' consultants and suppliers are considered as stakeholders to the majority of the respondents.

  Some of the stakeholders interests specified by the respondents are; enhance development in all aspects, achieve project goals, efficient use of funds, achieve project deliverables, support the project ideas, maximize profit, etc. are some of the stakeholders interests indicated by the respondents.
- Responsibilities of stakeholders mentioned by respondents are; funding of projects, supervision & consultation, engaging the local community, policy and information support, insure legality of the projects, implementation of the project plan, planning of the project activities, provide information, support in quality control, expertise support, financial services, technical services, etc.

- It was found that the stakeholder management maturity level of the sector was level 2 or procedural, the organization readiness to implement stakeholder management practices was indicated by the presence of some standardized stakeholder management process ,some standardized central support for the process ,very little organizational wide implementation of the process and very few application of the process beyond projects, programs and portfolios.

  Insitutionalization of the SHM practice is indicated by the presence of designated unit for the SHM process in some projects but still the organizational wide implementation is very limited.

  Project managers habit of keeping a stakeholder register is another indictor for the presence of the stakeholder management practice in the sector under study.
- The study reveled that the challenges and barriers to effective stakeholder mangemnt in the sector are project managers unfamiliarity with stakeholder management process, project planning and control, procurement approach political influence, project cost increase, project scope change and quality project delays and stakeholder management process

### 5.3. Conclusion

This study was carried out to assess the application of stakeholder management practice under the ECDSWCo building and urban design and supervision works sector project scheme. The study may not represent the same scenario in other projects within the construction industry in Ethiopia. However, the research findings gave an insight on how the project management consulting firms adopt the concept of stakeholder management and some of the challenges they encounter in managing the stakeholders. This study concentrated on projects with almost the same set up and project stakeholder community so that the results could be comparable. Thus, the conclusions are

The key stakeholders of the sector are client, consultant, contractor, government authorities and suppliers and this implies the sector focuses on managing internal stakeholders, those who have a contractual relationship with the sector.

The role of the key stakeholders with their respective interest is assessed. The interests mentioned are; enhance development in all aspects, achieve project goals, efficient use of funds, achieve project deliverables, support the project ideas, maximize profit. The respective responsibility or role of the key stakeholders ranges from funding of projects to supervision & consultation and engaging the local community.

The stakeholder management practice in the sector or the sectors readiness to implement effective stakeholder management is characterized by having the process introduced as part of implementation of consistent processes. Despite the awareness and acknowledgements of the importance of managing

stakeholders, the survey discovered that there is very little adoption of the guidelines for stakeholder management as stated in the literature.

Project managers knowledge, political influence, procurement approach, project set targets and the stakeholder management process itself are the critical barriers or challenges to the effective stakeholder management.

### 5.4. Recommendation

Based on the major findings the following recommendations were made:

- The corporation should focus on both internal and external stakeholders by identifying possible stakeholder list at the beginning of the project and updating the list as project documents are further developed.
- The corporation should hire or develop competent project managers or resident engineers by implementing project management training programs on project management tools techniques, best practices.
- Also there is a need to have separate organizational units responsible with the complex task of stakeholder management. Participatory planning with full commitment from all key actors especially from public authorities and donors, effective management of stakeholder expectations and formalization of expectations and other terms are necessary and should be done by putting them into Memorandum of Understanding (MOU), in other words there should be clear cut relationships and expectations. It should be a process that permits the entire project development through to implementation and evaluation.
- Effective stakeholder involvement and management should be given priority right from project design, and project designers should make sure there is adequate budgetary provision for that.
- Proper adoption of stakeholder analysis and engagement steps should be embraced by consulting project management firms in managing project stakeholders.
- Project managers should create sense of ownership among stakeholders by clearly defining project goals and benefits
- Communication should be well kept between the different levels of stakeholders and any decision or suggestion by a stakeholder or group of stakeholders should be well informed to other project stakeholders.
- All relevant stakeholders should always be identified from project inception and all partnering, collaborative and other terms well explained to all stakeholders at all levels.

- All stakeholders should always look at the holistic development or the bigger picture projects are designed to bring and avoid seeking individual or personal gains as the reasons for their participation in project implementation.

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# APPENDIX 1; QUESTIONNAIRE

Dear sir/Madam

My name is Mahlet Teshome. I am currently doing my MA Degree in Project Management at Addis Ababa University School of Commerce. I have finished my course work and now I am doing my MA Project work entitled: Assessment of Practices and Challenges of Project Stakeholder Management the case of Ethiopian construction design and supervision Works Corporation, building and urban design and supervision works sector**.**

I believe that your work experience will greatly contribute to the success of my project work. So it's with great respect that I ask you to fill this questionnaire. I guarantee that your identity will be kept confidential and the information you provide only be used for academic purposes. I will be happy to share the findings of this research when it's completed.

Thank you in advance for taking your precious time to fill this questionnaire. Please try to answer all the questions openly, as your answers will have an influence on the outcome of the research. Your 30 minutes or less will greatly contribute to the growth and advancement of knowledge in the project stakeholder management.

If you have any questions or comments, please don't hesitate to contact me.

You can reach me at;

Mobile: +251-943072708
E-mail: teshomemahlet0@gmail.com

With best Regards,
Mahlet Teshome

**INTRODUCTION**

Stakeholder management is very key to the work of project management particularly to construction projects. Construction projects are known for engaging many stakeholders and the project manager is expected to manage all this stakeholders. This study aims to assess who this stakeholders are, their respective role, the stakeholder management practice and the challenges faced in construction projects by taking your organization as a case study.

**INSTRUCTIONS**

- Please just tick the bracket provided in front of each options for the question
- Write your opinion on the space provided for those questions

**Section 1: General profile of the respondent**

1. Age of respondents: ……

2. Sex: . Male Female

3. Organization: ……..

4. Position: ……..

5. Project: …….

6. Address: ……..

7. Educational status?

A. BSc

B. MSc

C. Others; please specify……

8. How long have you worked in this organization?

A. 1 – 5 years

B. 6 – 10 years

C. 11 – 15 years

D. More than 15 years

**SECTION 2: Stakeholder Identification, Classification and Relevance**

1. Which of the following would you consider a key stakeholder in a typical project of your organization and why?

| ***Typical stakeholders in the industry*** | ***Is the typical stakeholder in the industry a stakeholder in your organization/project (yes or no)*** | ***Why is it or is not your stake-holder*** |
|---|---|---|
| Client | | |
| Consultant | | |
| Contractor | | |
| Donor | | |
| INGO / NGO | | |
| Governmental Authorities | | |
| Beneficiary / end user | | |
| General public | | |
| Suppliers | | |
| Landowner / neighbor | | |
| Others | | |

2. What are the stakes and corresponding role/contributions of these stakeholders of a typical project of your organization, and how critical are the contributions to your project success? Fill the table below with responses in the order given.

| ***Stakeholder group*** | ***Stake(s)-needs interests/demands*** | ***Role or contribution*** | ***Level of relevance of role/contribution to project success-(rate:1-Very Critical, 2-Critical 3-Not Critical)*** |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Client | | | |
| Consultant | | | |
| Contractor | | | |
| Donor | | | |
| INGO / NGO | | | |
| Governmental Authorities | | | |
| Beneficiary / end user | | | |
| General public | | | |
| Suppliers | | | |
| Landowner / neighbor | | | |
| Others | | | |

3. Into how many categories do you categorize your stakeholders? Name them

……

……

……

4. Out of the categories, which is/are the key Stakeholders? Name the category(s)

……

……

5. What determines their status as key?

A. Influence over project resources

B. Stake on project deliverables

C. Political influence

D. Information access and control

E. other……..

**SECTION 3: Stakeholder Management, Its Practice and Challenges;**

6. Is there a standardized stakeholder management process?

A. Yes B. No

7. If yes, is there a centralized support for the stakeholder management process?

A. Yes B. No

8. If yes, is there Organization-wide implementation of stakeholder management process?

A. Yes B. No

9. If yes, is there an application of the process beyond projects, programs and portfolios

A. Yes B. No

10. Is there a unit in your organization that is responsible for stakeholder management (managing relationships and communications)?

A. Yes B. No

11. If yes, what specific functions does it perform? Name them……
……

12. If yes, is there a stakeholder management plan?

A. Yes B. No

13. If no, who performs the stakeholder management function in your organization?

A.CEO

B. Program Manager

C. Project Manager

D. All team members

14. If no, are you considering having one?

A. Yes B. No

15. If you are a project manager in your organization, do you have the habit of keeping a stakeholder register?

A. Yes B. No

16. From your experience, what are the challenges or barriers to effective stakeholder management in construction projects?

| | **challenges or barriers** | **Is this a challenge or barrier to stakeholder management effectiveness, say yes or no** |
|---|---|---|
| | **Project planning and development** | |
| 1 | Project managers unfamiliarity with stakeholder management process | |
| 2 | Project planning and control( e.g late involvement of a sponsor) | |
| 3 | Procurement approach | |
| 4 | Political influence | |
| | **Project set targets** | |
| 5 | Project cost increase | |
| 6 | Project scope change and quality | |
| 7 | Project delays | |
| | **Stakeholder management process** | |
| 8 | Stakeholder identification | |
| 9 | Stakeholder engagement | |
| 10 | Stakeholder analysis and monitoring | |

17. From your experience, what would you recommend to better enhance stakeholder management and successful project management for that matter? Mention

……

……

……

……

THANK YOU.

APPENDIX 2; INTERVIEW GUIDE

- What are the stake/interest and Roles/ Responsibilities of each?
    - Client

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    - Consultant

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    - Contractor

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      ---

    - Donor

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      ---
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    - NGO/INGO

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- Governmental Authorities

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- Beneficiary/end-user

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- General public

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- Suppliers

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- Landowner

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3. Into how many categories your stakeholders, name the categories?

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