# Effect of Stakeholder Management on Project Performance in the case of GIZ

**A RESEARCH PROJECT SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR DEGREE OF MASTER OF ARTS IN PROJECT MANAGEMENT**

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## STATEMENT OF DECLARATION

I, hereby, declare that this study entitled "**Effect of Stakeholder Management on Project Performance in the case of GIZ**" is submitted in partial fulfilment of the requirement for Degree of Master's in project management with the guidance and support of the thesis advisor. This study is my original work and it has not been presented for any degree or diploma program in this or any other university/institution, and that all source of materials used have been dully acknowledged.

Declared by: Groom Demissie Retta

Signature _____

Date _____

## LETTER OF CERTIFICATE

This is to certify that this research project, undertaken by Groom Demissie Retta "Effect of Stakeholder Management on Project Performance in the case of GIZ" is his own original work and it has not been submitted to any institution.

_____

Solomon Markos (PhD)

Research Advisor

## Approval by Board of Examiners

Members of the Board of Examiners approve that this research project entitled "Effect of Stakeholder Management on Project Performance in the case of GIZ" undertaken by Groom Demissie Retta fulfills the requirements for the Degree of Master of Arts in Project Management and is acceptable with regards to the standards and regulations of the University.

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# ABSTRACT

*Effective management and coordination of the various project stakeholders contributes to achieve successful project outcome. Stakeholder management involves managing relationships to enable smooth execution of projects. This study is aimed to identify the effect of stakeholder management on project performance in the case of GIZ. Stakeholder management variables considered includes stakeholder identification, planning stakeholder engagement, managing stakeholder engagement and monitoring stakeholder engagement. Target population of 152 stakeholders encompassed the 12 projects under GIZ-QEP. Stratified random sampling technique was employed where the strata included all the internal and external stakeholders of the projects. Primary data were collected from 122 respondents whereby reliability of the questionnaire was ensured through pilot testing of the instrument. Statistical analysis of the collected data was conducted using SPSS version 25 whereby descriptive and inferential statistical outputs were generated. Findings reveal that there is a positive correlation between project performance and all the variables of project stakeholder management. Regression model was used to test the causal link between the independent and dependent variables of the study. Results of the linear regression indicates that stakeholder identification, planning stakeholder engagement, managing stakeholder engagement and monitoring stakeholder engagement all have a statistically significant and positive effect on project performance. It is recommended to give ample focus to project stakeholder management as it determines the performance of a project. It is the author's belief that proactively and carefully managing stakeholders stimulates productive collaborations which help for an effective project delivery.*

Keywords: Stakeholder management, Stakeholder identification, Stakeholder engagement, Stakeholder monitoring, project performance

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# LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ANOVA | ANALYSIS OF VARIANCE |
| GIZ | DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT |
| QEP | QUALIFICATIONS AND EMPLOYMENT PERSPECTIVES FOR REFUGEES AND HOST COMMUNITIES IN ETHIOPIA PROGRAM |
| MASE | MANAGING STAKEHOLDER ENGAGEMENT |
| MOSE | MONITORING STAKEHOLDER ENGAGEMENT |
| NGOS | NON-GOVERNMENT ORGANIZATIONS |
| PP | PROJECT PERFORMANCE |
| PSE | PLANNING STAKEHOLDER ENGAGEMENT |
| SI | STAKEHOLDER IDENTIFICATION |
| TVET | TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING |
| VIF | VARIANCE INFLATION FACTOR |

# CHAPTER ONE

# INTRODUCTION

## 1.1.Background of the Study

A project is a unique process that consists of a set of coordinated activities with start dates and end, with the aim of achieving an objective in accordance with specific requirements and every project has its stakeholders (Riahi, 2017). The purpose of a project is to deliver benefit to its stakeholders. Stakeholder benefits are the driver for the project and achievement of stakeholders' objectives is the driver for project success (Rajablu, Marthandan, & Yusoff, 2014). Hence, managing stakeholders' expectations and interests is key to a project's success. Identifying stakeholders at the beginning of projects, recognizing and managing their needs and expectations will contribute to the creation of a suitable environment and be catalyst for success (Alqaisi 2018). Project management considers the relationship with stakeholders as one of the indispensable areas for the proper development of any project, where success is not understood without the satisfaction of the main stakeholders. A complex, dynamic, and highly uncertain environment is the scenario currently faced by many projects. As a result, project management needs to rethink their execution mechanisms efficiently and effectively (Uribe, Ortiz-Marcos, & Uruburu, 2018).

Project stakeholders are groups, individuals or organizations that are actively involved in a project or who have vested interests in project execution, completion or results and may as well exert influence over the project objectives and outcomes. Stakeholder involvement in project identification, planning, implementation and monitoring enhances the chance of project success and is an appropriate way to achieve goals (Magassouba, Tambi, Alkhlaifat, & Abdullah, 2019). According to Karlsen (2002), efficient management of the relationship between the project and its stakeholders is an important key to project success. Stakeholder management is often characterized by spontaneity and causal actions, which in some situations are not coordinated and discussed within the project team. The result of this practice is often an unpredictable outcome. To meet this challenge, several stakeholder management methods and guidelines have been introduced. These guidelines include the execution of the management functions of planning, organizing, motivating, directing, and controlling the resources used to cope with stakeholders' strategies.

Project stakeholder management includes the processes required to identify the people, groups, or organizations that could impact or be impacted by the project, to analyse stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution (PMI, 2013). As outlined in PMI (2013), the four processes are identifying the stakeholders, planning the stakeholder management, managing the engagement of stakeholders, and controlling the process of the stakeholder engagement. 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 (Githinji, Ogolla, & Kitheka, 2020).

According to Watt (2012), a successful project will identify stakeholders and their needs early in the project. Based on this information, the need to communicate with the stakeholders can be identified, followed by the creation of a stakeholder management plan. Inadequate management of stakeholders often leads to conflicts and controversies about the implementation of a construction project. To avoid this, project managers should try to acknowledge the concerns of all the stakeholders and seek to reconcile conflicting interests (Olander and Landin, 2005).

During the different stages of a project from the initial planning through to the final operation and maintenance, specific parties get involved whose expectations can affect the outcomes of, or may be affected by, both negatively and positively the implementation of the project. Successful implementation and completion of projects largely rely on addressing the needs and expectations of those who are involved. It is not adequate to identify stakeholders, there is a need to evaluate each stakeholder's interest in order to articulate their expectations on project decisions (Heravi, Coffey and Tirgunarsyah, 2015).

The project management literature recognizes that project stakeholders are important for project success for at least four reasons. First, the project needs contributions (financial and nonfinancial resources) from stakeholders; second, stakeholders often establish the criteria for assessing the success of the project; third, stakeholders' (potential) resistance may cause various risks and negatively affect the success of the project; and fourth, the project may affect stakeholders in both negative and positive ways. The aim of doing project stakeholder analysis is to increase the project team's possibility to "anticipate opportunities and problems for the project at a time when the project team still has time and opportunity for maneuvering.

The analysis helps project representatives accomplish the project, understand the interests and concerns of the project stakeholders (Eskerod, Huemann, & Savage, 2015).

## 1.2.Background of the Organization

The Qualifications and Employment Perspectives for Refugees and Host Communities in Ethiopia Programme (QEP), implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, supports the Government of Ethiopia in implementing its agenda of integrating refugees and host communities into the national vocational training system. Ethiopia is currently hosting more than 800,000 refugees, making it the second largest host country in Africa. GIZ-QEP aims at improving employment perspectives for refugees and host communities by implementing activities in the areas of improved TVET quality, expanded access to TVET training, and employment promotion and entrepreneurship advice in Addis Ababa and in the regions of Benishangul-Gumuz, Gambella, Somali and Tigray. Moreover, it also aims in supporting the capacities of key stakeholders for the sectoral implementation of the country's refugee proclamation.

As part of its program implementation, GIZ-QEP has initiated various projects in the regions it operates in. The projects have a wide range of specific areas that focus on capacitating the regional institutions' mandates of providing quality training and sustainable employment promotions. It does this by partnering with the relevant government institutions and NGOs at every region. With these institutions, contracts have been signed in the form of financing agreements and local subsidies. Memorandum of Understandings that specify roles and responsibilities have also been signed by all other external stakeholders. The external stakeholders in this program are mostly government institutions who require active and complex engagement to achieve successful project implementation.

## 1.3. Statement of the Problem

Managing stakeholders is key to project performance and success. A project is successful when it achieves its objectives and meets expectations of the stakeholders. The essence of stakeholders in project planning and implementation has been immensely acknowledged in research. Stakeholders are entities having stakes in a project, or who can affect or be affected by project that the organization implements in the fulfilment of its objectives (Oppong, Chan and Dansoh, 2017).

Despite the quest for project success, many projects have continuously experienced time overrun, budget overrun, unmet end-product specifications, unmet customer needs and requirements and unmet management objectives (Menooka 2014, cited in Githinji et al, 2020). Stakeholder management is a continuous operation which incorporates various entities. Hence, understanding stakeholder management role is vital for project performance.

In the case of GIZ-QEP, the stakeholders are the key influencers in the projects' performances. The variety of the project stakeholders in terms of their volume and diversity serves as a determining factor in the existing projects outputs. The different projects currently being undertaken in the program experience challenges in implementation and some also have delayed performances. Given that GIZ-QEP is an actively on-going program, studying the existing effect of stakeholder management on the performances of its projects will help contribute in bettering the performances, as well as understanding the existing gaps the program has in this regard. The findings of this study will help in providing much-needed knowledge and understanding to the project management team so that proper focus is given to this knowledge area.

According to Karlsen (2002), the project environment is complex and changing. If stakeholder management is not adequately addressed in the project, this can mean unexpected problems and uncertainty to the project caused by stakeholders. It is imperative to work proactively to reduce or minimize the potential for uncertainty and problems caused by stakeholders. The ability of the project manager to correctly identify and manage stakeholders in an appropriate manner can mean the difference between success and failure (PMI, 2013).

While there is a well-established body of literature that discusses stakeholder management, the concepts are not generally developed in ways that make them useful in practice (Ackermann & Eden, 2011). Previous empirical studies have provided the nexus between stakeholder management and project performance. However, despite the significant literature and studies, there still are prevailing problems and poor performance experienced by projects caused due to lack of adequate stakeholder management. As pointed out by previous researchers, studies in project stakeholder management have not been widely put to use. This opens room for further studies to be conducted so that their findings help be translated to practical usage. Therefore, for the case of GIZ-QEP, this study can be utilized in order to

bring about practical changes in addressing the stakeholder management for successful implementation of project performance.

Failure is strongly related to stakeholder's perception of project value and their relationship with the project team. A project's success or failure is strongly influenced by how well it meets its stakeholders' expectations and their perceptions of the projects' value. Hence, the subject remains a topic for further investigation to enable identify the stakeholder management mechanisms that require due attention in order to bring about project success and productive cooperation between stakeholders. Therefore, this study contributes to existing knowledge and bridge the gap by identifying the effect of stakeholder management on projects undertaken by GIZ Ethiopia, more specifically under the Qualifications and Employment Perspectives for Refugees and Host Communities in Ethiopia Program (QEP).

## 1.4.Research Objective

### 1.4.1. General Research Objective

The general objective of the study is to examine the effect of stakeholder management on the performance of projects under GIZ-QEP.

### 1.4.2. Specific research Objective

- To examine the effect of stakeholder identification on the performance of projects under GIZ-QEP
- To examine the effect of planning stakeholder engagement on the performance of projects under GIZ-QEP
- To examine the effect of managing stakeholder engagement on the performance of projects under GIZ-QEP
- To examine the effect of monitoring stakeholder engagement on the performance of projects under GIZ-QEP

## 1.5. Research Hypothesis

The following null hypothesis is formulated to test causal relation between the dependent and independent variables.

Null hypothesis (Ho)

Ho1: There may be no relationship between stakeholder identification and project performance

Ho2: There may be no relationship between planning stakeholder engagement and project performance

Ho3: There may be no relationship between managing stakeholder engagement and project performance

Ho4: There may be no relationship between monitoring stakeholder engagement and project performance

## 1.6.Significance of the Study

Projects are implemented by and impact different stakeholders. Project stakeholders have differing and conflicting interests that make project implementation a challenging endeavour. The varying degrees of influence and interest that each stakeholder has on projects signify that project performance relies on managing the stakeholder influences and interests. This, therefore, indicates that stakeholder management is an important project management task that shall be addressed accordingly.

Having this in mind, this study tries to contribute its part by providing insight in to how project stakeholder management affects project performance. It will sample projects undertaken by an organization that has a good track record of successfully implementing various projects in Ethiopia. The projects under GIZ-QEP have stakeholders that range from government institutions to NGOs, and therefore bring complex challenges to the table. It is the author's belief that examining the stakeholder management of such a program sheds light into the relationship between project performance and project stakeholder management. The study will shed light for further studies by cumulating knowledge and facts about the stakeholder management practices and effects on project performance

## 1.7.Limitation and Delimitation

The scope of the study is confined to examine the project stakeholder management relationship with project performance in the case of GIZ. Moreover, it will be confined in studying one program in the whole of GIZ which is QEP.

The limitation of the study is that there various other local and international organizations operating in Ethiopia but only GIZ has been selected. There are other known knowledge areas in project management that also affect the performance of a project. Project stakeholder management is not grouped among the four core knowledge areas in project management. It is a facilitating knowledge area that is considered to play a key supportive part in achieving the defined project goals.

This study considers the relationship that stakeholder management has and the important role it plays in determining project performance. Studies show that successful identification and engagement of stakeholders paves the way for successful project performance. Therefore, studying on this topic definitely helps to further add to valuable knowledge, especially within the context of Ethiopia.

## 1.8.Organization of the Study

The study has been organized into a total of five chapters. The following chapter focuses on literature review; chapter three presents the research methodology. Data presentation and analysis is presented in chapter four, conclusions and recommendations are presented in the last chapter.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

This chapter presents reviews of theoretical perspectives and empirical literature of studies and their findings.

## 2.1. Theoretical Review

### 2.1.1. Stakeholder Theory

According to Abrams's article of 1951 (cited in Yusoff & Alhaji, 2012) this theory centers on the issues concerning the stakeholders in an institution. It stipulates that a corporate entity invariably seeks to provide a balance between the interests of its diverse stakeholders in order to ensure that each interest constituency receives some degree of satisfaction. According to Freeman (1984), corporations have stakeholders, that is groups and individuals who benefit from or are harmed by, and whose right are violated or respected by, corporate actions. Freeman suggested that firms should identify their direct and indirect stakeholders. The stakeholder theory states that corporations shall be managed in the interests of its stakeholders and that directors shall have a duty of care to use reasonable judgment to define and direct the affairs of the corporation.

Stakeholder theory suggests that if we adopt as a unit of analysis the relationships between a business and the groups and individuals who can affect or are affected by it, then we have a better chance to deal effectively with the problems of value creation and trade, the ethics of capitalism and managerial mindset. From a stakeholder perspective, business can be understood as a set of relationships among groups that have a stake in the activities that make up the business. It is about how various stakeholder interact to jointly create and trade value (Parmar, Freeman, Harrison, Wicks, Purnell, & Colle, 2010).

Stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. Stakeholder theory intends to explain and to guide the structure and operation of the established corporation. The ultimate managerial implication of the stakeholder theory is that managers should acknowledge the validity of diverse stakeholder interests and should attempt to respond to them within a mutually supportive framework. Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders (Donaldson & Preston, 1995).

### 2.1.2. Resource Dependency Theory

Resource dependency theory characterizes the corporation as an open system, dependent on contingencies in the environment. Organizations acquire and use resources to accomplish something. To acquire resources, organizations must inevitably interact with their environments. Interdependence is important to an organization because of the impact it has on the ability of the organization to achieve its desired outcomes. Interdependence can create problems of uncertainty or unpredictability for the organization. The uncertainty derives from the lack of coordination of activities among the social units. An organization becomes effective by having an adequate model within which it operates. Accurate perception of the environment, managing relationships and constraints with its environment defines the effectiveness and survival of the organization. (Pfeffer and Salancik, 1978)

According to Ulrich and Barney (1984), organizational success under the efficiency perspective is when organizations are able to manage their transactions efficiently. Transactions are exchanges of goods or services between economic actors and can occur both inside an organization between individuals or departments and between an organization and external actors. Organizations exist to mediate the economic transactions among members inside and/or outside the organization.

### 2.1.3. Theory of Constraints

Theory of Constraints (TOC) developed by Goldratt in 1988 recognize that the main constraint in most organizations may not be physical by managerial policy related. To address the policy constraints and effectively implement the process on on-going improvement, a generic approach called the "thinking process" was developed. The concept of TOC states that every system has at least one constraint and the existence of constraints represents opportunities for improvement. As constraints determine the performance of a system, gradual elevation of the system's constraints will improve its performance (Rahman, 1988).

The theory demonstrates how managers can effectively manage organizations based on the assumption of system thinking and constraint management which is necessary for effective project management (Githinji et al, 2020). Theory of Constraints is a process of ongoing improvements. The key lies in the recognition of the important role of the system's constraints. A system's constraints is anything that limits a system from achieving higher performance versus its goal. The process of ongoing improvement is achieved by identifying

the system's constraints, deciding how to exploit the system's constraints, subordinating everything else to the previous step, and elevating the system's constraints (Goldratt & Cox, 2004).).

### 2.1.4. Program Theory

The theory developed by Lipsey in 1990 illustrates how a program is supposed to work. It is also illustrated as the process through which program components are presumed to affect outcomes. Serra & Kunc (2014) argued that a program theory consists of an organizational plan on how to deploy resources and organize the activities of the program activities to ensure that the intended service system is developed and maintained. The program theory is a guidance theory in the evaluation of projects as it shows the capacity of the program to attend to specific problems that need to be reviewed within projects (Githinji et al, 2020).

## 2.2. Stakeholder Management

Project stakeholder management includes the processes required to identify the people, groups, or organizations that could impact or be impacted by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution (PMI, 2017). According to Aaltonen, Kujala and Oijala (2008) cited in Aapaoja and Haapasalo (2014), the main purpose of project stakeholder management is to manage the relationship between the project and its stakeholders. Sanghera (2019) states that stakeholder management is about managing and engaging stakeholders in the project and monitoring that engagement. The engagement is done by getting stakeholders involved in project decision making and project execution at the appropriate level at the appropriate time.

Stakeholder management also pays particular attention to the communication with stakeholders in order to understand their needs and expectations, to address issues as they arise, to manage conflicting interests, and to promote a commitment of the stakeholders in the decisions and activities of the project. Stakeholder satisfaction should be managed as a primary objective of the project (Riahi, 2017). The key for project success is to know how and when to connect to the organizational grid and to identify who the key connectors (stakeholders) are. Without attention to the needs and expectations of a diverse range of project stakeholders, a project will probably not be regarded as successful (Bourne & Walker, 2004).

Stakeholder management facilitates initial and subsequent engagement with stakeholders in a timely, planned and coordinated manner. Stakeholders and their associated stakes manifest the attributes of legitimacy and power. As stakeholders have claims, rights and expectations, they must be managed in each project to avoid any of their influences that could be contrary to a firm's objectives. The ideal is to optimize by maximizing the benefits that are derivable from stakeholders while minimizing their potential negative impacts. As stakes are not static but dynamic, there is a need to manage the constantly shifting balance between the interests of stakeholders. In order to achieve a successful project outcome, the project manager must be adept at managing the interests of multiple stakeholders throughout the entire project management process.

Stakeholder analysis can then help in analyzing and managing the project stakeholders effectively. That is, stakeholders' objectives and behavior are understood, their power is recognized, and strategies implications with stakeholders are anticipated. Furthermore, stakeholder analysis also helps in determining alternative strategies that are likely to contribute to project success. Besides attaining the established strategies' effect on the success of each group of stakeholders, the analysis of stakeholders also provides mapping of relationships between stakeholders. Stakeholder management is then associated with stakeholder analysis in the process of strategies formulation and control of the ensuing activities (Chinyio & Olomolaiye, 2010).

A project is said to be successful when it is effective in terms of meeting the predefined goals and objectives set out by the project stakeholders (Unegbu, Yawas & Dan-asabe, 2020). The successful delivery of any project deliverables highly depend on stakeholder engagement and management and the effective engagement and management of stakeholder relies on project manager's ability to identify stakeholders' expectations from beginning to close-up (Chang, 2013 & Cleland, 1999 cited on Rajablu et al, 2014). Effectively managing stakeholders is essential at all points in the project from initiation to closeout (Bourne & Walker, 2018). As projects are temporary in nature, the success of the project should be measured in terms of completing the project within the constraints of scope, time, cost, quality, resources and risk. Project success should be referred to the last baselines approved by the authorized stakeholders (PMI, 2013). According to Beltran, Melon and Valera (2017), the ability to understand the power and influence of various stakeholders is a critical skill for successful project managers. Stakeholder related conflicts and incidents are among the most significant

unforeseen risks in projects. Hence, identifying project success factors and the different perceptions of these factors by stakeholders is important to project outcomes.

### 2.2.1. Stakeholder Identification

Identification of stakeholders is an ongoing process and there are different stakeholders in different life cycle of projects. Since stakeholders are considerable assets in contributing knowledge and support in fulfilling the outcomes of the projects, tools and skills that help project to identify stakeholders are critical (Rahman, Ali, Malik, Ahmad, & Asmi, 2017). Projects affect numerous people, groups, and organizations; no one stakeholder can argue to be in complete charge of the project. For this reason, projects involve managing the responsibility and expectations of a wide range of stakeholders. Stakeholder analysis helps the project team to identify the interests of all stakeholders and potential conflicts that may jeopardize the project (Vayyavur, 2015). According to Eskerod and Huemann (2014) cited in Vayyavur (2015), the aim of stakeholder analysis is to increase the possibility of the project to anticipate opportunities and possible problems at the most appropriate time. From this perspective, stakeholder analysis increases the probability of project success.

It is critical for the success of the project that stakeholders are identified early on in the project, understand and analyze their varying and conflicting expectations, and manage those expectations throughout the project. Stakeholders can influence various aspects of the project, such as definition, changes, execution, deliverables, and ultimately the success. Identifying stakeholders is an iterative process. To identify the stakeholders, gather, analyze, and then present data or information about the stakeholders so as to produce the stakeholder register which identifies the project stakeholders and relevant information about them (Sanghera, 2019). Types of stakeholders are generally classified as internal stakeholders which generally include groups such as management, employees, shareholders of the company. External stakeholders include customers, suppliers, competitors, governments, international and national organizations (Riahi, 2017).

Projects are currently executed by coalitions of multiple stakeholders that have divergent interests and objectives. Hence, project management needs to balance competing claims on resources between the project and project stakeholders. Stakeholder analysis and identification aims to facilitate the understanding of how to manage stakeholders in invariably changing and unpredictable environments. As stakeholders have different roles and responsibilities, all stakeholders cannot be handled similarly. Therefore, a framework is

required to assist the project management in facilitating stakeholder identification and classification to efficiently and systematically manage projects (Aapaoja and Haapasalo, 2014).

Stakeholders need to be identified and their power and influence mapped so that their potential impact on projects can be better understood. Appropriate strategies can then be formulated and enacted to maximize a stakeholder's positive influence and minimize any negative influence (Bourne & Walker, 2018). Stakeholders are very important in all projects and need to be identified before the initiation and throughout the project. Most projects fail to meet their goals because of failure to identify stakeholder. To identify stakeholder, project team members requires relationship building, communication, intellectual, people and conceptual skills. Success of a project is through efficient management of the relation between the project and its stakeholders (Rahman et al, 2017).

According to Freeman and Mcvea (cited in Ackermann & Eden, 2011), identification of both the stakeholders and the interconnections between them is a critical step. When stakeholders respond to a particular organizational action they do so with respect to other stakeholders, as well as to the focal organization. Identifying a set of distinct stakeholders always involved deciding on the appropriate level of disaggregation. When considering managing stakeholders, negotiations have to be directed at someone (or at least some party) rather than at a generic or abstract entity. Hence, it is important to develop an understanding of the real, concrete stakeholders who are specific to the firm; stakeholders who have influence and power.

Stakeholder analysis results in a list of stakeholders and relevant information such as their positions in the organization, roles on the project, "stakes," expectations, attitudes (their levels of support for the project), and their interest in information about the project. Stakeholder mapping and representation is a method of categorizing stakeholders using various methods; common methods are power/interest grid, power/influence grid, or impact/influence grid, stakeholder cube, salience model, directions of influence and prioritization (PMI, 2017). Stakeholder register is the output of the process of stakeholder identification; the document includes identification information, assessment information, stakeholder classification. The register must be consulted and updated regularly through the life cycle of the project (Riahi, 2017).

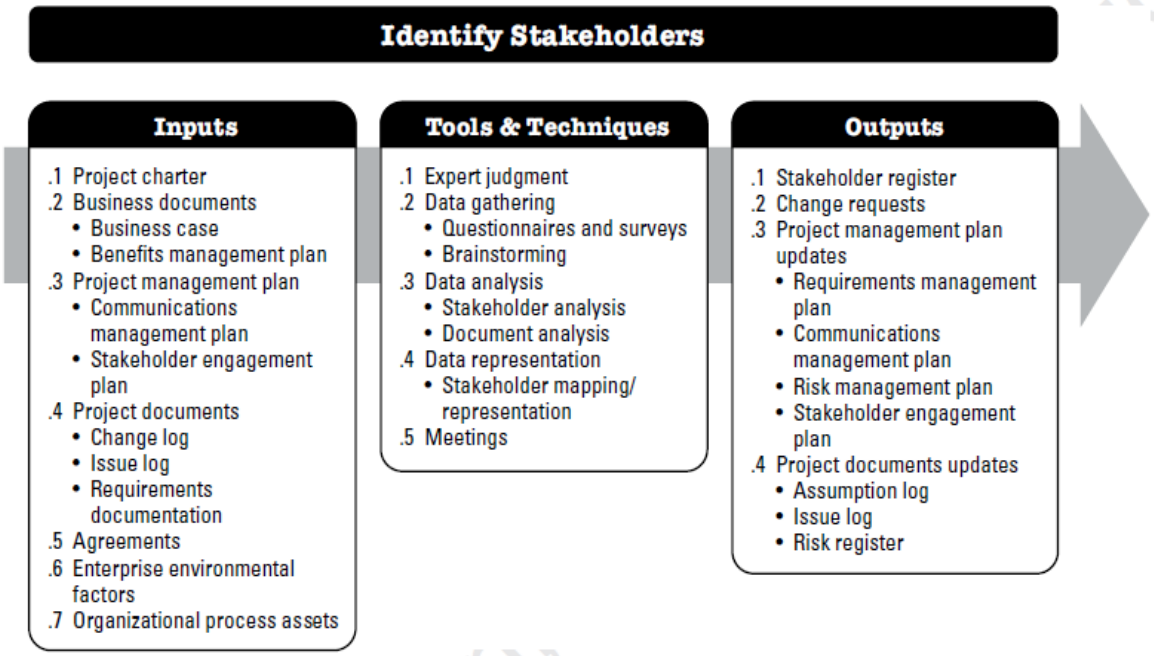


**FIGURE 2.1. STAKEHOLDER IDENTIFICATION**

Source: PMI, 2017

### 2.2.2. Planning Stakeholder Engagement

Planning stakeholder engagement involves 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 (PMI, 2017). Planning stakeholder engagement process is about developing a management strategy to keep stakeholders engaged in an effective way. Inputs, tools and techniques are used in the process to generate the stakeholder engagement plan which contains strategies to implement the actions to perform to facilitate stakeholder's creative involvement in the project; making project decisions and project execution. The stakeholder management plan is implemented in the process of managing stakeholder engagement.

In project execution, communication means with the project stakeholders**.** Communication requirement analysis is performed to determine the communication needs of the project stakeholders and to optimize the use of the communication resources for project success. Communication planning, which generates the communication management plan, is the

process of determining the information needs of the project stakeholders, which will be different for different stakeholders, how the information will be delivered, who will deliver it, who can access it, what information is needed. Communication management plan describes the communication expectations and needs and the plans for how these needs will be met (Sanghera, 2019).

Stakeholder management is a strategic discipline that successful project managers use to win and sustain support for their projects from others, both internal and external to their project and to the project's organization. Fully engaging all project stakeholders, using broad-spectrum communications techniques and tools, based on a strategy and plan, represents a key behavior attribute of successful project managers. Stakeholder management plan documents the approach that will increase support and decrease negative impacts of stakeholders throughout the life of the project. The stakeholder management plan should describe the strategies and actions that will be used to manage the stakeholders according to their power and interest in the project (Forman & Discenza, 2012).

A stakeholder engagement plan is a formal strategy to communicate with project stakeholders to achieve their support for the project. It specifies the frequency and type of communications, media, contact persons, and locations of communication events. It is created at the beginning of the project and updated frequently as stakeholder communication needs change (Salhan, 2020). The stakeholder management plan provides the engagement level of stakeholders, identifies interrelationships between stakeholders, and requirements for stakeholder communication during the project (Riahi, 2017).

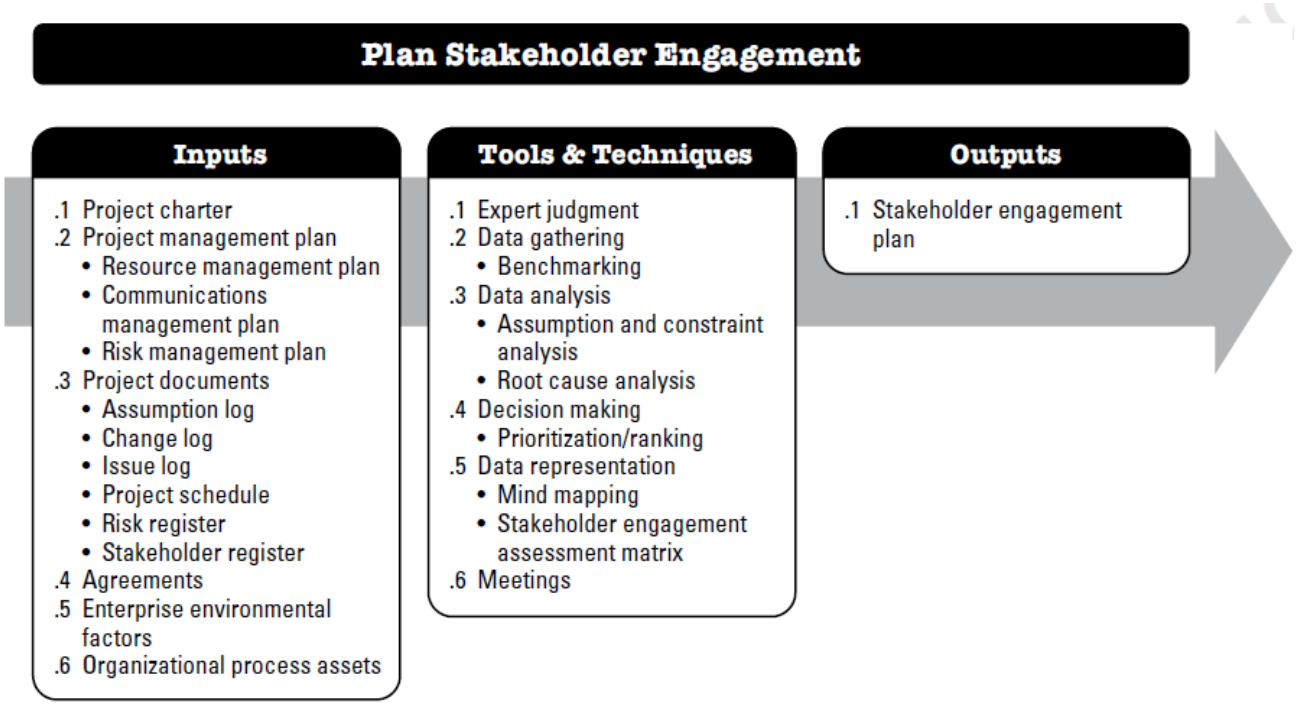


**FIGURE 2.2 PLANNING STAKEHOLDER ENGAGEMENT**

Source: PMI, 2017

### 2.2.3. 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. Managing stakeholder engagement helps to ensure that stakeholders clearly understand the project goals, objectives, benefits, and risks for the project, as well as how their contribution will enhance project success (PMI, 2017).

Engaging project stakeholders is an essential part of stakeholder management to ensure project success. It is a two-way communication process involving stakeholders' exchange of information and promoting interaction between decision makers and other stakeholders (Eyiah-Botwe, Aigbavboa, & Thwala, 2015). According to Kivitis (2013) cited in Mambwe, Mwanaumo, Nsefu, and Sakala (2020), effective stakeholder engagement benefits project performance by eliminating conflicts and reducing costs through increased stakeholder

participation in projects' decision making. Communication management in projects in many ways is a proactive endeavor from management side to manage the expectations and requirements of all stakeholder groups involved in the project. Effective communication management in the case of stakeholder relationship management is a process of effective information exchange; it is about ensuring that the project or other activity receives the information it needs to manage stakeholder expectations and ensure that the work is progressing in the best way possible (Rajhans, 2018).

The purpose of managing stakeholder engagement is to get continued project support from stakeholders by managing their needs and expectations through their involvement in the project. Throughout the project lifecycle, there is a need to continually distribute the relevant information to the right stakeholders at the right time by using appropriate methods; this includes creating, collecting, storing, retrieving and disposing of project information. This process is called manage communication which is run according to the communication management plan in terms of input, tools, techniques and output. In manage communication process, reports such as work performance reports, quality reports, risk reports, performance reports and information is distributed to stakeholders at the right time using right communication methods as planned. The communication management plan is updated to reflect new or changed stakeholder requirements.

Managing stakeholder engagement means communicating and working with stakeholders to stay on the same page as far as project requirements by addressing their needs, expectations, and issues as they arise. It is best done by getting them involved in project decision making and project execution at the appropriate level at the appropriate time. The stakeholder engagement plan is used to manage stakeholder engagement according to the developed strategies. During the managing stakeholder engagement process, the stakeholder engagement plan is updated to reflect new or changed management strategies required to effectively engage stakeholders (Sanghera, 2019).

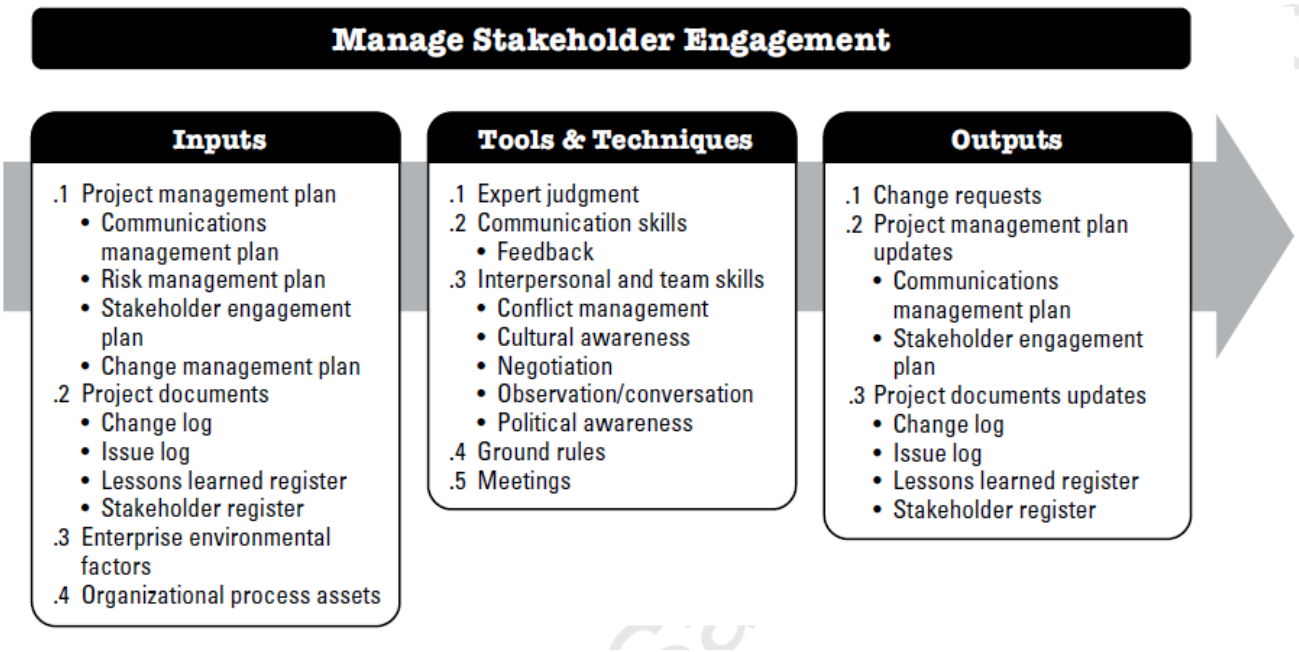


**FIGURE 2.3. MANAGING STAKEHOLDER ENGAGEMENT**

Source: PMI, 2017

### 2.2.4. Monitor Stakeholder Engagement

Stakeholder relationships have to be monitored throughout the project. Monitoring involves data analysis, data representation, communication skills, and decision making (Salhan, 2020). This process aims to monitor the relationships between the project stakeholders in general, adjusting strategies and plans to maintain engagement. It provides the means to see if the communication strategy that has been implemented has been successful (Rajhans, 2018). According to PMI (2017), it is the process of monitoring project stakeholder relationships and tailoring strategies for engaging stakeholders through the 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.

Monitoring stakeholder engagement process oversees stakeholder engagement using inputs, tools, techniques. The process ensures that the information needs of the project stakeholders are met throughout the entire project lifecycle as planned in the communication management plan and the stakeholder engagement plan and evaluating the project. The process oversees stakeholder engagement and converts the engagement-related data from the project execution

into work performance information and generates necessary change requests (Sanghera, 2019). To improve stakeholders' engagement and commitment, the relationships with stakeholders should be regularly monitored and assessed. There is a need to monitor the stakeholders and respond to their dynamism in order to avoid any negative effects. Effective and proactive monitoring of stakeholders will ensure that their adverse actions do not affect project success (Chinyio & Olomolaiye, 2010)

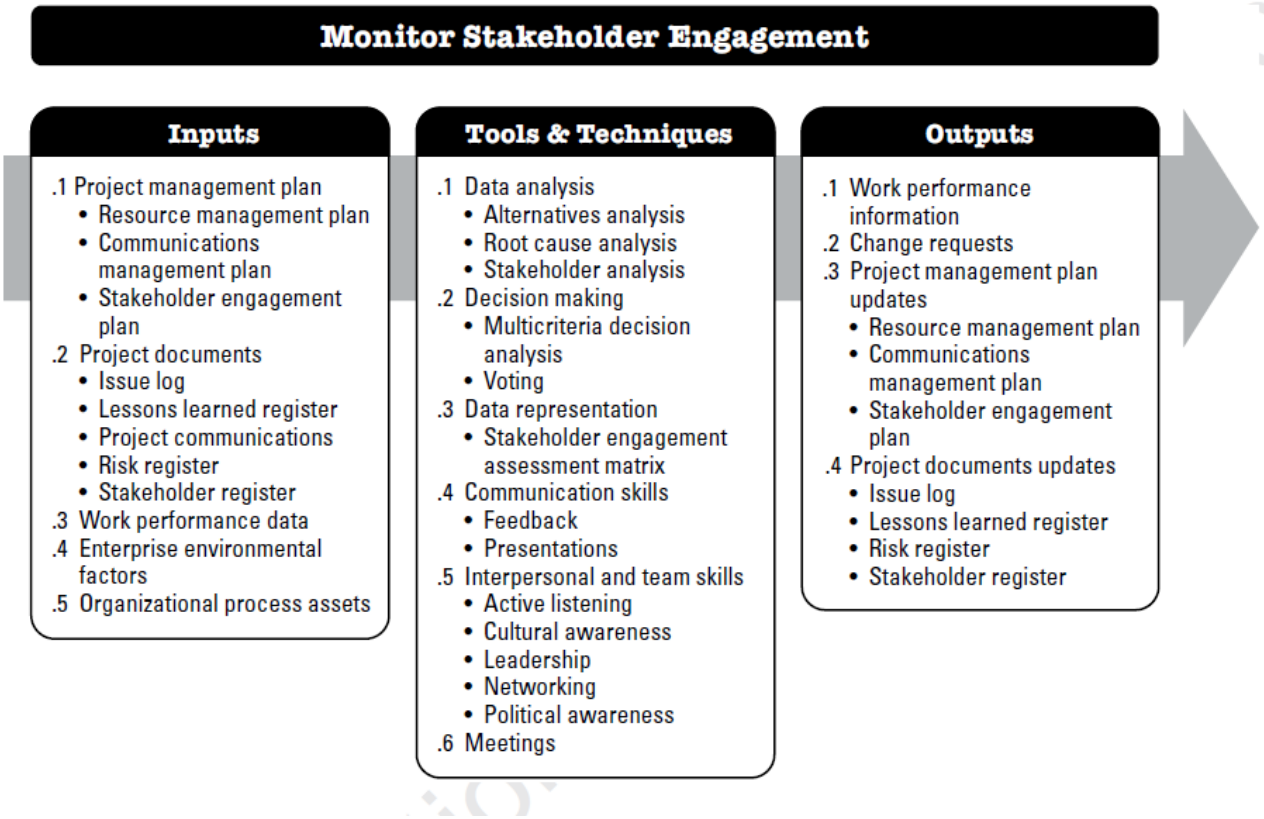


**FIGURE 2.4. MONITORING STAKEHOLDER ENGAGEMENT**

Source: PMI, 2017

## 2.3.Project Performance

The success of project can be indicated by project performance. Project performance is judged and quantified by performance measurement. Performance measurement is the common method to collect and report the information related to the inputs, efficiency, and effectiveness of project. Measurements are crucial for tracking, forecasting, and controlling the important variables to ensure the success of projects (Leong, Zakuan, Saman, Ariff and Tan, 2014).

Project scope, time and cost comprise the three key variables for measuring project performance. Time deals with to what extent is the project on schedule. It is the estimate of amount of time required to conduct the project and produce the product(s) usually converted into a schedule, including milestones and other stage or development information. Cost is the budget that has been allocated to the project, it includes all estimates of costs broken down into more detailed predictions of expenditure. Scope deals with to what extent the project meets the objectives, specification of requirements and functionality and features (Bronte-Stewart, 2015).

The quality of any project is dictated by how scope, cost and speed is prioritized. These factors constrain each other. The three constraints are interrelated. Scope is the process of developing detailed description of the project boundaries and acceptance criteria. Project schedule provides a detailed plan that represents how and when the project will deliver the products, services and results defined in the project scope. Project cost is the cost of the resources needed to complete project activities. It includes defining how the project costs will be estimated, budgeted, managed, monitored and controlled (PMI, 2017). Completing a project successfully includes delivering the planned scope according to the planned schedule and cost. So, scope, schedule and cost make the heart of projects. The project scope is defined as the work that must be performed to deliver a product with a given scope. Managing the project scope has an impact on the overall success of a project. Project schedule includes the processes required to complete the project in a timely manner. Executing a project successfully also requires the optimal use of resources. Project cost management consists developing cost management plan, estimating costs, determining budget and controlling costs. High quality projects deliver the promised result within the planned budget, schedule and scope (Sanghera, 2019).

## 2.4.Empirical Review

Githinji et al, (2020) studied the influence of stakeholder's involvement on project performance. Regression results established that there is a positive and significant effect of managing stakeholder engagement on project performance. Study results also indicates that there is positive and significant effect of monitoring stakeholder engagement and stakeholder identification on project performance.

Wamugu and Ogollah (2017) studied the role of stakeholder participation on the performance of project. Regression analysis results of the study indicates that there is a positive and significant effect of managing stakeholder engagement, monitoring stakeholder engagement and planning stakeholder engagement on performance of projects.

Maina and Kimutai, (2018) studied stakeholder management and project performance. Regression result indicates that there is a positive and significant effect of stakeholder identification and stakeholder engagement on project performance.

Alqaisi (2018) in the study on the effects of stakeholder's engagement and communication management on project success stated that establishment of appropriate and timely communication will enable meet the requirements of stakeholders.

Herremans, Nazari, and Mahmoudian (2016) in the study on stakeholder relationships, engagement, and sustainability reporting using qualitative research methods explain that stakeholder engagement strategy: directness of communication, clarity of stakeholder identity, deliberateness of collecting feedback, broadness of stakeholder inclusiveness and utilization of stakeholder engagement for learning are capabilities necessary to develop relationships with stakeholders and leaning via sustainability reporting.

Riahi (2017) in the of study project stakeholders' analysis and management processes state that it is important to identify stakeholders and plan stakeholder management throughout the project. Careful stakeholder analysis and communication plan will maximize the project's chances of delivering deliverables on time and in budget.

Mambwe et al, (2020) in their study on impact of stakeholder engagement on performance of construction projects established through, regression analysis, state that there is a significant positive relationship between stakeholders' engagement on performance of project. Stakeholder engagement could be used to predict levels of performance of project.

Oyugah and Onyango (2019) in their study on the effect of stakeholder involvement on performance of road construction projects through regression analysis state that stakeholder engagement has a positive and significant effect on performance of road construction projects.

Kobusingye, Mungatu, and Mulyungi, (2017) in their study on the influence of stakeholders involvement on project outcomes state that the regression result indicates that stakeholder engagement has a positive and significant effect on project implementation and outcome.

Alemu (2016) in his study of challenges and success factors of railway megaprojects indicate that the regression results reveal positive and significant effect of stakeholder engagement/participation on project success.

Doli (2013) in the study of cost overruns and failure in project management: understanding the roles of key stakeholders in construction projects states that regression analysis result indicates that communication has a significant and positive effect on cost performance. Communication enables seamless coordination and integration for performing roles and responsibilities in the project. Effective communication influences achieving successful project outcomes.

Nguyen and Mohamed (2021) in their study on the mediation effect of stakeholder management between stakeholder characteristics and project performance state that effective stakeholder management has a mediating effect on project performance.

Ndunda, Paul and Mbura (2017) in their study on the influence of stakeholder activities on implementation of projects indicate that the regression result reveals that there is a significant and positive effect of stakeholder engagement and stakeholder monitoring on implementation of projects.

Murwanashyaka and Shukla (2017) in their study on the effect of stakeholders management practices on performance of construction projects indicate that all stakeholder management variables have a positive and significant effect on project performance.

Moulid, Muchelule, and Wechuli (2021) in their study on the influence of stakeholders management on performance of projects state that the regression result indicate there is a positive and significant effect of stakeholder identification, stakeholder engagement, stakeholder planning and stakeholder monitoring on project performance.

## 2.5. Research Gap

Better knowledge on how stakeholder management affects projects is important as it has implications on performance and success of projects. Empirical studies establish relationship between stakeholder management and project performance. However, emphasis should be given on stakeholder management in the projects implemented in Ethiopia. Concepts of stakeholder management are not effectively implemented in practice. Hence, the study outcome will contribute in providing insight as to the importance of effective stakeholder management strategies and plans on project performance.

Furthermore, this study aims to fill the existing knowledge gap of the stakeholder management focus currently being given at GIZ-QEP. It aims to contribute in being a reference to know how much of an effect stakeholder management has the on-going projects' performances in the program.

## 2.6. Conceptual Framework

The conceptual framework for this study stems from the review of the literature presented above. The study is thus based on the presumption that stakeholder management has effect on performance of projects. The variables examined to have an effect on project performance have been selected by considering the four basic project stakeholder management processes employed in project management. These four processes are identifying the project stakeholders, planning the stakeholder engagement, managing their engagement, and monitoring the stakeholder engagement. The conceptual framework of this study has been selected after assessing that these proxies are used as measure of stakeholder management and is in line with theories.

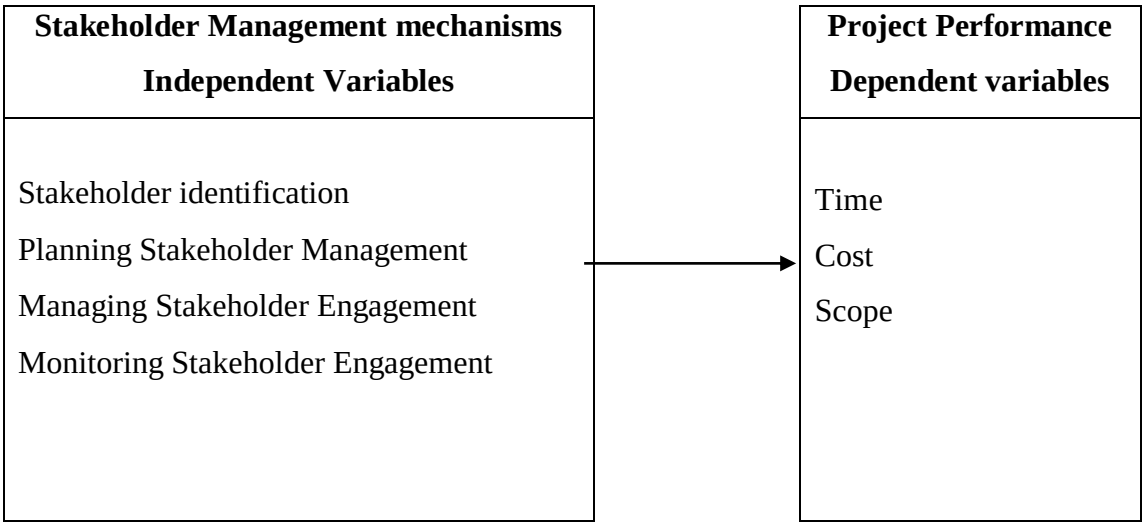


**FIGURE 2.5. CONCEPTUAL FRAMEWORK**

Source: Author, 2021

# CHAPTER THREE

# RESEARCH METHODOLOGY

This chapter presents the research methodology. It has sub-sections presenting the research design and approach, population and sampling technique used, data sources and collections methods, validity and reliability, data analysis method and model specification.

## 3.1. Research Design and Approach

The research objective is to identify the effect of stakeholder management on the performance of projects under GIZ-QEP; hence explanatory research design has been used to test the hypothesis of causal relationship between the dependent and independent variables. According to Adams, Khan, Raeside and White (2007) the explanatory type of research describes phenomena and attempts to explain why behavior is the way it is. Explanatory research identifies the reasons for something that occur, it is a research that identifies the causal links between the variables that pertain to the research problem. Quantitative research involves studies that make use of statistical analyses to obtain findings (Marczyk, Dematteo and Festinger, 2005). In quantitative research, the researcher advances a theory, collects data, tests and analyses it and reflects on its confirmation or disconfirmation by the results (Creswell, 2009). To achieve the objectives of study, quantitative data has been used to numerically measure and statistically analyze the variables.

## 3.2. Population and Sample

The target population is the entire group of objects or people to whom generalization is made based on the study findings. For the study, the selected population was the internal and external stakeholders of GIZ-QEP which has a total of 12 projects in Addis Abeba, and regions of Benshangul Gumuz, Gambella, and Somali. The unit of observation will include internal project stakeholders from top management, project teams, project managers, project coordinators, focal persons and external project stakeholders from government agencies, non-governmental organizations, consultants, contractors, and suppliers. The population of the study is a total of 253 stakeholders; 34 internal and 219 external stakeholders. Table 3.1. indicates the total number of stakeholders involved with GIZ-QEP.

| Stakeholders type | Number of Stakeholders-Population size | Percentage |
|---|---|---|
| Internal | **34** | **13%** |
| External | **219** | **87%** |
| Government agencies | 91 | 36% |
| Non-governmental organizations | 68 | 27% |
| Consultants | 47 | 19% |
| Contractors | 2 | 0.8% |
| Suppliers | 11 | 4% |
| Total stakeholders under QEP programme | **253** | **100%** |

**TABLE 3.1. TARGET POPULATION**

Source: Author, 2021

For the study, the formula that has been used to select the sample size will be from Rose, Spinks, and Canhoto, (2015).

$$n = \frac{(1.96)^2 pq}{d^2}$$

Where $n$ = required sample size,

$p$ = proportion of the population having the characteristic,

$q$ = 1-$p$ and

$d$ = the degree of precision.

The proportion of the population ($p$) may be known from prior research or other sources; if it is unknown use $p$ = 0.5 which assumes maximum heterogeneity (i.e. a 50/50 split). The degree of precision ($d$) is the margin of error that is acceptable.

$$\text{Hence, } n_o = \frac{(1.96)^2 (0.5)\ (0.5)}{(0.05)^2}$$

$$= 385$$

After finding the sample size since the population is finite, the sample size has been adjusted by population correction for proportions formula as follows.

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Based on the formula, for the population of 253 stakeholders, the sample size calculated was 152 stakeholders which was selected using stratified random sampling technique from each subgroup. The sampling units has been selected from each stratum of internal and external stakeholders of the study. The stratified random sampling technique was employed in order to ensure that the respondents were a representation of each of the subgroups of population of study. According to Adams et al, (2007), stratified sampling is applied after population is grouped homogenously. Samples are then drawn proportionately from each strata. In the study, samples from each stratum have been selected based on their proportion to the population size of the stratum. This gave a sampling size as shown in Table 3.2.

| **Stakeholders type** | **Number of Stakeholders-Sample size** |
|---|---|
| Internal | **20** |
| External | **132** |
| Government agencies | 55 |
| Non-governmental organizations | 41 |
| Consultants | 28 |
| Contractors | 1 |
| Suppliers | 7 |
| Total sample stakeholders | **152** |

**TABLE 3.2. SAMPLE**

Source: Author, 2021

Out of the sample of 152 who received the questionnaire, 122 responses namely 35 from government agencies; 31 from non-government; 28 consultants; 1 contractor; 7 suppliers, and 20 GIZ team were filled and returned. This indicates a response rate of 80%. This response rate was deemed to be sufficient and representative for the analysis. According to Kothari and

Garg cited in Oyugah and Onyango (2019) and Creswell, cited in Mambwe, et al. (2020) response rate of over 70% is acceptable.

## 3.3.Source of Data and Collection Method

Primary data sources have been used to collect the quantitative data of the study. Primary data in the form of questionnaire has been used to collect the data from the participant stakeholders. Close ended questions were used to measure the variables of the study using five-point Likert Scale where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; and 5 = strongly agree. After review of literature on the topic area of study, the questionnaire was self-developed and distributed to the selected sample. To check and ensure that the developed instrument is reliable, pilot study was conducted prior to data collection. The pilot testing was conducted whereby 30 randomly selected respondents from each of the subgroup of stakeholders provided response. These respondents were not part of the study.

## 3.4.Reliability and Validity

Validity and reliability of scores on instrument lead to meaningful interpretations of data, hence, the below have been ascertained.

### 3.4.1. Validity

Validity of the scores must be established from the measures to discuss the findings. This enables draw meaningful and useful inferences from the scores on the instrument. According to Adams et al, (2007), validity is the strength of conclusions, inferences or propositions. It involves the degree to which one is measuring what is supposed to be measured, it is the accuracy of the measurement.

Content validity refers to whether the items measure the content they were intended to measure. It refers to the relevance of the instrument or measurement strategy to the construct being measured (Creswell, 2009 and Marczyk et al, 2005). In this study, the researcher ensured that the items on the instrument under each variable is a representative of the domain the instrument measures, that is it covers all relevant parts of the subject it aims to measure. Moreover, a pilot study was used to test and ensure that the measuring instrument meets the standards and measures what it claims to measure. The instrument measures the theoretical construct.

Construct validity occurs when adequate definitions and measures of variables are used. Ensures if items measure hypothetical constructs or concepts (Creswell, 2009). It assesses the extent to which the test or measurement strategy measures a theoretical construct or trait (Marczyk et al, 2005). The researcher ensured that inferences were made from the operationalizations of the study to the theoretical constructs, and adequate definitions and measures of variable have been used. Result explanations have been supported by theory.

Internal validity refers to the extent to which the independent variable was actually responsible for changes measured in the dependent variable (Weiers, 2008). In the study, the researcher, through regression analysis, has established a cause and effect relationship between the outcome and explanatory variables. The results of the study are attributable to the independent variables; the observed variation in the dependent variable is caused due to the changes or effects of the independent variables of the study.

External validity is the extent to which the results can be generalized to other settings (Weiers, 2008). The researcher addressed this validity by incorporating adequate sample that represents the population. Hence, the results of the study can be generalized.

Statistical validity refers to whether the statistical conclusions drawn from the results of a study are reasonable (Marczyk et al, 2005). The study has conducted hypothesis testing and statistical analysis to determine the relationship between the independent and dependent variables.

### 3.4.2. Reliability

Reliability is the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects (Adams et al, 2007). It is present when an assessment method measures the characteristics of interest in a consistent fashion (Marczyk et al, 2005). In the study, reliability of the instrument has been tested using Cronbach's alpha coefficient. A preliminary study was conducted on the data collection instrument to ensure a reliable questionnaire has been developed. A pilot test was done whereby 30 questionnaires were distributed to randomly selected sample representatives of the stakeholders' population of the QEP programme. The composition of the pilot test is 11 from government; 8 from non-government; 5 consultants; 1 contractor; 1 suppliers, and 4 GIZ team. These respondents were not part of the study. According to Johanson and Brooks (2010), it is suggested that 30 representative participants from the population of interest is a reasonable minimum

recommendation for a pilot study where the purpose is preliminary survey or scale development. According to the rule of George and Mallery cited in Oyugah and Onyango (2019) and Tashakkori and Creswell cited in Mambwe, et al. (2020; threshold for the Cronbach's alpha value which is equal to or above 0.70 qualifies the questionnaire as being acceptable.

Reliability measure of the variables for the pilot study of 30 respondents as measured by Cronbach's alpha coefficient is represented in table 3.3. All the alpha values for each variable is above 0.7 indicating that the designed instrument was acceptable.

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 30 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 30 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

| Scale | No. of items | Cronbach's Alpha |
|---|---|---|
| Stakeholder Identification | 11 | .817 |
| Planning Stakeholder Engagement | 10 | .880 |
| Managing Stakeholder Engagement | 10 | .791 |
| Monitoring Stakeholder Engagement | 6 | .772 |
| Project Performance | 12 | .750 |

**TABLE 3.3. RELIABILITY TEST FOR PILOT STUDY**

Source: Survey SPSS result, 2021

Based on result of Cronbach's alpha of the pilot study which indicates that the instrument is reliable; the instrument has been distributed to the selected sample. The reliability measure of the variables for the sample of the study where 122 respondents (80% response rate) submitted the completed questionnaire indicates that the instrument was reliable. The result of reliability for the sample is represented in table 3.4.

**Case Processing Summary**

| | | N | % |
|---|---|---|---|
| Cases | Valid | 122 | 100.0 |
| | Excluded[a] | 0 | .0 |
| | Total | 122 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

| Scale | No. of items | Cronbach's Alpha |
|---|---|---|
| Stakeholder Identification | 11 | .780 |
| Planning Stakeholder Engagement | 10 | .856 |
| Managing Stakeholder Engagement | 10 | .797 |
| Monitoring Stakeholder Engagement | 6 | .757 |
| Project Performance | 12 | .712 |

**TABLE 3.4. RELIABILITY TEST FOR SAMPLE**

Source: Survey SPSS result, 2021

## 3.5.Method of Data Analysis

The collected data have been analyzed using statistical techniques. The study employed descriptive data analysis to describe the phenomena of the variables based on Likert scale rating. Correlation analysis using Pearson correlation has been used to determine the association between the variables. Correlation analysis measures the strength of the linear relationship between variables while regression analysis provides a "best-fit" mathematical equation for the values of the variables used in determining and interpreting linear relationships of variables (Weiers, 2008). Hence, multiple linear regression model has been used to conduct inferential analysis to determine causal relation of the data and statistical test hypotheses. The method enables statistical testing of hypothesis to help estimate the dependent variable of project performance based on the independent variables of stakeholder management. SPSS version 25, a statistical software package was used to carry out the statistical analysis.

## 3.6.Variables and Measurement

Based on review of theoretical and empirical literature, the variables selected to study the effect of stakeholder management on project performance is presented. The operational definitions of the constructs are;

**Dependent variable**

Project performance - it is measured as time, cost and scope required to undertake a project

**Independent variables**

Stakeholder identification- is the process of assessing who the project stakeholders are, what their roles and relationships are, and thereby categorizing them in terms of their influence, interests, and involvement.

Planning stakeholder engagement – is the process of devising plans on how to engage with the identified stakeholders. This process enables to come up with strategies and mechanisms of how to deal with the different requirements that the project stakeholders have.

Managing stakeholder engagement – is the process of actively and effectively communicating with the stakeholders so that there is proper transfer of relevant information as required. Managing the stakeholder engagement is ensuring the plans developed are implemented accordingly.

Monitoring stakeholder engagement – is the process of tracking and evaluating the stakeholder engagement being undertaken, and if adjustments need to be made if or when gaps occur. This process enables to keep an eye on any possible variations of the different stakeholder requirements.

## 3.7.Model Specification

To test the study hypothesis, the study has used regression analysis to determine the relationship between the variables. Statistical procedures are typically used to test the relationship between two or more variables. Statistical validity addresses the question of whether the statistical conclusions drawn from the results of a study are reasonable. According to Marczyk et al, (2005), the concepts of hypothesis testing and statistical evaluation are interrelated, and they provide the foundation for evaluating statistical validity. Regression is concerned about finding a relationship between variables and forming a model.

It is used to explain changes in some phenomenon as a result of explanatory variables. It involves estimating the coefficients of the explanatory variables or independent variables that predict the dependent variables (Adams, et al, 2007). Diagnostic tests has been undertaken prior to conducting the regression analysis. This ensures that the hypothesis tests regarding the coefficient estimates could be validly conducted. Moreover, the diagnostic tests validate that the assumptions of classical linear regression model have not been violated. The assumptions tested are normality, heteroscedasticity, autocorrelation, multicolinearity, and linearity.

Based on review of literature, the general empirical research model that has been used to estimate the effect of stakeholder management on project performance is;

$Yit= \alpha + \Sigma\beta KXit + \varepsilon it$

Where;

Yit represents the dependent variable, representing the project performance

$\alpha$ is the intercept

Xit represents the explanatory variable of stakeholder management

$\beta k$ represents the vector of parameters to be estimated on the explanatory variables

$\varepsilon it$ represents the error term

Specifically, the model used for the study is presented below. This model has been used, among others, in the studies of Mambwe et al. (2020); Oyugah and Onyango (2019); Kobusingye et al., (2017); Moulid, et al. (2021); Ndunda et al. (2017); Maina and Kimutai, (2018).

$PP=\alpha + \beta 1SI + \beta 2PSE + \beta 3MASE + \beta 4MOSE + \varepsilon$

Where;

| | |
|---|---|
| PP | represents project performance |
| SI | represents stakeholder identification |
| PSE | represents planning stakeholder engagement |
| MASE | represents managing stakeholder engagement |
| MOSE | represents monitoring stakeholder engagement |
| E | represents the error term |

## 3.8.Ethical Consideration

The researcher ensured that the respondents were aware of the objectives and purpose of the research. The respondent provided their consent to be participants to the study, they were assured that all information collected would be confidential and used for the particular study alone.

# CHAPTER FOUR

# DATA PRESENTATION AND ANALYSIS

This chapter presents results and analysis of the findings. It has sections presenting the tests for assumptions of the linear regression model, descriptive statistics and correlation results and regression results.

## 4.1. Introduction

152 questionnaires were distributed to the selected sample of respondents. 122 of them were returned, thus, resulting in 80% of response rate. The collected data were statistically analyzed using correlation and multiple regression analysis to determine the degree of association and to determine a causal relationship between the dependent and independent variables. The data were analyzed using SPSS version 25.

## 4.2. Demographic Profile

The demographic profile of the respondents is presented in the section.

### 4.2.1. Distribution of Respondents by Stakeholder Category

The study examined the distribution of respondents by stakeholder category. Result of the analysis is shown in table 4.1.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Government | 35 | 28.7 | 28.7 | 28.7 |
| | Non-Government | 31 | 24.6 | 24.6 | 53.3 |
| | Consultant | 28 | 23.0 | 23.0 | 76.2 |
| | Contractor | 1 | .8 | .8 | 77.0 |
| | Supplier | 7 | 5.7 | 5.7 | 82.8 |
| | GIZ project team | 20 | 17.2 | 17.2 | 100.0 |
| | Total | 122 | 100.0 | 100.0 | |

**TABLE 4.1. STAKEHOLDER CATEGORY**

Source: Survey SPSS result, 2021

The result indicates that from the 122 respondents, 35 (28.7% of sample) were stakeholders from government agencies and institutions. Stakeholders of 31 (24.6% of sample) were from non-government organizations. 28 consultants representing 23% of the sample and 1 contractor (0.8% of the sample) were respondent to the questionnaire. Responses were received from 7 suppliers representing 5.7% of the sample and 20 GIZ project team which accounted for 17.2% of the sample. External stakeholders represented 82.8% of the respondents where internal stakeholders were 17.2% of the participants.

### 4.2.2. Distribution of Respondents by Position

The study results established that from the participant stakeholders, 92 (75.4% of respondents) had senior and managerial positions. Junior team members were 30 accounting for 24.6% of the stakeholders. Table 4.2 below presents the study result.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Junior project team | 30 | 24.6 | 24.6 | 24.6 |
| | Senior project team | 46 | 37.7 | 37.7 | 62.3 |
| | Management or Executive project team | 46 | 37.7 | 37.7 | 100.0 |
| | Total | 122 | 100.0 | 100.0 | |

**TABLE 4.2. RESPONDENTS POSITION**

Source: Survey SPSS result, 2021

### 4.2.3. Distribution of Respondents by Education Level

The result indicates that 97 respondents (79.5% of the participants) were master's degree holders were as degree holders accounted for 16.4% of the respondent totaling 20 stakeholders. The remaining 5 (4.1%) had education level above master's level. The descriptive statistic results are presented in table 4.3 below.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Degree | 20 | 16.4 | 16.4 | 16.4 |
| | Masters | 97 | 79.5 | 79.5 | 95.9 |
| | Others | 5 | 4.1 | 4.1 | 100.0 |
| | Total | 122 | 100.0 | 100.0 | |

**TABLE 4.3. RESPONDENT EDUCATIONAL LEVEL**

Source: Survey SPSS result, 2021

### 4.2.4. Distribution of Respondent by Years of Experience

The table 4.4 below indicates that the participant stakeholders who had 0-5 years and 6-10 years of work experience is 16.4% each. Stakeholders who had 11-15 years of work experience represented 29.5% of the respondents. The remaining 37.7% of the study participants had over 16 years of work experience.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 0-5 years | 20 | 16.4 | 16.4 | 16.4 |
| | 6-10 years | 20 | 16.4 | 16.4 | 32.8 |
| | 11-15 years | 36 | 29.5 | 29.5 | 62.3 |
| | above 16 years | 46 | 37.7 | 37.7 | 100.0 |
| | Total | 122 | 100.0 | 100.0 | |

**TABLE 4.4. RESPONDENT WORK EXPERIENCE**

Source: Survey SPSS result, 2021

### 4.2.5. Distribution of Respondent by Area of Expertise

The result presented in table 4.5 below indicates that 62.3% of the respondents (76 stakeholders) have background in fields of social sciences whereas 37.7% of the participants (46 stakeholders) have background in the fields of natural sciences.

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Hard science | 46 | 37.7 | 37.7 | 37.7 |
| | Soft science | 76 | 62.3 | 62.3 | 100.0 |
| | Total | 122 | 100.0 | 100.0 | |

**TABLE 4.5. RESPONDENT AREA OF EXPERTISE**

Source: Survey SPSS result, 2021

## 4.3.Descriptive Results and Analysis

Descriptive statistics was used to describe the responses of the study participants. Summary results and interpretations is presented herein.

### 4.3.1. Responses for Stakeholder Identification

| | Strongly Disagree Count | Disagree Count | Neutral Count | Agree Count | Strongly Agree Count |
|---|---|---|---|---|---|
| 1. All stakeholders with interests have been identified in the project | 0 F (0%) | 10 (8.2%) | 5 (4.1%) | 61 (50%) | 46 (37.7%) |
| 2. There is understanding of the unique characteristics of each stakeholder | 0 F (0%) | 0 (0%) | 30 (24.6%) | 67 (54.9%) | 25 (20.5%) |
| 3. Stakeholder ideas are contributed in the project | 0 F (0%) | 0 (0%) | 0 (0%) | 71 (58.2%) | 51 (41.8%) |
| 4. Stakeholder needs and expectations were identified before the project begins | 0 F (0%) | 0 (0%) | 35 (28.7%) | 77 (63.1%) | 10 (8.2%) |
| 5. Research was conducted before project was commissioned | 0 F (0%) | 11 (9%) | 50 (41%) | 31 (25.4%) | 30 (24.6%) |
| 6. Key stakeholders identified well at the planning stage | 0 F (0%) | 0 (0%) | 20 (16.4%) | 56 (45.9%) | 46 (37.7%) |
| 7. Stakeholder identification helps to find out who has unique knowledge related to any aspect of the project | 0 F (0%) | 0 (0%) | 20 (16.4%) | 31 (25.4%) | 71 (58.2%) |

| | | | | | |
|---|---|---|---|---|---|
| 8. Stakeholders get a chance to select a project that is realistic and meet their needs | 0 F (0%) | 5 (4.1%) | 20 (16.4%) | 67 (54.9%) | 30 (24.6%) |
| 9. Stakeholder analysis helps to evaluate different stakeholders' powers | 0 F (0%) | 0 (0%) | 20 (16.4%) | 51 (41.8%) | 51 (41.8%) |
| 10. In order to ensure the quality of the decision-making processes, stakeholder analysis is useful | 0 F (0%) | 0 (0%) | 0 (0%) | 35 (28.7%) | 87 (71.3%) |
| 11. An appropriate stakeholder register is developed and continuously monitored and updated | 0 F (0%) | 5 (4.1%) | 45 (36.9%) | 42 (34.4%) | 30 (24.6%) |

**TABLE 4.6. DESCRIPTIVE STATISTICS FOR STAKEHOLDER IDENTIFICATION**

Source: Survey SPSS result, 2021

The descriptive result for the response on the variable of stakeholder identification indicate that the responses for the items are inclined to 'agree' under the Likert scale. This indicates that the respondents believe that stakeholder identification and steps leading to stakeholder identification is important in project management.

### 4.3.2. Responses for Planning Stakeholder Engagement

The descriptive result for the response on the variable of planning stakeholder engagement indicate that the responses for the items are inclined to 'agree' under the Likert scale. This indicates that the respondents believe that planning stakeholder engagement and steps planning stakeholder engagement is important in project management.

| | Strongly Disagree Count | Disagree Count | Neutral Count | Agree Count | Strongly Agree Count |
|---|---|---|---|---|---|
| 1. The project management team have the required competencies for stakeholder management. | 0 F (0%) | 6 (4.9%) | 25 (20.5%) | 60 (49.2%) | 31 (25.4%) |
| 2. There is adequate personnel to support the project implementation | 0 F (0%) | 15 (12.3%) | 25 (20.5%) | 47 (38.5%) | 35 (28.7%) |
| 3. Stakeholders share a common understanding on the project | 0 F (0%) | 27 (22.1%) | 40 (32.8%) | 35 (28.7%) | 20 (16.4%) |
| 4. Projects have risk mitigation policy in place | 0 F (0%) | 10 (8.2%) | 55 (45.1%) | 41 (33.6%) | 16 (13.1%) |
| 5. Detail stakeholder profiles are provided, and stakeholders are mapped to help track their changing influence and power | 0 F (0%) | 15 (12.3%) | 35 (28.7%) | 52 (42.6%) | 20 (16.4%) |
| 6. A communication strategy is adopted in the project | 0 F (0%) | 0 (0%) | 25 (20.5%) | 62 (50.8%) | 35 (28.7%) |
| 7. Information to be distributed to stakeholders, including language, format, content, and level of detail has been identified | 0 F (0%) | 6 (4.9%) | 35 (28.7%) | 51 (41.8%) | 30 (24.6%) |
| 8. Methods are in place for updating and refining the stakeholder management plan as the project progresses and develops. | 0 F (0%) | 10 (8.2%) | 25 (20.5%) | 62 (50.8%) | 25 (20.5%) |
| 9. Time frame and frequency for the distribution of required project information to stakeholders | 0 F (0%) | 5 (4.1%) | 20 (16.4%) | 57 (46.7%) | 40 (32.8%) |
| 10. Rules of engagement and roles of each stakeholder are clearly stated in the stakeholder management plan | 0 F (0%) | 5 (4.1%) | 50 (41.0%) | 42 (34.4%) | 25 (20.5%) |

**TABLE 4.7. DESCRIPTIVE STATISTICS FOR PLANNING STAKEHOLDER ENGAGEMENT**

Source: Survey SPSS result, 2021

### 4.3.3. Responses for Managing Stakeholder Engagement

The descriptive result for the response on the variable of managing stakeholder engagement indicate that the responses for the items are inclined to 'agree' under the Likert scale. This indicates that the respondents believe that managing stakeholder engagement and steps involved in managing the engagement is important in project management.

| | Strongly Disagree Count | Disagree Count | Neutral Count | Agree Count | Strongly Agree Count |
|---|---|---|---|---|---|
| 1. Internal and external stakeholders of the project are engaged | 0 F (0%) | 5 (4.1%) | 15 (12.3%) | 71 (58.2%) | 31 (25.4%) |
| 2. Project progress reports are available | 0 F (0%) | 5 (4.1%) | 0 (0%) | 56 (45.9%) | 61 (50%) |
| 3. Stakeholders are reluctant about sharing project information | 5 F (4.1%) | 26 (21.3%) | 40 (32.8%) | 31 (25.4%) | 20 (16.4%) |
| 4. Stakeholders meetings are held frequently | 10 F (8.2%) | 31 (25.4%) | 20 (16.4%) | 41 (33.6%) | 20 (16.4%) |
| 5. Relevant stakeholders are included in workshops, events and demos | 0 F (0%) | 0 (0%) | 20 (16.4%) | 51 (41.8%) | 51 (41.8%) |
| 6. Feedback mechanisms are adequate and appropriate | 0 F (0%) | 16 (13.1%) | 35 (28.7%) | 56 (45.9%) | 15 (12.3%) |
| 7. Stakeholders are aware of the progress of the project | 0 F (0%) | 5 (4.1%) | 30 (24.6%) | 46 (37.7%) | 41 (33.6%) |
| 8. Engagement of stakeholders is driven by proactive and not reactive events | 0 F (0%) | 31 (25.4%) | 35 (28.7%) | 46 (37.7%) | 10 (8.2%) |
| 9. Good communication exists among stakeholders via communication loops established | 0 F (0%) | 15 (12.3%) | 30 (24.6%) | 62 (50.8%) | 15 (12.3%) |
| 10. Change requests are well documented and are handled as per agreements made | 0 F (0%) | 0 (0%) | 25 (20.5%) | 62 (50.8%) | 35 (28.7%) |

**TABLE 4.8. DESCRIPTIVE STATISTICS FOR MANAGING STAKEHOLDER ENGAGEMENT**

Source: Survey SPSS result, 2021

### 4.3.4. Responses for Monitoring Stakeholder Engagement

| | Strongly Disagree Count | Disagree Count | Neutral Count | Agree Count | Strongly Agree Count |
|---|---|---|---|---|---|
| 1. There is identification of knowledge gap in each stakeholder group | 0<br>F (0%) | 21<br>(17.2%) | 36<br>(29.5%) | 45<br>(36.9%) | 20<br>(16.4%) |
| 2. Stakeholder queries are resolved on time | 0<br>F (0%) | 25<br>(20.5%) | 26<br>(21.3%) | 61<br>(50%) | 10<br>(8.2%) |
| 3. Stakeholders needs, and expectations are being addressed in the project | 0<br>F (0%) | 0<br>(0%) | 25<br>(20.5%) | 82<br>(67.2%) | 15<br>(12.3%) |
| 4. Dashboards and systems are in place to document and share information to stakeholders | 0<br>F (0%) | 5<br>(4.1%) | 31<br>(25.4%) | 71<br>(58.2%) | 15<br>(12.3%) |
| 5. Stakeholders are notified about work performance and project changes, and are jointly involved in plan revisions | 0<br>F (0%) | 20<br>(16.4%) | 10<br>(8.2%) | 46<br>(37.7%) | 46<br>(37.7%) |
| 6. There is provision of stakeholder feedback receiving platform | 0<br>F (0%) | 11<br>(9%) | 40<br>(32.8%) | 55<br>(45.1%) | 16<br>(13.1%) |

**TABLE 4.9. DESCRIPTIVE STATISTICS FOR MONITORING STAKEHOLDER ENGAGEMENT**

Source: Survey SPSS result, 2021

The descriptive result for the response on the variable of monitoring stakeholder engagement indicate that the responses for the items are inclined to 'agree' under the Likert scale. This indicates that the respondents believe that monitoring stakeholder engagement and steps involved is important in project management.

### 4.3.5. Responses for Project Performance

The descriptive result for the response on the variable of project performance indicate that the responses for the items are inclined to 'agree' under the Likert scale. This indicates that the respondents believe that stakeholder management is important to effective project management and project performance.

| | Strongly Disagree Count | Disagree Count | Neutral Count | Agree Count | Strongly Agree Count |
|---|---|---|---|---|---|
| 1. Stakeholder management affects project performance | 0 F (0%) | 5 (4.1%) | 0 (0%) | 36 (29.5%) | 81 (66.4%) |
| 2. Effectively engaging and partnering with stakeholders reduces project risks | 5 (4.1%) | 0 (0%) | 0 (0%) | 26 (21.3%) | 91 (74.6%) |
| 3. The project implementation is always done in line to its intended goals and objectives | 0 F (0%) | 0 (0%) | 15 (12.3%) | 46 (37.7%) | 61 (50.0%) |
| 4. There is proper utilization of project resources; there is no room for wastage that can lead stalling of the projects | 0 F (0%) | 15 (12.3%) | 30 (24.6%) | 51 (41.8%) | 26 (21.3%) |
| 5. Projects are implemented and completed within expected timeframe and budget | 0 F (0%) | 25 (20.5) | 30 (24.6%) | 56 (45.9%) | 11 (9%) |
| 6. Concluded projects normally meet the required scope and quality projects standard | 0 F (0%) | 10 (8.2%) | 30 (24.6%) | 61 (50.0%) | 21 (17.2%) |
| 7. The organization audits all its implemented projects to check on the quality and standards | 0 F (0%) | 0 (0%) | 30 (24.6%) | 51 (41.8%) | 41 (33.6%) |
| 8. Seeking project feedbacks from stakeholders improves performance | 0 F (0%) | 0 (0%) | 0 (0%) | 56 (45.9%) | 66 (54.1%) |
| 9. Stakeholders are engaged in offering grants | 0 F (0%) | 27 (22.1%) | 55 (45.1%) | 35 (28.7%) | 5 (4.1%) |
| 10. Efficiency in government transaction processes is enhanced | 0 F (0%) | 0 (0%) | 70 (57.4%) | 37 (30.3%) | 15 (12.3%) |
| 11. Key performance indicators are used to monitor if stakeholders are performing against set objectives | 0 F (0%) | 6 (4.9%) | 15 (12.3%) | 55 (45.1%) | 46 (37.7%) |
| 12. It is important to choose key performance indicators to monitor stakeholder engagement | 0 F (0%) | 0 (0%) | 0 (0%) | 35 (28.7%) | 87 (71.3%) |

**TABLE 4.10. DESCRIPTIVE STATISTICS FOR PROJECT PERFORMANCE**

Source: Survey SPSS result, 2021

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Project Performance | 122 | 3.42 | 4.83 | 4.0581 | .36754 |
| Stakeholder Identification | 122 | 3.36 | 5.00 | 4.1267 | .40531 |
| Planning Stakeholder Engagement | 122 | 3.00 | 4.80 | 3.7902 | .56691 |
| Managing Stakeholder Engagement | 122 | 3.00 | 4.90 | 3.7836 | .52921 |
| Monitoring Stakeholder Engagement | 122 | 2.50 | 4.67 | 3.7131 | .53964 |
| Valid N (listwise) | 122 | | | | |

**TABLE 4.11. DESCRIPTIVE STATISTICS FOR VARIABLES**

Source: Survey SPSS result, 2021

The table 4.11 above presents the mean scores and standard deviation for the independent and dependent variables of the study. The standard deviation scores for all the variables indicates that the range of dispersion of the responses from the mean is low. The mean score for the variable of stakeholder identification (mean = 4.12) indicates that respondents believe stakeholder identification is important and the process involved in identification are carried out. The projects have mechanisms in place where stakeholder identification is undertaken. Improvements can be made in the process to ensure thorough stakeholder analysis. According to Karim, Rahman, Berawi and Jaapar (2007), in project management, effective project managers are required to identify stakeholders and work with them to understand their expectations and influence on project success.

The mean score for project performance (mean = 4.05) reveals that respondents agree stakeholder management affects project performance. In order to achieve project success, it is important to engage and manage stakeholders effectively in the course of carrying out projects. Stakeholder management involves process and control that must be planned and guided by underlying principles. The advantage of stakeholder management includes eliminating conflicting interests among stakeholders, reducing the pressure of management to produce short-term results, reducing the cost associated with a high turn-over among stakeholders and providing the firm with committed stakeholders (Murwanashyaka and Shukla, 2017).

The mean scores for planning stakeholder engagement, managing stakeholder engagement and monitoring stakeholder engagement of (mean =3.79; mean =3.78; and mean=3.71) indicates that there is a need for improvement of these steps of stakeholder management in order enhance performance of the projects. The mean scores fall below the mean of stakeholder identification. Project teams should proactively ensure that emphasis is placed on these steps to enhance project performance. According to Riahi (2017), stakeholder management requires developing appropriate management strategies to effectively mobilize stakeholders by involving them in project decisions and implementation. Project teams need to effectively plan and engage in meaningful communication with stakeholders and monitor stakeholder relationships throughout projects. Project managers and team should manage and communicate with stakeholders in the most effective way, enabling them to concentrate resources where the maximum benefit will be derived (Salhan, 2020).

## 4.4. Correlation Results and Analysis

The correlation analysis helps discover if there is relationship between the variables. It enables determine the direction and strength/magnitude of relationship. The direction of relationship can be positive, negative or zero. The strength of a linear relationship between the two variables is measured by a statistic called the correlation coefficient which varies from -1, 0, and +1. +1 and -1 correlation coefficients have perfect relationship; coefficients ranging from -/+ 0.9 to -/+ 0.7 have strong correlation; coefficients ranging from -/+ 0.6 to -/+ 0.4 have moderate correlation; coefficients ranging from -/+ 0.3 to -/+ 0.1 have weak correlation; and zero coefficient implies no correlation (Dancey & Reidy, 2007) Pearson's correlation test has been used; the result is presented in table 4.12 below.

The Pearson correlation coefficient for the variables indicate that stakeholder identification, planning stakeholder engagement, managing stakeholder engagement, and monitoring stakeholder engagement are significantly correlated to project performance at 1% level. The direction of relationship is positive for all the variables this implies that as the level of the variables increase, project performance will also move in the same direction.

The correlation coefficient indicates that all the 4 variables of stakeholder management (stakeholder identification r = 0.674; planning stakeholder engagement r = 0.618; managing stakeholder engagement r = 0.687; and monitoring stakeholder engagement r = 0.608) are moderately correlated to project performance.

| | | Project Performance | Stakeholder Identification | Planning Stakeholder Engagement | Managing Stakeholder Engagement | Monitoring Stakeholder Engagement |
|---|---|---|---|---|---|---|
| Project Performance | Pearson Correlation | 1 | .674** | .618** | .687** | .608** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| | N | 122 | 122 | 122 | 122 | 122 |
| Stakeholder Identification | Pearson Correlation | .674** | 1 | .783** | .501** | .468** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| | N | 122 | 122 | 122 | 122 | 122 |
| Planning Stakeholder Engagement | Pearson Correlation | .618** | .783** | 1 | .564** | .536** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| | N | 122 | 122 | 122 | 122 | 122 |
| Managing Stakeholder Engagement | Pearson Correlation | .687** | .501** | .564** | 1 | .719** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |
| | N | 122 | 122 | 122 | 122 | 122 |
| Monitoring Stakeholder Engagement | Pearson Correlation | .608** | .468** | .536** | .719** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 122 | 122 | 122 | 122 | 122 |

**. Correlation is significant at the 0.01 level (2-tailed).

**TABLE 4.12. PEARSON CORRELATION RESULT**

Source: Survey SPSS result, 2021

## 4.5.Diagnostic Tests

According to Brooks (2008), assumptions are made relating to the classical linear regression model (CLRM). This is required to show that the estimation technique has a number of desirable properties and that hypothesis tests regarding the coefficient estimates could validly be conducted. In this regard, diagnostic tests have been conducted to ensure that the regression model of the study fulfils the underlying assumptions.

### 4.5.1. Linearity

The assumption requires the mean of the disturbances to be zero. Brooks (2008) states that if a constant term is included in the regression equation, this assumption will never be violated. The model used for the study includes a constant term, hence the assumption has not been violated.

### 4.5.2. Assumption of Homoscedasticity

The assumption assumes that the variance of the errors is constant. This is known as the assumption of homoscedasticity. If the errors do not have a constant variance, they are said to be heteroscedastic. The Lagrange Multiplier (LM) test statistics is a test to check the assumption (Brooks, 2008). Hence, to test for fulfillment of the assumption, Breusch Pagan and Koenker test statistics for LM is used. Result of the test in table 4.13 below indicates that the probability value (p-value) of the test statistics (sig value) is .385 and 0.412 which is greater than 0.05. Hence, the null hypothesis of homoscedasticity is not rejected. The assumption of homoscedasticity is valid.

```
------- Breusch-Pagan and Koenker test statistics and sig-values --------
                LM        Sig
BP           4.161       .385
Koenker      3.954       .412

Null hypothesis: heteroskedasticity not present (homoskedasticity)

if sig-value less than 0.05, reject the null hypothesis

Note: Breusch-Pagan test is a large sample test and assumes the residuals
to be normally distributed

------ END MATRIX -----
```

**TABLE 4.13. TEST OUTPUT FOR HOMOSCEDASTICITY**

Source: Survey SPSS result, 2021

### 4.5.3. Assumption of No Autocorrelation

Brooks (2008) states that the assumption will be fulfilled when covariance between the error terms over time or cross-sectionally is zero. It is assumed that the errors are uncorrelated with one another. Durbin-Watson (DW) test statistic of 2 and close to 2 results a no autocorrelation in the residuals. Hence, DW test has been conducted to verify that the assumption has not been violated. Result is presented in the table 4.14 below. The result indicates that the DW for the model is 1.803, which is close to 2. Hence, the null hypothesis of no autocorrelation has not been rejected; the model has not violated the assumption.

**Model Summary[b]**

| Model | Durbin-Watson |
|---|---|
| 1 | 1.803 |

a. Predictors: (Constant), Monitoring Stakeholder Engagement, Stakeholder Identification, Managing Stakeholder Engagement, Planning Stakeholder Engagement

b. Dependent Variable: Project Performance

**TABLE 4.14. TEST OUTPUT FOR NO AUTOCORRELATION**

Source: Survey SPSS result, 2021

### 4.5.4. Multicollinearity Test

Assumption made when using the OLS estimation method is that the explanatory variables are not correlated with one another (Brooks, 2008). The larger the value of Variance Inflation Factor (VIF) the more "troublesome" or collinear the variable X. As a rule of thumb, if the VIF of a variable exceeds 10, that variable is said be highly collinear (Gujarati, 2004). Variance Inflation Factor (VIF) for the independent variables has been computed. The result presented in table 4.15 below reveals that the VIF for all the variables is below 10, this indicates that there is no multicollinearity among the independent variables.

**Coefficients[a]**

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | Stakeholder Identification | .381 | 2.624 |
| | Planning Stakeholder Engagement | .340 | 2.944 |
| | Managing Stakeholder Engagement | .436 | 2.294 |
| | Monitoring Stakeholder Engagement | .458 | 2.185 |

a. Dependent Variable: Project Performance

**TABLE 4.15. TEST OUTPUT FOR MULTICOLLINEARITY**

Source: Survey SPSS result, 2021

### 4.5.5. Normality Assumption

Normality test investigates whether the error term follows the normal distribution with zero mean and constant variance (Gujarati, 2004). Normality test has been conducted to check for normality. Probability value (p-value) of the test statistics of Kolmogorov-Smirnov and Shapiro-Wilk should be greater than 0.05 to not reject the null hypothesis- distribution is normal at 5% level. Significance levels of both tests, as shown in table 4.16, are above 0.05 indicating the residuals are normally distributed.

**Tests of Normality**

| | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Project Performance | .090 | 122 | .200* | .969 | 122 | .076 |

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

**TABLE 4.16. TEST OUTPUT FOR NORMALITY**

Source: Survey SPSS result, 2021

Based on the results of the diagnostic test results, all the assumptions of simple linear regression have been met. Hence, the model is accurate and generalization to population can be made.

## 4.6. Regression Results and Analysis

Regression analysis is concerned with the study of the dependence of one variable, the dependent variable, on one or more other variables, the explanatory variables, with a view to estimating and/or predicting the (population) mean or average value of the former in terms of the known or fixed (in repeated sampling) values of the latter (Gujarati, 2004). Multiple regression analysis was conducted to determine the statistical dependence of project performance (dependent variable) on the stakeholder management proxies (independent variables) of stakeholder identification, planning stakeholder engagement, managing stakeholder engagement, and monitoring stakeholder engagement.

### 4.6.1. Goodness-of -fit test

Hypothesis testing for the multiple regression model determines causal relationship between the dependent and explanatory variables. Brooks (2008) states that it is desirable to have some measure of how well the regression model actually fits the data; how well the model containing the explanatory variables that was proposed actually explain variations in the dependent variable. Hence, goodness of fit statistic $R^2$ and F test is employed to ascertain fitness of the model to the data. Results are presented in tables 4.17 and 4.18.

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .825[a] | .680 | .675 | 2.742 |

a. Predictors: (Constant), Monitoring Stakeholder Engagement, Stakeholder Identification, Managing Stakeholder Engagement, Planning Stakeholder Engagement

b. Dependent Variable: Project Performance

**TABLE 4.17. GOODNESS-OF-FIT TEST**

Source: Survey SPSS result, 2021

$R^2$ for the model is 68.0% while the adjusted $R^2$, which takes into account the loss of degrees of freedom associated with adding extra variables, is 67.5%. Adjusted $R^2$ interpreted implies 67.5% variability of project performance can be explained by the explanatory variables (stakeholder identification, planning stakeholder engagement, managing stakeholder engagement, and monitoring stakeholder engagement) of the study. This indicates that project

stakeholders are heavily involved in the execution of the other areas of project management. Thus, implying that stakeholders are the performers, and therefore the major influencers of project performance. 32.5% of variability of project performance is explained by factors other than the independent variables. Therefore, the model best fits the data.

Analysis of variance (ANOVA) measured by F test shows the joint significance of all the factors in explaining the dependent variable. F for the model equals 49.038, with p-value (sig value) of 0.00. P-value less than 0.05 and F stat greater than zero implies that the null hypothesis of all factors taken together is approximated by zero is rejected. Hence, all factors (independent variables) taken together can explain the project performance; the variables are jointly significant. The regression model is a good fit of the data.

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1474.357 | 4 | 368.589 | 49.038 | .000[b] |
| | Residual | 879.421 | 117 | 7.516 | | |
| | Total | 2353.779 | 121 | | | |

a. Dependent Variable: Project Performance

b. Predictors: (Constant), Monitoring Stakeholder Engagement, Stakeholder Identification, Managing Stakeholder Engagement, Planning Stakeholder Engagement

**TABLE 4.18. ANOVA**

Source: Survey SPSS result, 2021

### 4.6.2. Discussion of Regression Results

The regression result presented in table 4.19 below showing the effect of stakeholder management on project performance is analyzed in context of theoretical and empirical literatures. Coefficient estimates (β) and p-values (sig. values) are observed to determine direction and significance levels.

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 13.770 | 2.757 | | 4.994 | .000 |
| | Stakeholder Identification | .412 | .091 | .416 | 4.547 | .000 |
| | Planning Stakeholder Engagement | .014 | .069 | .018 | .199 | .044 |
| | Managing Stakeholder Engagement | .311 | .071 | .373 | 4.360 | .000 |
| | Monitoring Stakeholder Engagement | .195 | .114 | .143 | 1.711 | .038 |

a. Dependent Variable: Project Performance

**TABLE 4.19. REGRESSION COEFFICIENTS**

Source: Survey SPSS result, 2021

$Y= 13.770+ 0.412X_1 +0.014X_2 + 0.311X_3+0.195X_4+ \varepsilon$

Y: Project Performance

X1: stakeholder identification

X2: planning stakeholder engagement

X3: managing stakeholder engagement

X4: monitoring stakeholder engagement

## Stakeholder Identification

The coefficient parameter (β) for stakeholder identification is 0.412 with p-value of 0.000. The p-value (0.000) < 0.05; hence the null hypothesis of no relation is rejected. This shows that holding all other factors constant, a unit level increase in stakeholder identification will cause a 0.412-unit increase in project performance and it is statistically significant at 5%.

Stakeholder identification has a positive and statistically significant effect on project performance.

The finding of the study is consistent with the theories and literature and the studies of Githinji et al. (2020); Maina and Kimutai, (2018); Herremans et al, (2016); Riahi, (2017); Murwanashyaka and Shukla, (2017); and Moulid, et al. (2021). The result of these studies indicates that there is a positive and significant effect of stakeholder identification on project performance. The study finding is also in line with theoretical literatures

## Planning Stakeholder Engagement

The coefficient parameter (β) for planning stakeholder engagement is 0.014 with p-value of 0.044. The p-value (0.044) < 0.05; hence the null hypothesis of no relation is rejected. This shows that holding all other factors constant, a unit increase in planning stakeholder engagement will cause a 0.044-unit increase in project performance and it is statistically significant at 5%. Planning stakeholder engagement has a positive and statistically significant effect on project performance.

The finding of the study is consistent with the results of studies of Moulid, et al. (2021); Murwanashyaka and Shukla, (2017); Wamugu and Ogollah, (2017) which indicate that there is a positive and significant effect of planning stakeholder engagement and project performance. The study finding is also in line with theoretical literatures.

## Managing Stakeholder Engagement

The coefficient parameter (β) for managing stakeholder engagement is 0.311 with p-value of 0.000. The p-value (0.000) < 0.05; hence the null hypothesis of no relation is rejected. This shows that holding all other factors constant, a unit increase in managing stakeholder engagement will cause a 0.311-unit increase in project performance and it is statistically significant at 5%. Managing stakeholder engagement has a positive and statistically significant effect on project performance.

The finding of the study is consistent with the results of studies of Githinji et al, (2020); Wamugu and Ogollah, (2017); Maina and Kimutai, (2018); Mambwe et al, (2020); Oyugah and Onyango, (2019); Kobusingye et al., (2017); Alemu (2016); Ndunda et al. (2017); Murwanashyaka and Shukla, (2017); and Moulid, et al. (2021) which state that there is a

significant and positive effect of managing stakeholder engagement on project performance. Theoretical literature also supports finding of the study.

## Monitoring Stakeholder Engagement

The coefficient parameter (β) for monitoring stakeholder engagement is 0.195 with p-value of 0.038. The p-value (0.038) < 0.05; hence the null hypothesis of no relation is rejected. This shows that holding all other factors constant, a unit increase in monitoring stakeholder engagement will cause a 0.195-unit increase in project performance and it is statistically significant at 5%. Monitoring stakeholder engagement has a positive and statistically significant effect on project performance.

The finding of the study is consistent with the results of studies of Moulid et al. (2021); Murwanashyaka and Shukla (2017); Ndunda et al. (2017); Wamugu and Ogollah (2017); and Githinji et al. (2020) which report a significant and positive effect of monitoring stakeholder engagement on project performance. The finding of the study is also in line with theories and literature.

| Independent Variable | Relationship | Result |
|---|---|---|
| Stakeholder Identification | Positive | Significant |
| Planning Stakeholder Engagement | Positive | Significant |
| Managing Stakeholder Engagement | Positive | Significant |
| Monitoring Stakeholder Engagement | Positive | Significant |

**TABLE 4.20. SUMMARY OF REGRESSION RESULT**

Source: Author, 2021

The study outcome indicates that stakeholder management has a significant effect on project performance. The results are in line with existing literature. Project stakeholder management consists of the execution of the management function of identifying stakeholders, planning stakeholder engagement, managing stakeholder engagement and controlling stakeholder engagement (Dagli, 2018). Stakeholders have substantial influence on projects outcomes. Project stakeholder management is expected to provide the project managers with support to

aid the selection of realistic options that will maximize the ultimate value of the project to the stakeholders (Oppong, Chan and Dansoh, 2017). Stakeholder management is actively and effectively managing the important relationships. Successful project relationships are fundamental and a key aspect for successful delivery of projects (Rajhans, 2018). It is crucial for the success of projects to get support of stakeholders through engaging them in project decision making and project execution at appropriate levels at appropriate times (Sanghera, 2019).

# CHAPTER FIVE

# CONCLUSION AND RECOMMENDATION

The chapter is presented in two sections; conclusion and recommendations based on the research findings.

## 5.1. Conclusion

The objective of the study was to determine the effect of stakeholder management on project performance. Theoretical review was conducted to understand the underlying principles and process of stakeholder management and project performance. Empirical review was undertaken to incorporate prior studies made in area of the study. Based on the literature review; a testable hypothesis was formulated, and conceptual framework developed to study the effect of the independent variables of stakeholder identification, planning stakeholder engagement, managing stakeholder engagement and monitoring stakeholder engagement on the dependent variable of project performance.

A self-developed questionnaire using 5-point Likert scale was developed. A pilot test of the instrument was conducted on a sample of 30 participants to ensure its reliability. Data were then collected from 122 participant (80% response rate). SPSS version 25 was used to undertake the statistical analysis. Descriptive and correlation analysis were undertaken to describe the phenomena of the variables of study. Correlation results indicated that there is a positive relationship between the four proxies of stakeholder management of the study and project performance.

Linear regression model was used to conduct regression analysis to test the null hypothesis and determine a causal link between project performance and stakeholder management. Diagnostic tests were undertaken to ensure that model of the study fulfills the assumptions of classical linear regression model. Regression results indicate that all the independent variables of stakeholder management (stakeholder identification, planning stakeholder engagement, managing stakeholder engagement and monitoring stakeholder engagement) have positive and significant effects on project performance. Findings of the study show that for GIZ projects to be successful appropriate measures should be put in place to adequately addresses stakeholder management issues as it plays a vital role and contributes to effective project performance and management. It can be concluded from this study that, as projects involve different stakeholders with varying interests and requirements, it is mandatory to

focus on the four components of project stakeholder management so as to ensure the involved stakeholders determine the achievement of the desired project performance.

## 5.2.Recommendation

Based on the findings of this study and review of various literature in the topic area, it is understood that project stakeholder management is a key driving factor of project performance. The four components of project stakeholder management studied in this research play their respective individual and collective roles in affecting project performance. With the aim of bringing about the desired levels of project performance, it is important for project teams to effectively address the overall process of project stakeholder management. Effective management of project stakeholders is key to project success. Ineffective stakeholder management results in dissatisfaction with project outcomes and disruption to budget and schedule. Stakeholder management strategies should be applied to increase the effectiveness of managing different interest and dispositions.

It is highly recommended that stakeholder identification in projects is given due focus as this process helps in assessing all the existing stakeholders who directly or indirectly influence project performance. This helps to profile and categorize the stakeholders in terms of their influence, interests or timing of engagement so that adequate planning is done for how to engage with them. It is recommended to identify and document all the stakeholders in order to help keep track of possible changes in their profiles, and also to assess new stakeholders who might have relevance to the project.

Planning stakeholder engagement is another key component of stakeholder management that is essential in building and maintaining strategic cooperation with all the project stakeholders necessary for successful project performance. It is highly recommended that the planning process of stakeholder management be expertly done so that proper strategies and action plans are devised on how to engage with the stakeholders based on their levels of influence and interest.

Additionally, it is of high importance to consistently and continuously communicate with the identified stakeholders so as to transfer and receive relevant information required for project performance. Managing the stakeholder engagement shall be more of a proactive process according to the stakeholder management plans developed. With this component, it is

recommended to have an effective stakeholder engagement for ensuring productive cooperation with all the stakeholders.

Finally, monitoring and evaluating the stakeholder engagements is recommended to be conducted for the sake of making adjustments or revisions to the existing project stakeholder management approaches. One reason for a project's poor performance might be lack of adequate stakeholder identification or planning. It can also be down to improperly communicating with the stakeholders. Therefore, it is recommended to monitor the stakeholder engagement with the aim of assessing if the stakeholder management practice in the project is positively affecting project performance or if it needs to be modified accordingly.

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# APPENDICES

APPENDIX-I- RESEARCH QUESTIONNAIRE

**ADDIS ABEBA UNIVERSITY**

**SCHOOL OF COMMERCE**

**RESEARCH QUESTIONNAIRE**

Dear Respondent,

My name is Groom Demissie. I am attending the master's program in Project Management at the Addis Abeba University, School of Commerce. I am currently conducting a research on the title "The Effect of Stakeholder Management on Project Performance in the case of GIZ' as a partial fulfilment of the requirements for the master's degree.

This questionnaire is crafted to collect data on Effect of Stakeholder Management on Project Performance in the case of GIZ projects. The data to be collected through the questionnaire is highly valuable to meet the objectives of this study. Therefore, you are kindly requested to fill in and return the questionnaire. The information you supply would be used for academic purpose only and will be kept confidential.

Thank you in advance for your cooperation

**Section A: Basic Information**

1) Which stakeholder category do you represent

a) Governmental organization
b) Non-Governmental organization
c) Consultants
d) Contractors
e) Suppliers
f) GIZ project team

2) What is your position in the project

a) Junior Project team member
b) Senior Project team member
c) Management or Executive team member

3) What is your educational level

a) High School
b) Diploma
c) Degree
d) Masters
e) Others, Specify_____

4) What is your year of work experience

a) 0-5 years
b) 6-10 years
c) 11-15 years
d) 16 years and above

5) What is your area of expertise?
a) Hard science (engineering, agriculture, IT, etc)
b) Soft science (public relations, sociology, accounting, political science, etc)

**Section B: Stakeholder Management**

Please mark (x) inside the box for each of the statement to indicate your response.

| **Stakeholder identification** | | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly agree (5) |
|---|---|---|---|---|---|---|
| 1 | All stakeholders with interests have been identified in the project | | | | | |
| 2 | There is understanding of the unique characteristics of each stakeholder | | | | | |
| 3 | Stakeholder ideas are contributed in the project | | | | | |
| 4 | Stakeholder needs and expectations were identified before the project begins | | | | | |
| 5 | Research was conducted before project was commissioned | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | Key stakeholders identified well at the planning stage | | | | | |
| 7 | Stakeholder identification helps to find out who has unique knowledge related to any aspect of the project | | | | | |
| 8 | Stakeholders get a chance to select a project that is realistic and meet their needs | | | | | |
| 9 | Stakeholder analysis helps to evaluate different stakeholders' powers | | | | | |
| 10 | In order to ensure the quality of the decision-making processes, stakeholder analysis is useful | | | | | |
| 11 | An appropriate stakeholder register is developed and continuously monitored and updated | | | | | |

| **Planning Stakeholder Management** | | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly agree (5) |
|---|---|---|---|---|---|---|
| 1 | The project management team have the required competencies for stakeholder management. | | | | | |
| 2 | There is adequate personnel to support the project implementation | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | Stakeholders share a common understanding on the project | | | | | |
| 4 | Projects have risk mitigation policy in place | | | | | |
| 5 | Detail stakeholder profiles are provided, and stakeholders are mapped to help track their changing influence and power | | | | | |
| 6 | A communication strategy is adopted in the project | | | | | |
| 7 | Information to be distributed to stakeholders, including language, format, content, and level of detail has been identified | | | | | |
| 8 | Methods are in place for updating and refining the stakeholder management plan as the project progresses and develops. | | | | | |
| 9 | Time frame and frequency for the distribution of required project information to stakeholders | | | | | |
| 10 | Rules of engagement and roles of each stakeholder are clearly stated in the stakeholder management plan | | | | | |

| **Managing Stakeholder Engagement** | | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly agree (5) |
|---|---|---|---|---|---|---|
| 1 | Internal and external stakeholders of the project are engaged | | | | | |
| 2 | Project progress reports are available | | | | | |
| 3 | Stakeholders are reluctant about sharing project information | | | | | |
| 4 | Stakeholders meetings are held frequently | | | | | |
| 5 | Relevant stakeholders are included in workshops, events and demos | | | | | |
| 6 | Feedback mechanisms are adequate and appropriate | | | | | |
| 7 | Stakeholders are aware of the progress of the project | | | | | |
| 8 | Engagement of stakeholders is driven by proactive and not reactive events | | | | | |
| 9 | Good communication exists among stakeholders via communication loops established | | | | | |
| 10 | Change requests are well documented and are handled as per agreements made | | | | | |

| **Controlling Stakeholder Engagement** | | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly agree (5) |
|---|---|---|---|---|---|---|
| 1 | There is identification of knowledge gap in each stakeholder group | | | | | |
| 2 | Stakeholder queries are resolved on time | | | | | |
| 3 | Stakeholders needs, and expectations are being addressed in the project | | | | | |
| 4 | Dashboards and systems are in place to document and share information to stakeholders | | | | | |
| 5 | Stakeholders are notified about work performance and project changes, and are jointly involved in plan revisions | | | | | |
| 6 | There is provision of stakeholder feedback receiving platform | | | | | |

**Section C: Project Performance**

| **Project Performance** | | Strongly disagree (1) | Disagree (2) | Neutral (3) | Agree (4) | Strongly agree (5) |
|---|---|---|---|---|---|---|
| 1 | Stakeholder management affects project performance | | | | | |
| 2 | Effectively engaging and partnering with stakeholders reduces project risks | | | | | |
| 3 | The project implementation is always done in line to its | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | intended goals and objectives | | | | | |
| 4 | There is proper utilization of project resources; there is no room for wastage that can lead stalling of the projects | | | | | |
| 5 | Projects are implemented and completed within expected timeframe and budget | | | | | |
| 6 | Concluded projects normally meet the required scope and quality projects standard | | | | | |
| 7 | The organization audits all its implemented projects to check on the quality and standards | | | | | |
| 8 | Seeking project feedbacks from stakeholders improves performance | | | | | |
| 9 | Stakeholders are engaged in offering grants | | | | | |
| 10 | Efficiency in government transaction processes is enhanced | | | | | |
| 11 | Key performance indicators are used to monitor if stakeholders are performing against set objectives | | | | | |
| 12 | It is important to choose key performance indicators to monitor stakeholder engagement | | | | | |