



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**ASSESSMENT OF PRACTICES AND CHALLENGES OF PROJECT STAKEHOLDER  
MANAGEMENT CASE OF MISSION FOR COMMUNITY DEVELOPMENT PROGRAM  
(MCDP) PROJECTS**

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**June, 2017**

**Addis Ababa**

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SCHOOL OF COMMERCE  
DEPARTMENT OF PROJECT MANAGEMENT  
GRADUTE PROGRAM  
(MAPM)

ASSESSMENT OF PRACTICES AND CHALLENGES OF PROJECT  
STAKEHOLDER MANAGEMENT CASE OF MISSION FOR COMMUNITY  
DEVELOPMENT PROGRAM (MCDP) PROJECTS

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A RESEARCH PROJECT SUBMITTED TO ADDIS ABABA UNIVERSITY,  
SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF  
REQUIREMENTS FOR AWARD OF MA IN PROJECT MANAGEMENT

ADVISOR: SOLOMON MARKOS (PhD)

## **ADVISOR APPROVAL SHEET**

This is to certify that the thesis entitled “ASSESSMENT OF PRACTICES AND CHALLENGES OF PROJECT STAKEHOLDER MANAGEMENT CASE OF MISSION FOR COMMUNITY DEVELOPMENT PROGRAM (MCDP) PROJECTS” submitted in partial fulfillment of the requirements for the degree of Masters of Arts in Project Management, has been carried out by Tsegaye Zekarias, under my supervision.

Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the Project Work (thesis) to the department.

Name of advisor	Signature	Date
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**APPROVED BY BOARD OF EXAMINERS**

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## DECLARATION

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

Name: Tsegaye Zekarias

Signature: \_\_\_\_\_

June, 2017

## ACKNOWLEDGMENT

Above all, always and forever my deepest and endless love and appreciation goes to my Almighty God and father, who is always with me giving me this chance and for giving all the strength and everything I ever asked, to keep myself on track. Without his blessing I would never have succeeded and for all achievements which I have been able to attain in my entire life.

I extend my special thanks to my research advisor Dr. Solomon Markos, for his commitment, intellectual guidance and constructive comment at every stage of this project work. I also thank for his concern and passion whenever I need his support.

My gratitude also goes to Mission for Community Development Program (MCDP), Executive Director W/ro Mulu Haile, Program Manager Ato Fasil Solomon, Project Managers, Projects Coordinators, Frontline Project Staff and Key resources persons for their honest support in providing me with the necessary documents and information during the interview and document review.

Finally, words are not actually enough to express the degree of my indebtedness to my family my father Zekarias Gurm, my mother Hirut Mukka, my sisters Befikaduwa Zekarias, Frehiwot Zekarias, Sisay Zekarais, and Addis Zekarais and my brother Mintesenot Zekarais and also my cousin Mesay Messele, Selamawit Takele and Hadis Takele for all their encouragement, support, love and prayers for my progress and success in my entire life special in Project work/thesis.

## **DEDICATION**

**I dedicate this Research Project/Thesis to my father God!!!**

*“Hear me when I call, O God of my righteousness: thou hast enlarged me when I was in distress; have mercy upon me, and hear my prayer”*

## **ABBREVIATIONS AND ACRONYMS**

CARE	Cooperative for Assistance & Relief Everywhere, INC
CEO	Chef Executive Officer
CSA	Central Statistical Agency
CSR	Corporate Social Responsibility
DOT	Digital Opportunity Trust
EDGET	Ethiopian driving growth, entrepreneurship & trade
ICT	Information Communication Technology
IFC	International Finance Corporation
IGA	Income generating activities
KPA	Key Performance Areas
MCDP	Mission for Community Development Program
NGOs	None Governmental Organizations
PM	Project Management
PMBOK	Project Management Body of Knowledge
UNECA	United Nations Economic Commission for Africa
W4W	Women for Women Project
SH	Stakeholder
SHM	Stakeholder Management
PM	Project Manager
SPIDR	Society of Professionals in Dispute Resolution



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## ABSTRACT

*Projects stakeholder management in Mission for Community Development Program (MCDP) face encounters from different groups with potentially conflicting needs and interests. The study assess the practices and challenges of stakeholder management case of Mission for Community Development Program (MCDP) projects. Censes was used to use all staff members of MCDP organization 30 respondents comprising 1 CEO, 1 Program Manager, 4 Project Managers, 7 Project Coordinators, 11 Frontline Project Staff and 6 key resource persons. Structured questionnaire was used to get information from CEO, Program Manager and Project Managers, whereas FGD questionnaire was used to provoke information from Project Coordinators, Frontline Staff and key resource persons. The study identified donors, beneficiaries, traditional and public authorities and Project Community as generally recognized key stakeholders to the organization. Whereas, Project team, insurance companies, media, sister/line projects, contractors/consultants and financial institutions were also identified as stakeholders but by some of the projects. It was discovered also that the interests and parts of the key Stakeholders were very critical to the effectiveness of the projects. The stakeholder management system was found to be predominantly not institutionalized (separate organizational body). The study also revealed challenges like low commitment, conflicting interests, personal benefit seeking, ineffective communication, low understanding of different issues, deviation from common agreement, unrealistic expectations and high cost of management rankly were found to effect on the performance of the projects in the organization. Finally, it is recommend that all stakeholder should be understand project goals and objectives, ensure strong communication, identify relevant stakeholders from the project planning, institutionalized stakeholder management and ensure full commitment from all stakeholders.*



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1.BACKGROUND OF THE STUDY**

Running a successful project/program in the Non-Governmental Organization setup requires a high degree of stakeholder management; stakeholders are the people and or institutions who affect and are affected by the outputs or inputs of a project. A stakeholder is any person or organization who can be positively or negatively impacted by, or can cause an impact on the action or the decisions of a company, government, or organization. Stakeholders in the NGO sector include everyone (both insiders and outsiders) who are involved in one way or the other in the project activities, inputs and outputs.

Stakeholders in NGO programs and projects will need to be managed through every phase of the program/project. Stakeholder management involves process and control that must be planned and guided by underlying principles. The advantage of stakeholder management include 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 in an environment characterized by increasing competition. Among the reasons that affect project outcomes, many scholars have cited “the ignorance or poor stakeholder management” as one of the key reasons responsible for project failure. Therefore, systematic improvement in project stakeholder management is required to improve the performance of project outcome (Neil, 2011).

According to Neil (2011), there are three types of stakeholders, these may include Primary stakeholders (those ultimately affected either positively or negatively by an organization’s actions), Secondary stakeholders (persons or organizations who are indirectly affected by an organization’s actions-intermediaries’) and Key stakeholders (can belong to the first two groups).

Different stakeholders will want very different outcomes from projects. A vital part of stakeholder management is managing these competing expectations from the initial phase through to final implementation; Stakeholder priorities have a tendency to change during the program and project

lifecycle and as such compounds the challenge; Managing stakeholders represents a major political challenge to all program and project managers (Neil, 2011)

The World Bank defines NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development" In wider usage, the term NGO can be applied to any non-profit organization which is independent from government (United Nations Economic Commission for Europe, 2006).

The work of Non-Governmental Organizations is mainly focused on the development and advocacy needs of disadvantaged communities or citizens. Thus they aim at poverty reduction, self-help, improvement of the welfare of the disadvantaged and encouraging the observance of human rights and other policy issues targeting mainly national and international governing bodies, Corporate Institutions and Traditional authorities. In the MCDP context, the operations of most of these NGOs are mainly centered in and for the interest of deprived areas in various regions. To mention some of the projects under MCDP; Community based child development program, Ethiopian driving growth, entrepreneurship & trade (EDGET), Prevention of unsafe migration in Addis Ketema sub city, Women for Women (W4W) creating opportunities for women in enterprise development in Addis Ababa, School & SHG as an approach to address child vulnerability, Child on the move, Support for victims of child Trafficking & child labor, Income generating activities (IGA), Community based organizations for development, Information & communication technology for Girls' education & women entrepreneurship and Enhancing sustainable natural resource management & resilience of women.

## **1.2.STATEMENT OF THE PROBLEM**

Stakeholder is any group or individual who can affect or is affected by the achievement of the organization objectives. (Freeman 1984, p.46 in Friedman & Miles 2006, p.4)

Stakeholder is an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project. (PMBOK 2013, p.563)



According to Beringer et al. (2013), stakeholder management is considered, from both a professional and an academic standpoint, to be extremely important for achieving success in projects. For these authors, the stakeholders have a dual relationship with the performance of the project, because their actions can influence the project, but, on the other hand, the results of the project may affect their interests.

Stakeholder management in a project must also involve an understanding of the behavior of the stakeholders during the life cycle of the project, with the aim of performing actions that meet their expectations (Beringer et al. 2013).

Projects have always required planning, management and control to deliver the desired outcome, from the building of the pyramids in ancient Egypt to the implementation of new information and communication technology (ICT) systems in the modern world, satisfying key stakeholder requirements has been central to achieving a successful outcome (Bourne, 2006). Today, many different types of organizations have embraced the concept of projects as a mechanism for delivering change and to find a way of involving stakeholders in planning and designing of projects.

To be able to deal effectively with the multiple and complex development problems to meet the divergent and conflicting interests and needs of their complex networks of stakeholders, there is the need to understand the stakeholder trade-offs and all challenges thereof.

According to Ali Akbar Bromideh (2011), the effectiveness of NGOs as actors in development and change depends on successful engagement with both internal and external questions and also on the successful articulation between issues of internal and external management.

The particular problem in the projects stakeholder management is that limited commitment from stakeholders, incentive expectations from stakeholders especially from government sectors (wants payment from stakeholder meeting), turn over in government office stakeholder members and not equal understanding level in stakeholder members. Also, the ability of these projects to effectively address the increasing and complex stakeholder management challenge is limited due to limited idea on the nature and trade-offs of stakeholders.

Therefore, this study seeks to assess the stakeholder management practices and challenges encountered by these NGOs particularly in the MCDP Projects.

### **1.3.RESEARCH QUESTIONS**

1. What are the types, responsibilities and interests of Stakeholders in Mission for Community Development Program (MCDP) projects?
2. What are the stakeholder management practices of the targeted projects in Mission for Community Development Program (MCDP)?
3. What challenges are there in managing Stakeholders in the projects of Mission for Community Development Program (MCDP)?

### **1.4.OBJECTIVES OF THE STUDY**

#### **4.1 General Objective**

To assess the practices and challenges of stakeholder management case of Mission for Community Development Program (MCDP) projects.

#### **4.2 Specific Objectives**

1. To identify the types, responsibilities and interests of stakeholders
2. To assess the stakeholder management practices in MCDP
3. To examine the challenges of stakeholder management in MCDP

### **1.5.ORGANIZATION OF THE PAPER**

The paper has five main section, this are; chapter on Introduction, chapter two Literature review, chapter three Methodology of the study, chapter four Presentation of the funding's and chapter five Conclusion and Recommendation. Every chapter has its own divided subsections.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. THE CONCEPT “STAKEHOLDER”**

The word 'stakeholder' has assumed a prominent place in public and nonprofit management theory and practice in the last 20 years, and especially in the last decade. The term refers to persons, groups or organizations that must somehow be taken into account by leaders, managers and front-line staff (Bryson, et al., 2002). According to Freeman (1984), a stakeholder is 'any group or individual who can affect or is affected by the achievement of the organization's objectives'.

In a similar line, Peter (2008) also defined stakeholder as anybody whose interest can be negatively or positively affected by the project and who may be able to affect the success or failure of the project. “Any person or organization that is actively involved in a project, or whose interests may be positively or negatively affected by execution or completion of the project”.

It is a curious term- stakeholder- which has come to mean almost totally the opposite to its original sense. A stakeholder was someone who held money on behalf of two or more other people pending the resolution of an issue between them - usually the outcome of a wager. He was bound to hand over the money to the successful party. In other words, the stakeholder had a formal responsibility towards his principals. Even in jurisdictions where wagering contracts are unenforceable (including England to this day) the stakeholder still had to pay up. In the American Wild West, if the stakeholder ran off with the stakes the aggrieved parties could haunt him down and shoot him (Sunderland, 2006).

As quoted by Bryson et al., (2002), typical definitions of stakeholder from the public and nonprofit sector literatures include the following variants: 'All parties who will be affected by or will affect [the organization's] strategy' (Nutt and Backoff, 1992). 'Any person, group or organization that can place a claim on the organization's attention, resources, or output, or is affected by that output' (Bryson, 1995). 'People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization' (Eden and Ackermann, 1998).

According to the IFC (2007) Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses.

The sample definitions from the public and nonprofit management literatures differ in how inclusive they are. According to Eden and Ackermann (1998), stakeholders can only be people or groups who have the power to directly affect the organization's future; absent that power, they are not stakeholders. Their definition is similar to many in the business management literature (Mitchell et al., 1997; Jones and Wicks, 1999), and makes sense for their purposes, as they are writing for both business management and public and nonprofit management audiences. In contrast, Nutt and Backoff (1992), Johnson and Scholes (2002) (who also address a primarily business audience) think in same line with Bryson (1995) that, there should be a consideration of a broader array of people, groups or organizations as stakeholders, including the nominally powerless. While there is no explicit ethical content in any of the four definitions, the foregoing definitions would seem to be more compatible with typical approaches to democracy and social justice, in which the interests of the nominally powerless must be given weight (Lebacqz, 1986; Lewis, 1991; Boyte and Karl, 1996; Stone, 1997).

Kalsern (2002) of the Norwegian School of Management BI, also gave a broader view of the concept stakeholders when he included clients, end users, contractors, consultants, labor unions, line organizations, public authorities, financial institutions, insurance companies, controlling organizations, media, third parties, and competitors as stakeholders.

According to Neil (2011), there are three types of stakeholders, these are:

- Primary stakeholders: are those ultimately affected, either positively or negatively by an organization's actions.
- Secondary stakeholders: are the =intermediaries', that is, persons or organizations who are indirectly affected by an organization's actions.

- Key stakeholders: (who can also belong to the first two groups) have significant influence upon or importance within an organization.

## **2.2.THE ROLE OF STAKEHOLDERS**

To this end, it is obvious the relevance of stakeholders towards the achievement of every organization's objectives is to some extent manifest in the above conceptualizations from the different authors but more of it can be seen in Bryson (1995) and Moore, (1995), when they said; Attention to stakeholders is important throughout the strategic management process because 'success' for public organizations and certainly survival depends on satisfying key stakeholders according to their definition of what is valuable.

As quoted by Bryson (2004) in his work, What to do when stakeholders matter, he argues that, 'Public agencies are born of and live by satisfying interests that are sufficiently influential to maintain the agencies' political legitimacy and the resources that come with it'. If key stakeholders are not satisfied, at least minimally, according to their criteria for satisfaction, the normal expectation should be that something will change -' for example, budgets will be cut, elected or appointed officials will lose their job, new initiatives will be undermined, and so on.

Attention to stakeholders is also needed to assess and enhance political feasibility, especially when it comes to articulating and achieving the common well (Bryson et al., 2002; Campbell and Marshall, 2002). Finally, attention to stakeholders is important to satisfy those involved or affected that requirement for procedural justice; procedural rationality and legitimacy have been met (Eden and Ackermann, 1998; Suchman, 1995; Alexander, 2000). Note that what is being said does not imply that all possible stakeholders should be satisfied, or involved, or otherwise wholly taken into account, only that the key stakeholders must be, and that the choice of which stakeholders are key is inherently political (Stone, 1997), has ethical consequences (Lewis, 1991; Cooper, 1998) and involves judgment (Vickers and Vickers, 1998).

According to Neil (2011), think about everyone involved in your activities. But what gets more challenging is all the 'outsiders' who may be impacted by the activity and who might have an interest. This is why Stakeholder Management is so important. Stakeholder management supports

an organization in achieving its strategic objectives by interpreting and influencing both the external and internal environments and by creating positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives. The advantages of Stakeholder Management include eliminating conflicting interests among stakeholders, reducing the pressure of management to produce short-term results, reducing the costs associated with a high turnover among stakeholders, and providing the firm with committed stakeholders in an environment characterized by increasing competition.

### **2.3.STAKEHOLDER IDENTIFICATION**

According Peter (2008), the first step in developing Project Stakeholder Management strategy is to identify the stakeholders. These are people or organizations that are actively involved in a project, or whose interests may be positively or negatively affected by execution or completion of the project. Overlooking negative stakeholders can increase the likelihood of failure. Whatever list you produce will need to be re-visited during the project lifecycle as new information becomes available and as the project progresses.

In order to start the identification process you'll need the following inputs:

- Project Charter
- Procurement documents
- Company information
- Lessons learned from previous projects

The output of this exercise will simply be a listing of stakeholders, with no analysis at this stage. He went further to suggest an initial identification exercise by the Project Manager, followed by exercises with the project team in the form of brainstorming or other group-facilitation methods.

When identifying stakeholders it is not enough to focus on the formal structure of the organization. Rather it is necessary to have a look at informal and indirect relationships too. A useful model for this purpose is to visualize the stakeholder environment as a set of inner and outer circles. The inner circles stand for the most important stakeholders who have the highest influence (Dagmar, 2001).

The IFC (2007) also emphasizes that, the first step in the process of stakeholder engagement is stakeholder identification-determining who your project stakeholders are, and their key groupings and sub-groupings. (Remember that certain stakeholder groups might be pre-determined through regulatory requirements). From this flows stakeholder analysis, a more in-depth look at stakeholder group interests, how they will be affected and to what degree, and what influence they could have on your project. The answers to these questions will provide the basis from which to build your stakeholder engagement strategy. Here it is important to keep in mind that not all stakeholders in a particular group or sub-group will necessarily share the same concerns or have unified opinions or priorities.

In the high-pressure context of getting a project up and running, interacting with stakeholders when there doesn't seem to be any urgent need to do so can be viewed as a low priority and not a particularly good use of scarce time and resources.

However, if a conflict or crisis does arise, the absence of established relationships and channels of communication puts the project at an immediate disadvantage in trying to manage the situation. Thus early engagement provides a valuable opportunity to influence public perception and set a positive tone with stakeholders early on and enables a proactive cultivation of relationships that can serve as capital during challenging times.

Unlike other authorities and writers who consider Stakeholder Identification as the first step in Stakeholder management, Karlsen (2002) however sees stakeholder Identification as a second step that comes after the first step of initiation of the process. The identification process focuses on identification of stakeholders. This includes both stakeholders that are involved in the project and potential stakeholders. There are several techniques that can support this work, e.g., interviews with experts, brainstorming in group meetings, and the use of checklists. What one team member identifies as a potential stakeholder may not be obvious for others. This identification procedure should, therefore, take place in a group of participants with different background, which will also improve the support and ownership to the stakeholder management process.

"How much attention does each stakeholder group deserve or require?" is a central question being raised by Rawlins (undated) cited in Ovaitt (2006) in his newest research paper, published online by the Institute for Public Relations, reviews several approaches for identifying stakeholders and synthesizes a new model.

The new approach begins by identifying stakeholders according to their connection to the organization. It then proceeds to prioritize stakeholders by their attributes, their relationship to the issue, and ultimately their place in the communication strategy.

The Linkages Model, which dates to 1984, is used to identify stakeholders by their relationship to the organization: functional linkages (e.g., suppliers provide raw materials while customers receive a company's output), enabling linkages (investors and a favorable regulatory climate make business possible), normative linkages (industry groups and competitors influence the business environment), and diffused linkages (non-governmental organizations and media also can have a strong influence, even without a well-defined connection Ovaitt (2006).

Putting all of this together, Rawlins (undated) cited in Ovaitt (2006) synthesizes a new model that offers the prospect of prioritizing stakeholders in a way that is especially relevant for communications managers - by communication strategy.

## **2.4.STAKEHOLDER ANALYSIS**

Stakeholder analysis is a more in-depth look at stakeholder group interests, how they will be affected and to what degree, and what influence they could have on your project (IFC, 2007). It is a critical process that feeds into stakeholder engagement and organizational change process in general; according to the International Finance Corporation, It is not practical, and usually not necessary, to engage with all stakeholder groups with the same level of intensity all of the time.

Being strategic and clear as to whom you are engaging with and why, before jumping in, can help save both time and money. This requires prioritizing your stakeholders and, depending on who they are and what interests they might have, figuring out the most appropriate ways to engage.



Stakeholder analysis should assist in this prioritization by assessing the significance of the project to each stakeholder group from their perspective, and vice versa. The IFC (2007) added that whilst doing this, it is important to keep in mind that the situation is dynamic and that both stakeholders and their interests might change over time, in terms of level of relevance to the project and the need to actively engage at various stages. It is frequently used during the preparation phase of a project to assess the attitudes of the stakeholders regarding the potential changes.

Stakeholder analysis can be done once or on a regular basis to track changes in stakeholder attitudes over time; stakeholder analysis has the goal of developing cooperation between the stakeholder and the project team and, ultimately, assuring successful outcomes for the project. Stakeholder analysis is performed when there is a need to clarify the consequences of envisaged changes or at the start of new projects and in connection with organizational changes generally. It is important to identify all stakeholders for the purpose of identifying their success criteria and turning these into quality goals, thus stakeholder identification is a process that feeds into stakeholder analysis.

In stakeholder analysis, one possible consideration is to evaluate the stakeholder in relation to selected issues, e.g., his or her area of interests in the project, desired contribution to the project, expected rewards, domains, attitudes, possible moves, etc. Another technique is to assess the stakeholder along two dimensions—the potential for threatening or affecting the project, and the potential for collaboration with the project. This assessment permits the project manager to classify the stakeholders into four categories supportive, marginal, non-supportive, and mixed blessing (Savage et al., 1991).

The supportive stakeholder is low in potential to affect the project but high in potential for collaboration. This is an ideal stakeholder that supports the project's goals and actions. Most project managers wish all their stakeholders were of this type. Supportive stakeholders may include suppliers, consultants, and financial institutions. Marginal stakeholders are neither highly threatening nor especially collaborative. Although they potentially have a stake in the project and its decisions, they are generally not concerned about most issues (Karlsen, 2002).

Stakeholders of this kind may include third parties like neighbors or groups of environmentalists; however, certain issues such as pollution from the project could activate one or more of these stakeholders, thus increasing their potential for either affecting or cooperating. Non-supportive stakeholders that have a high potential to affect the project but are low on the potential for collaboration are the most distressing for a project and the project manager (Karlsen, 2002).

Typical non-supportive stakeholders include competing organizations, labor unions, public authorities, and sometimes the media. The mixed blessing stakeholders can play a major role in the project. Here, the project manager faces a stakeholder whose potential to affect or to collaborate is equally high. This group of stakeholders may include clients, end users, and line organization (Karlsen, 2002).

In a stakeholder analysis, impact or power of a stakeholder is defined as the extent to which they are able to persuade, induce, or coerce others into following certain courses of action. There are several ways to exert such power, for instance by direct authority, lobbying or exerting a dominant market position (Dagmar, 2001)

Stakeholder analyses are undertaken for a purpose and that purpose should be articulated as clearly as it can be before the analyses begin - while also understanding that purposes may change over time. The purpose should guide the choices concerning who should be involved in the analyses and how. Typically, stakeholder analyses are undertaken as part of policy, plan or strategy change exercises; or organizational development efforts. Different analyses will be needed at different stages in these processes (Bryson, 2004); perhaps using different analysis/mapping methods:

- Mitchell et al., (1997) proposed a classification of stakeholders based on power to influence, the legitimacy of each stakeholder's relationship with the organization, and the urgency of the stakeholder's claim on the organization. The results of this classification may assess the fundamental question of -which groups are stakeholders deserving or requiring manager's attention, and which are not? This is salience - the degree to which managers give priority to competing stakeholder claims.

- Fletcher et al., (2003) defined a process for mapping stakeholder expectations based on value hierarchies and Key Performance Areas (KPA),
- Cameron et al., (2010) defined a process for ranking stakeholders based on needs and the relative importance of stakeholders to others in the network.
- Savage et al., (1991) offer a way to classify stakeholders according to potential for threat and potential for cooperation.
- Turner et al., (2002) have developed a process of identification, assessment of awareness, support and influence leading to strategies for communication and assessing stakeholder satisfaction, and who is aware or ignorant and whether their attitude is supportive or opposing.

Mapping techniques include the following sub-set of results from a Web search of analysis techniques being used by aid agencies, governments or consultant groups:

- Influence-interest grid (Imperial College, 2009)
- Mendelow's Power-interest grid (1991), see table 2.1 below.

**Table 2.1 Interest Power Grid**

	<b>High Interest</b>	<b>Low Interest</b>
<b>High Power</b>	A	B
<b>Low Power</b>	C	D

- Three-dimensional grouping of power, interest and attitude (Murray-Webster and Simon 2005)

Failure to attend to the information and concerns of stakeholders clearly is a kind of flaw in thinking or action that too often and too predictably leads to poor performance, outright failure or even disaster. According to Lynn (1996), and Bardach (1998), like any other technique designed

to aid strategic thinking and acting, stakeholder analyses must be undertaken skillfully and thoughtfully, with a willingness to learn and revise along the way.

## **2.5.STAKEHOLDER ENGAGEMENT AND COMMUNICATION**

Today, the term-stakeholder engagement is emerging as a means of describing a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the entire life of a project (IFC, 2007) This definition encompasses the entire process of stakeholder management in any project management. However stakeholder engagement as a process is the process by which a firm's stakeholders engage in dialogue to improve a firm's decision-making and accountability toward corporate social responsibility (CSR) and achieving the triple bottom line. Stakeholder engagement works to take into account the concerns and objectives of a firm's stakeholders in its decisions. Stakeholder engagement takes into account the varying perspectives, priorities, and limitations of different stakeholders.

The practitioners in stakeholder engagement are often businesses, non-governmental organizations (NGOs), labor organizations, trade and industry organizations, governments, and financial institutions. The company most often initiates open, two-way dialogue seeking understanding and solutions to issues of mutual concern. Stakeholder engagement occurs when a company wants to consider the views and involvement of someone or some group in making and implementing a business decision. Stakeholder engagement must occur when a company truly wants input from groups that will be affected by the company's decision.

According to IFC (2007), stakeholder engagement does not seek to develop the project/business requirements, solution or problem creation, or establishing roles and responsibilities but rather primarily focused at getting to know and understand each other, at the Executive level. Engagement is the opportunity to discuss and agree expectations of communication and, primarily, agree a set of Values and Principles.

## **2.6.STAKEHOLDER MANAGEMENT BENEFITS**

The benefits of successful Stakeholder Management are that:

- The most powerful stakeholders can be identified early and their input can then be used to shape the architecture; this ensures their support and improves the quality of the models produced.
- Support from the more powerful stakeholders will help the engagement win more resource, thus making the architecture engagement more likely to succeed.
- By communicating with stakeholders early and frequently, the architecture team can ensure that they fully understand the architecture process, and the benefits of enterprise architecture; this means they can support the architecture team more actively when necessary.
- The architecture/project team can more effectively anticipate likely reactions to the architecture models and reports, and can build into the plan the actions that will be needed to capitalize on positive reaction while avoiding or addressing any negative reactions.
- The architecture/project team can identify conflicting or competing objectives among stakeholders early and develop a strategy to resolve the issues arising from them.

The reasons for performing a stakeholder management process are several: First, to become acquainted with the projects stakeholders; second, it is important for ensuring the balance between contribution and reward; third, it is a basis for managing the stakeholders; Fourth, it is a basis for deciding who should be involved in determining the project goals and how success should be measured (Karlsen, 2002).

The project environment is complex and changing (Gilbert, 1983). If stakeholder management is not adequately addressed in the project, this can mean unexpected problems and uncertainty to the project caused by stakeholders. For instance, a clear and comprehensive definition of project success and failure may not be determined, and consequently the project manager may strive to meet goals that were never intended by the stakeholders (Meredith and Mantel, 2000).

Highlighting more on Project environment, Peter (2008) also said that Project stakeholder management involves gaining an understanding of the social and political environment in which your project is taking place. He went further to add that, -Now that's easy to say, but more difficult to find out. Luckily, there are ways to get a good idea about what's going on in a particular company, region, or country before you embark on your project. For example, if you are going to be involved in a project with a company called ABC Ltd, then you could search Google Trends for =ABC Ltd' to see how the interest in that company varies over time, and how that interest links to news stories. This is good for an overall view of what's going on and saves having to read all the detail in the annual report or the news that the company posts on its own website. The same thing can be done for a country.

He then concludes that, Project Stakeholder Management focuses on the human dynamics of a project environment: managing relationships and communications. This essential process can help to ensure that your projects succeed where others fail. That notwithstanding Project managers need to know that, some stakeholders are very powerful people, but YOU know more about the project than anyone else. There will inevitably be some stakeholder requirements that can't be met within the bounds of your project so it's important to explain why, and be honest up-front.

What can stakeholders do?

- Always find fault with deliverables
- Not provide feedback on interim deliverables and milestones
- Delay the approval process
- Not provide any direction
- Steal your team members
- Undermine your authority with politics
- Make a case against the project in public
- Start a competing project

Results from earlier research have identified that in many projects, management of stakeholders lacks strategies, plans, and methods (Karlsen, 1998). 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 address this, Peter (2008) said, -Project Managers are also Project Stakeholders, and therefore have a responsibility to improve themselves; you must be self-directed under changing and unclear conditions. You cannot hope to stabilize the world around you, but you must stabilize yourself.

## **2.7.STAKEHOLDER MANAGEMENT CHALLENGES**

Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources (Peter, 2007)

Whilst traditional Project managers focuses on tools and templates that allow us to complete the creation of the products or services being delivered, the discipline of Stakeholder management focus on human dynamics; managing relationships and communications the deployment and manipulation of human resources, financial resources, technological resources, and natural resources (Peter, 2007)

Tuchman's account in her book, -The Match of folly identifies some challenges in stakeholder management when she wrote that, ignoring the interests of, and information held by, key stakeholders and 'Three outstanding attitudes: obliviousness to the growing disaffection of constituents, primacy of self-aggrandizement, and the illusion of invulnerable status are persistent aspects of folly'. Nutt (2002) analyzed 400 strategic decisions and revealed that half of the decisions 'failed' -that is they were not implemented, only partially implemented or otherwise produced poor results -in large part because decision makers failed to attend to interests and information held by key stakeholders.

Additional problems and uncertainty caused by stakeholders that contribute to project failure include poor communication, inadequate resources assigned to the project, changes in the scope of work, unfavorable news about the project in the press, and negative community reactions to the project (Kalsern, 2002).

Whilst traditional Project managers focus on tools and templates that allow us to complete the creation of the products or services being delivered, the discipline of Stakeholder management focus on human dynamics; managing relationships and communications (Peter, 2007)

According to Neil (2011), stakeholder management is a process and control that must be planned and guided by underlying Principles. Stakeholder Management, within business or projects, prepares a strategy utilizing information (or intelligence) gathered during the following common processes: Stakeholder Identification, Stakeholder Analysis, Stakeholder Engagement, Stakeholder Matrix, and Stakeholder Communication. Project stakeholder management is a key stakeholder skill as your stakeholders can either make or break your project. Stakeholder Management is a process and control that must be planned and guided by underlying Principles. Stakeholder Management, within business or projects, prepares a strategy utilizing information (or intelligence) gathered during the following common processes: Stakeholder Identification, Stakeholder Analysis, Stakeholder Engagement, Stakeholder Matrix, and Stakeholder Communication. Project stakeholder management is a key stakeholder skill -as your stakeholders can either make or break your project.

A study carried out by Karlsen (1998) revealed that stakeholders create both problems and uncertainty regarding project execution. From the research, such problems and uncertainties are caused by-...decisions that were not taken,-... unexpected changes in specifications,-... the client was too focused on details,-... the stakeholder did not understand his or her role in the project,-...political guidelines that were unexpectedly changed, and-...the end user did not know his or her needs.

According to Kastner (2010) there are three major sources of Stakeholder Management challenges:

- Unclear Stakeholders- those who do not clearly articulate enough or who are not open and honest about their interests and expectations
- Unidentified Stakeholders- those who were not identified early in the project
- Unreasonable Stakeholders- those who do not embrace what some refer to as reason and the laws of physics



Kastner (2010) goes on to expatiate on these three challenges and how a good project manager will address them;

### **Unclear Stakeholders**

Now there's a big difference between a stakeholder who does not articulate their expectations well and the stakeholder who is not totally open about their expectations. But the impact is the same: you are unclear about their true expectations of the project.

#### **Case 1: Inarticulate stakeholders**

The successful Project Manager will address the inarticulate stakeholder issue by using the Stakeholder Expectation matrix. The Expectation Matrix allows the successful Project Manager to- read back to the inarticulate stakeholder what the PM heard about the stakeholder's expectations and how those expectations will be communicated to all the other identified stakeholders. At this point, when the project manager seeks confirmation, the inarticulate stakeholder is very likely to see the discrepancy between what they meant and what was written, and the PM and stakeholder should use this opportunity to clarify and document the correct expectations.

If the stakeholder doesn't catch the misunderstanding at this point, then yes, those incorrect expectations will be carried forward into the project, because the inarticulate stakeholder will have signed off on the wrong expectations. Later, when the stakeholder identifies that there's an issue, the successful Project Manager will (first, scratch their head, and then) ask the inarticulate stakeholder to refer to the stakeholder-approved matrix and ask for their help in identifying a reasonable corrective action to re-align any new expectations with the approved baseline expectations.

#### **Case 2: Less than candid stakeholders**

Why might a stakeholder be less than 100% open and candid about their expectations?

There can be many reasons for this. When a stakeholder is intentionally unclear about interests and expectations, the stakeholder may have issues based upon prior experiences. Maybe the stakeholder has previously had a less than stellar experience with a Project Manager due to issues

with credibility or capability. Maybe there are organizational issues in play. If one group does not have open and honest communications with the other group, the stakeholder may be modeling that behavior.

Regardless of the cause, the successful Project Manager can prevent this from occurring by taking a cue from Covey's Speed of Trust (undated) cited in Kastner (2010) and using one of the building blocks of developing credibility: stating intent.

## **2.8.BEST PRACTICES IN STAKEHOLDER MANAGEMENT**

According to Clarkson (1995) successful Stakeholder management can be achieved through the following principles:

- ***Principle 1:*** Managers should acknowledge and actively monitor the concerns of all legitimate stakeholders and should take their interests appropriately into account in decision-making and operations.
- ***Principle 2:*** Managers should listen to and openly communicate with stakeholders about their respective concerns and contributions, and about the risks that they assume because of their involvement with the corporation.
- ***Principle 3:*** Managers should adopt processes and modes of behavior that are sensitive to the concerns and capabilities of each stakeholder constituency.
- ***Principle 4:*** Managers should recognize the interdependence of efforts and rewards among stakeholders, and should attempt to achieve a fair distribution of the benefits and burdens of corporate activity among them, taking into account their respective risks and vulnerabilities.
- ***Principle 5:*** Managers should work cooperatively with other entities, both public and private, to insure that risks and harms arising from corporate activities are minimized and, where they cannot be avoided, appropriately compensated.
- ***Principle 6:*** Managers should avoid altogether activities that might jeopardize inalienable human rights (e.g., the right to life) or give rise to risks which, if clearly understood, would be patently unacceptable to relevant stakeholders.
- ***Principle 7:*** Managers should acknowledge the potential conflicts between (a) their own role as corporate stakeholders, and (b) their legal and moral responsibilities for the interests

of stakeholders, and should address such conflicts through open communication, appropriate reporting and incentive systems, and, where necessary, third party review.

In a more purely business perspective and largely relevant in the NGO sector, the IFC (2007) points out that like any other business function, Stakeholder Engagement needs to be managed. It should be driven by a well-defined strategy and have a clear set of objectives, timetable, budget, and allocation of responsibilities. All staff should be made aware of the program, and understand why it is being undertaken and what implications it might have for project outcomes. Entities that take a systematic (rather than ad-hoc) approach that is grounded in business operations, are likely to get better results in terms of the time and resources they invest, and are able to track and manage stakeholder issues and risks more effectively.

Allocating responsibilities for stakeholder engagement to business units and mainstreaming it into project operations increases the chances that it will serve the purposes of the project, rather than becoming a costly peripheral exercise that is out of touch with operational realities and raises expectations that cannot be met. As with other key business functions, direct reporting lines and the engagement of senior management is critical (IFC, 2007).

Ten Ways to be better at Stakeholder Management according to Foote (April 13, 2017):

1. **Realize it!** There is a big opportunity to make whatever you do successful. Tell those who need to know and don't miss anyone important.
2. **Involve Your People;** Make this a team effort. Your people will enjoy the input and they will probably have a far deeper understanding of the consequences of what you are doing than you alone. This is not a one person effort.
3. **Check the Risk;** Using a simple grid, checkout who has the Impact and who can Influence most. Those with 'high' on both are your biggest targets to work with.
4. **Don't assume;** you really need to check what the score is for everyone - 'assumptions' tend to go wrong. So watch out for anyone who you 'believe' is a given. Check it out.

5. ***Ponder a Little;*** OK - so don't assume, but do try to get into the head of every Stakeholder. What's important to them? What are the current pressures? How can you help? Come at them from their angle as well as yours.
6. ***Make Time;*** you need to talk to influential people - explain what you are doing that impacts on them. Making the time; honoring them with their 'need to know' smoothens the path. Invest here-it worth it.
7. ***Adapt;*** create personal behavior styles which match your stakeholder and you will stand a greater chance of getting them onboard. Meet them more than half-way.
8. ***Do more;*** Watch out for things that you can do to maximize the relationships - checkout mutual acquaintances who may be able to help them; seek resources to help fix their problems. Be helpful - go the extra mile for them - it will be a worthwhile investment.
9. ***Keep in Touch;*** with your stakeholders and your own team. This is a moving target, attitudes change, so you need to be alert. Keeping in touch with everyone will minimize surprises. Good, focused, consistent communication is the key to success here.
10. ***Be Honest;*** with yourself. This will help you learn for the future and redress issues as they arise with any of your stakeholders. If problems are arising - get them sorted fast and step over your sensitivities. This could save your venture!

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1. THE STUDY AREA

This study is conducted in Addis Ababa, the center of African Union, which is also considered as the capital of Africa. According to the Ethiopian Population and Housing Census conducted in 2007, the total population of the city is estimated to be 3,384,569-where women constitute 52 per cent of the population (CSA, 2007). In Addis Ababa, unemployment, low family income, poor housing conditions, poor access to basic facilities such as water, electricity and mobile network, disempowerment, etc. are some of the major challenges of the residents that make their living conditions rather difficult. Addis Ababa is divided in to ten Sub-Cities/Kifle Ketemas/, and 116 Woredas.

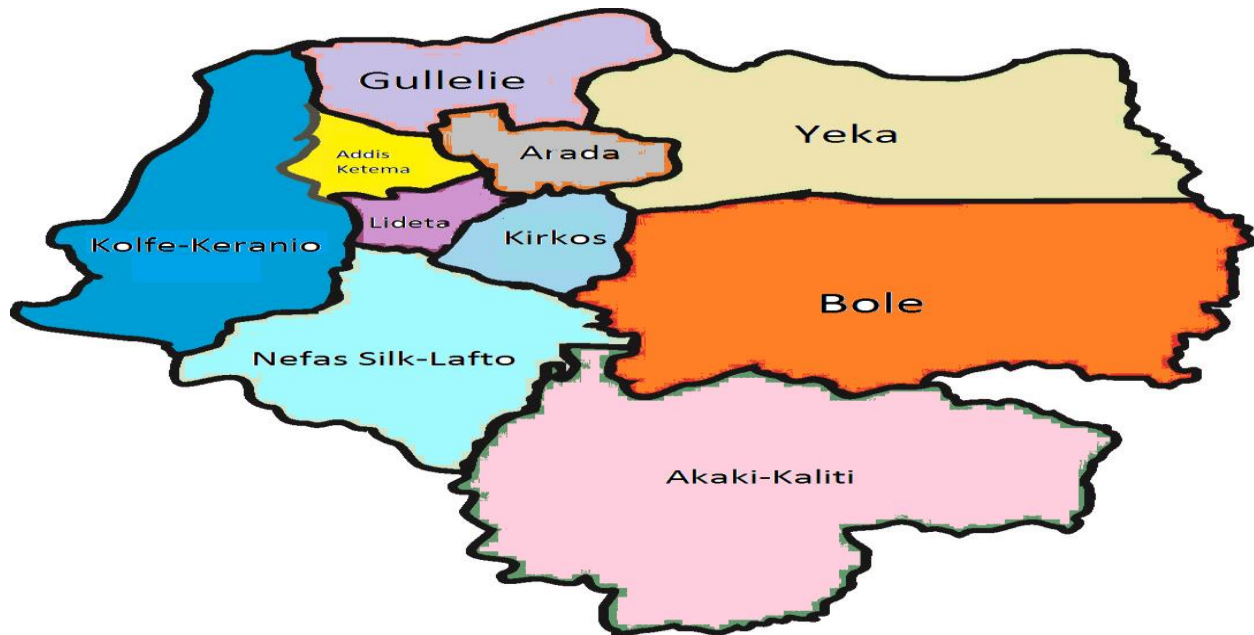
Addis Ababa is the diplomatic capital of Africa with more than 90 embassies and consular representatives, which makes it the fourth diplomatic center in the world. The city has been serving as the Headquarters of the United Nations Economic Commission for Africa (UNECA) since 1988 and the former Organization of African Union (now the African Union) since 1963.

Addis Ababa is the home of various ethnic groups: 48.3 per cent Amhara, 19.6 per cent Oromo, 17.5 per cent Gurage, 7.6 per cent Tigray, and 6.9 per cent others (Golini *et al.* 2001, 128). Regarding religion, 82 per cent of the population is Orthodox Christians, 12.7 per cent Muslims, 3.9 per cent Protestants, 0.8 per cent Catholics, and 0.6 per cent followers of other religions.<sup>3</sup> Some 93.6 per cent of the men and 79.9 per cent of the women in the city are literate (CSA and ORC Macro 2005, 35-36). The same report revealed that 68.9 per cent of the men and 44.2 per cent of the women are employed. Some 96.2 per cent of the city's households have tap water and 34.4 per cent own houses (Golini *et al.* 2001).

Meheret Ayenew (1999, 1) wrote, "Addis Ababa is a fast growing urban center that is beset with problems afflicting most cities in the developing world, including extensive poverty, joblessness, inadequate housing, severe overcrowding/congestion and undeveloped physical infrastructure."

According to Sandra Dierig (1999), pollution, poverty and environmentally induced hazards are among the major problems threatening the health and life of the majority of the city's inhabitants, particularly the urban poor.

*Figure 3.1: Map of Addis Ababa city*



### **3.2. THE RESEARCH DESIGN AND APPROACH**

The research design was a descriptive type which describing a particular practices and challenges on a particular project at one point in time. It also includes a background of what the study is about; this study is mainly a survey one that combined secondary data sources with primary data will be collected from the field using structured and semi-structured questionnaire as well as focus group discussion and key resource persons discussion. Thus quantitative and qualitative data are collected from these sources. To ensure support or otherwise of facts and issues that are gathered. So the research approach for this study is mixed approach. The basis for selecting a mixed approach for this study is because the nature of the research problem required both qualitative and quantitative data sets. In fine, it can, indeed, increase credibility of scientific knowledge by improving both internal consistency and generalizability through combining both quantitative and

qualitative methods in the same study. It is not aimed merely at validation but at deepening and widening one's understanding.

### **3.3. DATA TYPES AND SOURCES**

#### **3.3.1. Data Types**

Both qualitative and quantitative data types are collected. Primary data are collected through survey, focus group discussion, structured question and key resource persons discussion. Secondary data are quantitative and qualitative in their form and will be collected from MCDP organization, donors (CARE Ethiopia, H&M Conscious Foundation, Save The Children Canada, etc.), DOT Ethiopia, governmental organizations both at zonal and district (Woreda) level such as Bureau of Trade and Industry Office, Women and Children Office, documents, books, publications and other available source from records.

#### **3.3.2. Data Sources**

Sources of data for this study are both primary and secondary sources. Primary sources includes program manager, project managers, project coordinators, frontline project staff and key resource persons. And also from officers and experts from stakeholder organizations and Secondary sources includes reports and documents in different stakeholders, central statistics agency publications etc.

### **3.4. TARGET POPULATION OF THE STUDY**

The target population for this study are all of the employees and the management of the organization under this study. Organization of Mission for Community Development Program (MCDP) was undertaken its main projects in Addis Ababa City. There are about 11 of them are working in Addis Ababa City. The Projects whose operations wide and holistic development thematic areas including Child Development Program, Entrepreneurship and Trade, Enhancing Sustainable Natural Resource Management & Resilience of Women, Prevent Unsafe Migration, Creating Opportunities for Women in Enterprise Development, School and SHG as an Approach to address Child Vulnerability, Income Generating Activities (IGA), Community Based Organization (IDDIRS) for Development, Support for Victims of Child Trafficking & Child Labor and Information & Communication Technology for Girls' Education & Women Entrepreneurship.

Projects working in all these areas are considered to the study so as to obtain a holistic and broader view of the research topic.

### **3.5.THE RESEARCH SAMPLE AND SAMPLING TECHNIQUE**

It is mentioned above that the target population of this study was all of the employees and management body of the organization. According to the information gathered from the Administration and Finance head department of MCDP, there are 30 employees who are responsible to planning, implementing, coordinating, managing and supporting the overall projects implementation of the organization. Therefore the target population of the study was 30 respondents in number from which the data will be collected.

According to Kothari (2004) Census inquiry needs to be emphasized that when the universe is a small one, it is no use resorting to a sample survey. Census is a complete enumeration of all items in the 'population'. It can be presumed that in such an inquiry, when all items are covered, no element of chance is left and highest accuracy is obtained. Thus, the Census inquiry will be employed this technique will be appropriate to use because the target population for this study will be limited in number. In all over the organization, project managers are interviewed using structured questionnaire and semi-structured guide for focus group and key resource personnel discussion sessions with some frontline project staff and one CEO, one Heads of Program and seven Project Coordinators of the sampled projects. Total of 30 respondents are interviewed in different grounds. This comprised 1 CEO, 1 Program manager, 4 Project managers, 7 project coordinators, 11 frontline project staff and 6 key resource persons. In addition it will enable the highest accuracy on the finding of the study. Therefore all of the target population will be addressed for information inquiry on the subject under study.



**Table 3.1: Sample Size Breakdown**

<b>Sample category</b>	<b>Number of sampled members</b>	<b>Percentage</b>
CEO	1	3
Program Manager	1	3
Project Managers	4	14
Project Coordinators	7	23
Frontline Project Staff	11	37
Key resource persons	6	20
<b><i>TOTAL</i></b>	<b><i>30</i></b>	<b><i>100</i></b>

Source: MCDP Record, 2017

### **3.6. DATA COLLECTION PROCEDURES AND TECHNIQUES**

This work relied mainly on primary and secondary sources of data but more heavily on primary data as the research was purely a survey type which utilized structured questionnaire and semi-structured guide. The structured questionnaires are made up of close and open-ended questions administered directly and indirectly to mainly program/project managers. The semi-structured guide are used for focused group and key resource personnel discussion. Closed-ended and open ended questions are also used.

Most of the questions of this research are closed-ended to enable the researcher obtain the exact information needed for the study purpose, the rest of the questions are open ended to elicit information.

Therefore, questioner prepared to ask project coordinators, frontline project staff and key resource persons. And, at the same time interview with CEO, program manager & project managers, and focus group discussion (FGD) are undertaken with the management committee members of the organization.

### **3.7. DATA ANALYSIS**

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

The data was then code thus classifying and categorizing the data into manageable and analyzable form. The quantitative aspect of the data will be analyze using statistical software known as, SPSS Statistics version 20 while the qualitative aspect was analyzed and interpreted by way of transcription as well as logical and deductive narratives mainly with the aid of tables, graphs and charts.

### **3.8. ETHICAL CONSIDERATIONS**

According to Gregory (2003, p.35), research that involves human subjects needs to provide preeminence to the consent of the person participating in the study. In these context the researcher inform the respondents about the aim of the study and they will be participate based on their own willingness. Privacy and confidentiality will be maintained. In the beginning all legal permissions will be secured, as per the work plan and schedule procedures will be follow by effectively undertaking the research process.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

In this section, the result and discussion on the practices and challenges of project stakeholder management case of Mission for Community Development Program (MCDP) projects was presented. Before the questioner distributed, pilot testing (pretest) was made with 5 questioner and amendments were taken for clarity. Out of the 30 questionnaires distributed, 30 was filled and returned. The response rate to questionnaire distributed was 100 % (30/30\*100).

The section is divided into five subsections: first, general profile of the respondents. Second, the stakeholder identification, classification and relevance. Third, the stakeholder analysis. Fourth, the stakeholder engagement and communication. Fifth, stakeholder management, its practice and challenges. Descriptive statistics such as mean, percentages, frequency, standard deviations, minimum and maximum were employed.

#### **4.1: GENERAL PROFILE OF THE RESPONDENTS**

Table 4.1 next page presented the general profile of the respondents. These include sex, age, educational status and working years in the organization.

As it is indicated in Table 4.1, out of the total 30 respondents of 14(46.67%) were male and 16 (53.33%) were female. From this, we can understand that the numbers of female respondents were a little bit greater than male head of respondents.

The age group of the respondents indicated in table 4.1 above, about 7(23.33%) of respondents are in the age group 15-29, 23(76.67%) of respondents are in the age group 30-64 and there is no respondents in the age group 65 and above. In general, the data clearly shows that, majority of respondents were in the age group of 30-64 were more matured with different work experience which was taken as a good opportunity to effective implementation of the stake holder management.

In table 4.1. at the next page indicates, the mean age of sampled households was 34 years with the standard deviation of 8.22003. The minimum and maximum age of the sampled household heads was 24 and 56 years, respectively.

When we see the educational status of the respondents, about 24(80%) of the respondents have BA/BSc, the 6(20%) respondents have MA/MSc degree holders in different specialists and there is no other educational status regarding to sampled respondents only. Here the data indicates that the number of respondents who hold Bachelor of art or science are greater than that of other with significance difference.

**Table 4.1:** Sex, Age, Educational status of Respondents and Duration of work experience in the organization

<b>Characteristics</b>	<b>Frequency</b>	<b>Percent (%)</b>
<b><i>Sex of respondents</i></b>		
Male	14	46.67%
Female	16	53.33%
<b><i>Total</i></b>	<b>30</b>	<b>100%</b>
<b><i>Age of respondents</i></b>		
15-29	7	23.33%
30-64	23	76.67%
65 and Above	-	0%
<b><i>Total</i></b>	<b>30</b>	<b>100%</b>
<b><i>Educational status</i></b>		
BA/BSc	24	80%
MA/MSc	6	20%
Other	-	0%
<b><i>Total</i></b>	<b>30</b>	<b>100%</b>
<b><i>How long have you worked in this organization?</i></b>		
0-5 Years	19	63.33%
6-10 Years	9	30%
11-15 Years	2	6.67%
More than 15 Years	-	0%
<b><i>Total</i></b>	<b>30</b>	<b>100%</b>

**Source:** computed from own survey data, 2017

## 4.2: TYPES, RESPONSIBILITIES AND INTERESTS OF STAKEHOLDERS

### 4.2.1: Types of Stakeholders in MCDP Projects

Table 4.2 contain and represent a whole range of groups and institutions constituting stakeholders for MCDP projects, Out of the total range of groups and institutions, five of them namely: Traditional authorities, Donors (Project Sponsors), Public authorities, Beneficiaries (clients end users) and project community were seen by all the 30 respondents as Stakeholders due to a number of reasons shown in table 4.3 below. The rest Sister/Line organizations, Project team, Contractors/consultants, Financial Institutions, Media, and Insurance Companies considered Stakeholders according to basic definitions of stakeholder were not seen by some of the respondents.

**Table 4.2:** Range of Stakeholders of the sector

	<b>Range of likely stakeholders</b>	<b>Freq. for Yes</b>	<b>Percent</b>	<b>Why a given group is or not your stake-holder</b>
1	<i>Donors/project sponsors</i>	30	100%	Provide funds, Community mobilization, they have power to cause change(positively or negatively), they have the interest in project goals
2	<i>Traditional authorities</i>	30	100%	Community mobilization, they have critical role to play, they have power to cause change(positively or negatively)
3	<i>Public authorities</i>	30	100%	They have power to controller policy, have interest in project goals, they are implementation mobilizers, they provide facilitation & technical services
4	<i>Beneficiaries(Clients end users)</i>	30	100%	They are the main targets, they are the center of work, they are the owners of project outcome(products or service)
5	<i>Project community</i>	30	100%	Part of the project beneficiaries, they are the owners of project results
6	<i>Project team</i>	25	83.33%	They are the essential key process drivers, they are the main planner, implementers of the project goals,
7	<i>Sister/line Projects</i>	23	76.67%	Have common interest, support each other to implements & achieve project goals
8	<i>Contractors/consultants</i>	21	70%	They are expertise/technical service providers, they support the project work in project planning, monitoring and evaluation works
9	<i>Financial institutions</i>	15	50%	They are financial services providers
10	<i>Media</i>	24	80%	They Publicity and announce the project performance, project end result, give education in different issues of the project goals
11	<i>Insurance Companies</i>	25	83.33%	They ensure project property and staff

*Source:* computed from own survey data, 2017

Stakeholders like Project team, Sister Organizations, Contractors/ consultants, Financial institutions, Media and Insurance Companies are not selected by all respondents. The reason behind this fact is that, their projects type that their projects are not include this stakeholders as their stakes and the other reason is that their understanding gap in some respondents.

#### 4.2.2: Stakeholders Interest, Responsibility and Level of Relevance

Table 4.3 below shows that who becomes a stakeholder: who has a stakeholder or interest in a given project or activity as well as who has a responsibility towards the project activity and what is the level of relevance of the stakes?

**Table 4.3:** Stakeholders Interest, Responsibility and Level of Relevance

	<b>Stakeholders</b>	<b>Stakeholders interests</b>	<b>Responsibilities or contribution</b>	<b>Level of relevance of the responsibilities</b>
1	<i>Donors/project sponsors</i>	<ul style="list-style-type: none"> <li>♣ Enhance development in all aspects</li> <li>♣ Efficient use of funds</li> <li>♣ Achieve project goals</li> </ul>	<ul style="list-style-type: none"> <li>♣ Funding of projects</li> <li>♣ Technical service</li> <li>♣ Monitoring and Evaluation</li> </ul>	⊖ Very critical 30(100%)
2	<i>Traditional authorities</i>	<ul style="list-style-type: none"> <li>♣ Secure livelihood of their community</li> <li>♣ Development</li> </ul>	<ul style="list-style-type: none"> <li>♣ Mobilize the local community</li> <li>♣ Mentoring the local community</li> </ul>	⊖ Very critical 30(100%)
3	<i>Public authorities</i>	<ul style="list-style-type: none"> <li>♣ Empowerment of their people</li> <li>♣ Insure development, Secure livelihood of their people</li> </ul>	<ul style="list-style-type: none"> <li>♣ Policy and info support</li> <li>♣ Insure legality of the projects</li> </ul>	⊖ Very critical 30(100%)
4	<i>Beneficiaries(Clients end users)</i>	<ul style="list-style-type: none"> <li>♣ Achieve Project deliverables</li> </ul>	<ul style="list-style-type: none"> <li>♣ Taking ownership</li> <li>♣ Implementation of the project plan</li> </ul>	⊖ Very critical 30(100%)
5	<i>Project community</i>	<ul style="list-style-type: none"> <li>♣ Insure Development</li> <li>♣ Support the project ideas</li> </ul>	<ul style="list-style-type: none"> <li>♣ Implementation of the project plan</li> </ul>	⊖ Very Critical 30(100%)
6	<i>Project team</i>	<ul style="list-style-type: none"> <li>♣ Flourish the image of their organization</li> <li>♣ Insure development</li> </ul>	<ul style="list-style-type: none"> <li>♣ Planning of the project activities</li> <li>♣ Implementation</li> <li>♣ Execution and facilitation of different issues</li> </ul>	⊖ Very Critical 25(83.33%) ⊖ Critical 5(13.37%)

		♣ Achieve project goals		
7	<i>Sister/line Projects</i>	♣ Experience sharing ♣ Women empowerment ♣ Development	♣ Provide information ♣ Support in monitoring and evaluation process	⊖ Very Critical 23(76.67%) ⊖ Critical 6(20%) ⊖ Not Critical 1(3.33%)
8	<i>Contractors/consultants</i>	♣ Development ♣ Achieve project objectives	♣ Expertise supports (technical, evaluation services, etc.)	⊖ Very critical 21(70%) ⊖ Critical 7(23.33%) ⊖ Not critical 2(6.67%)
9	<i>Financial institutions</i>	♣ Maximize profit	♣ Financial services ♣ Technical services	⊖ Very critical 15(50%) ⊖ Critical 5(16.67%) ⊖ Not critical 10(33.33%)
10	<i>Media</i>	♣ Public education ♣ Profit ♣ Accountability	♣ Publicity ♣ Public education ♣ Provide Information	⊖ Very critical 24(80%) ⊖ Critical 2(6.67%) ⊖ Not critical 4(13.33%)
11	<i>Insurance Companies</i>	♣ Profit	♣ Insurance ♣ Technical services	⊖ Very Critical 25(83.33%) ⊖ Critical 3(10%) ⊖ Not critical 2(6.67%)

*Source:* computed from own survey data, 2017

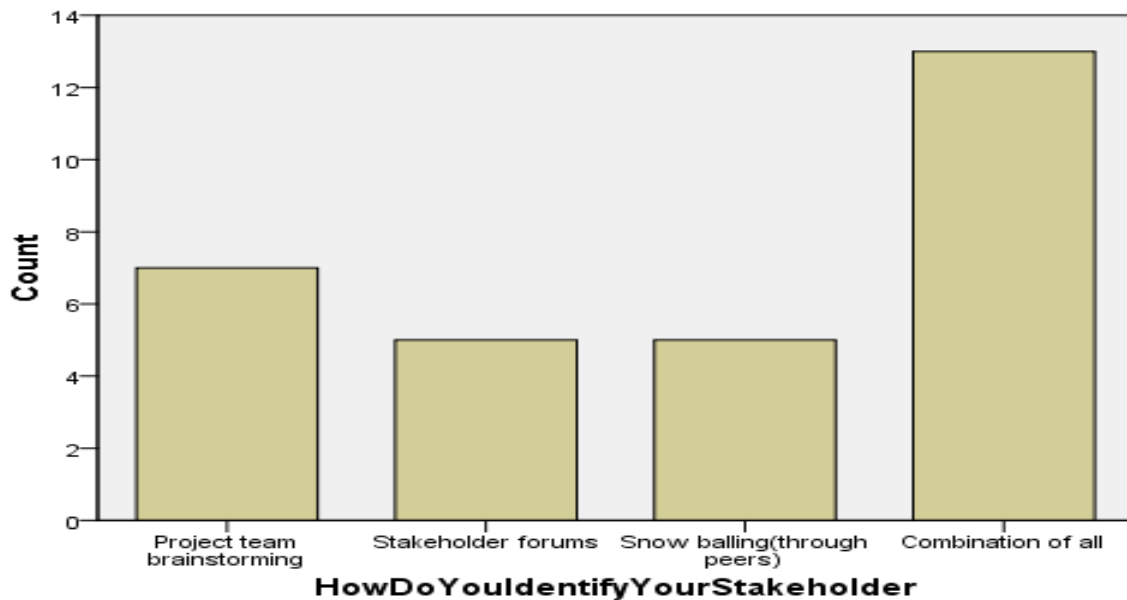
As different as the stakeholders are, also the stakeholder's interests, responsibility and relevance level is different; they range widely from poverty alleviation for entire communities to personal and institutional economic rewards. Poverty reeducation or change or community development issues are mentioned by a number of the stakeholders groups. For stakeholder responsibilities they also came in variedly representing the potential wealth of resources at the clearance of the projects and its effectiveness can be connected through effective stakeholder management.

As shown in the last column, the level of relevance of their contributions come in levels ranging from very critical to not critical. It can be seen here that the level of relevance of most of the groups and institutions to the sector varied from project to project. There reason behind this fact may not be that relevant to project or an indication that there is no universality of relevance of some stakeholders to all projects.

Some stakeholders like Donors, Beneficiaries, Public Authorities, Traditional Authorities and Project Community were generally seen to be very critical stakeholders by respondents. On the other hand, stakeholders like Media, Contractors/Consulates and Sister/Line organization were not seen as very critical stakeholders by many respondents.

### 4.3: STAKEHOLDER (SH) IDENTIFICATION

**Figure 4.1:** SH identification Processes used by respondents



*Source:* computed from own survey data, 2017

#### 4.3.1: Stakeholder Identification Processes

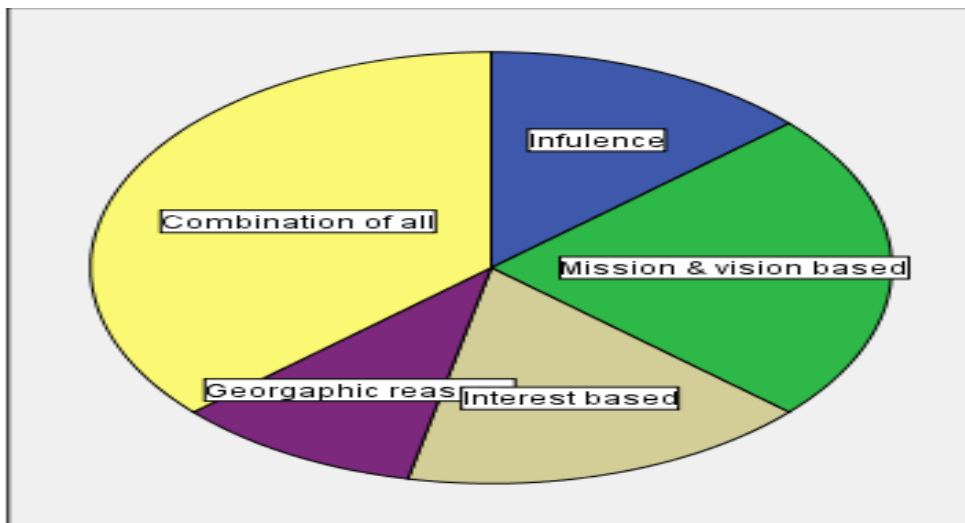
As shown in Figure 4.1 in previous page; it presents the stakeholder identification process. The options are: a) Project team brainstorming (to identify some core relevant duty bearers as they are alternatively called, usually at the project team level), b) Stakeholder Forums (the project problem and objectives are discussed, roles identified, resources are assessed and more duty bearers are identified and tentative action plans made), c) Snowballing/through peers (used to reach out to more stakeholders; in some cases, checklists are developed and used in identifying Stakeholders) and the last option is Combination of all (using all options above).



Figure 4.1 depicts that, 23.33% of the respondent use project team brainstorming, 16.67% of the respondents use stakeholder forums and 16.67% Of the respondents use snowballing. The rest 43.33% of the respondents use combination of all mentioned above. [U1]

The International Finance Corporation (IFC) did indicated that, -Remember that certain stakeholder groups might be pre-determined through regulatory requirements, or they do not make exhaustive use of all the available stakeholder management tools and processes. This finding indicates that these identified processes are not full of all stakeholder identification processes the scenario here gives a majority of the respondents could either be dealing with predetermined stakeholders.

**Figure 4.2:** Stakeholder Identification criteria



*Source:* computed from own survey data, 2017

#### 4.3.2: Stakeholder Identification Criteria

As shown in Figure 4.2; it presents the stakeholder identification criteria. The finding shows that, 13.33% of the respondent use influence to identify their stakeholder, 23.33% of the respondents use mission & vision based and 16.67% Of the respondents use interest based, and the rest 36.67% of the respondents use combination of all mentioned above. [U2]

The finding clearly states that, majority of the respondent’s uses combination of all which includes (influence, mission & vision based, interest based and geographic reasons). When we comparing

the rest options, the respondents select mission based and interest based that influence and geographic reasons as shown in Figure 4.2 above.

### 4.3.3: Stakeholder Identification Timing

As shown in Table 4.4 below, it shows clearly that a majority number (80%) of the respondents are select that the work closely with their stakeholder throughout project life (from pre-feasibility to completion stages of their projects). 20% of respondents mention that, their projects practice one-stop type of stakeholder identification. The different time preference for these 20% respondents, thus when they carry out their stakeholder identification.

**Table 4.4:** When Respondent Organizations undertake identification in a project life

At which stage of your project life do you identify SHs?		Frequency	Percent
1	Prefeasibility stage	3	10%
2	Initiation stage	2	6.67%
3	Implementation stage	1	3.33%
4	Throughout project life	24	80%
<b>Total</b>		<b>30</b>	<b>100%</b>

*Source:* computed from own survey data, 2017

### 4.3.4: Types of Stakeholder Categorizations and Criteria for Categorization

As shown in Table 4.5 in below, the critical determinants of a stakeholder as key or not, majority of the respondents 56.67% states that they determine their status as a key as stake on project deliverables, the rest 43.33% (30% influence over project resource, 6.67% political influence and information access & control respectively).

Table 4.5 shown that, there was the need to find out whether there are any forms of categorizing them to facilitate planning and further engagements, three basic ways were involved (i, three-way, ii, two-way and iii, the classless form of categorization). In the three-way categorization, as shown in table 4.8 below, there are three sub different categories a) Primary, b) Secondary and c) Key Stakeholders.

**Table 4.5:** Critical determinants of Stakeholders Status

What determines SH status as key?		Frequency	Percent
1	Influence over project resources	9	30%
2	Stakeholders on project deliverables	17	56.67%
3	Political influence	2	6.67%
4	Information access & control	2	6.67%
<b>Total</b>		<b>30</b>	<b>100%</b>

*Source:* computed from own survey data, 2017

Besides, under the two-way categorization, there are further two different ways under which stakeholders are classified, these are; category 1 (internal, and external stakeholders) as well as category 2 (direct and indirect stakeholders).

According to Mitchell, et al., (1997), proposed a classification of stakeholders based on power to influence, the legitimacy of each stakeholder’s relationship with the organization, and the urgency of the stakeholder’s claim on the organization. The results of this classification may assess the fundamental question of -which groups are stakeholders deserving or requiring manager’s attention, and which are not? This is salience -the degrees to which managers give priority to competing stakeholder claims. For the purposes of planning, the classless group faces the risk of disorganization when it comes to dealing with the various stakeholders as individuals due to the obvious reason that, Stakeholder Management is a process and control that must be planned and guided by underlying Principles.

This mention above idea is missed by respondents and even to some extent by those who have some form of categorizations, because some of their categorizations are done loosely around non critical headings such as ‘internal’ and ‘external,’ or ‘direct’ and ‘indirect’ instead of critical determining factors such as stake on deliverables, influence over project resources, political influence, and information access & control.

**Table 4.6:** How respondent categorize their stakeholders

<i>How respondents categorize their SHs</i>	<i>Frequency</i>	<i>Percent</i>
Two-way	8	26.67%
Three-way	12	40%
No categorization	10	33.33%
<b>Total</b>	<b>30</b>	<b>100%</b>

*Source:* computed from own survey data, 2017

**Table 4.7:** Two-way stakeholder categorization

<b>Category 1</b>				<b>Category 2</b>			
Internal	Freq uen cy	External	Freq uen cy	Direct	Freq uen cy	Indirect	Fre que ncy
Beneficiaries	5	Project Sponsors/Donors	5	Beneficiaries	5	Project community	3
Project team	4	Media	2	Donors	5	Media	2
Project community	3	Financial Institutions	1	Project team	4	Contractors/Consultants	1

Public Authorities	1	Contractors/Consultants	1	Public Authorities	1	Insurance companies	1
Traditional Authorities	1	Traditional Authorities	1	Traditional Authorities	1	Line Organizations	1
		Public Authorities	1				

*Source:* computed from own survey data, 2017

**Table 4.8:** Three-way categorization of Stakeholders

Key SHs		Primary SHs		Secondary SHs	
Stakes	Frequency	Stakes	Frequency	Stakes	Frequency
Project sponsors/Donors	8	Beneficiaries	8	Contractors/Consultants	3
Beneficiaries	8	Traditional Authorities	4	Media	3
Traditional Authorities	4	Line organizations	3	Insurance companies	4
Project community	6	Project community	5	Financial Institutions	3
Public Authorities	4	Project team	6		
		Public Authority	4		

*Source:* computed from own survey data, 2017

#### 4.4: OPERATIONAL MEANING OF STAKEHOLDER ANALYSIS

In the Focus Group Discussion (FGD) with management body of the organization, it is known that the term Stakeholder analysis in practice may have a cross cutting meaning. When we see in the understanding of respondents working definitions.

##### Working definitions of Stakeholder Analysis by respondents

Majority of the respondents Stakeholder Analysis basically as an identification and decision making process( role identification and definition of terms of engagement, identification of stake interest & role categorizing them, identification of key actors of a project and assessment of their relationship with the aim of achieving overall project goals), others see it as a systematic analysis of various stakeholders of a project in order that all actors are mobilizing towards achieving project objectives and a way of enumerating roles, sharing responsibilities, identification of needs and strategizing. The rest consider it in different ways as (a various stakeholders a project works with, it is the relevance of targeted individuals & institutions, it is a set of institutions and persons whose actions and actions can affect a projects performance, it is also a framework for addressing stakeholder needs and it is a list of way of determining levels of interests, influence

& power of various stakeholders). The rest 32% of the respondent said they do not have working definition for the term Stakeholder Analysis. Yet, some of these carry out some of the basic Stakeholder Analysis tasks during project update meetings, conferences and annual general meetings. Considering this group of organizations, it was revealed that Stakeholder Analysis is not an institutionalized activity they undertake as a core component of Stakeholder Management processes, and because it is not, it is likely to be subsumed by other activities or at worse ignored and thereby forfeiting such organizations all the relevant and critical contributions this process brings to bear on successful Stakeholder management.

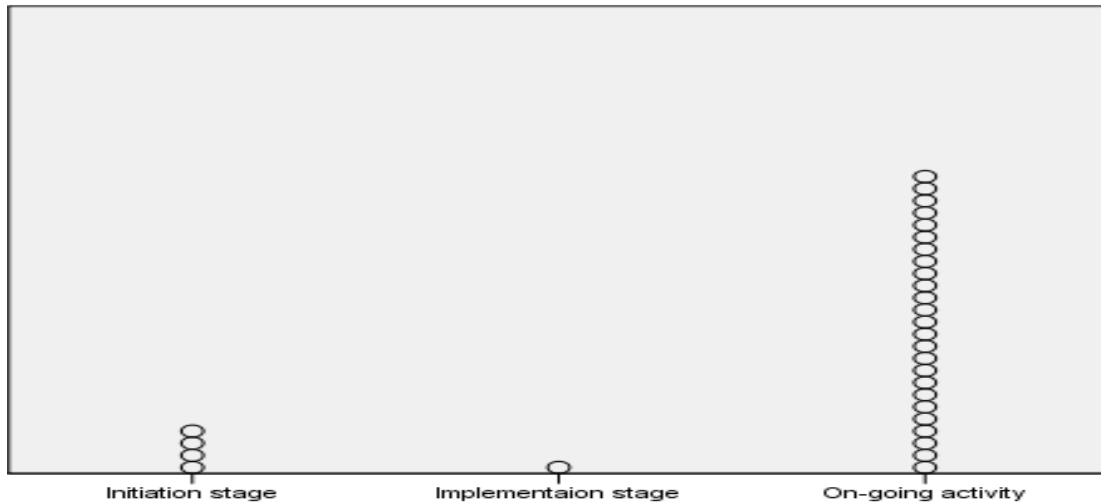
From these, it is obvious that their definition of the term is a theoretical representation of what Stakeholder Analysis is, and how they do stakeholder analysis as projects and comparing the various definitions with that of the International Finance Corporation(IFC) that, Stakeholder Analysis is -a more in-depth look at stakeholder group interests, how they will be affected and to what degree, and what influence they could have on your project, most of the organizations are theoretically within context.

According to Karlson (1998), Stakeholder management is often characterized by spontaneity and casual actions, which in some situations are not coordinated and discussed within the project team leading to unpredictable outcomes.

#### **4.4.1: The Relevance and Timing of Stakeholder Analysis**

Concerning the relevance of stakeholder analysis, all respondents were agreed in their positions that it is necessary and that it is performed in their projects, the relevance of which can be assumed from some of the operational definitions.

**Figure 4.3:** When and how often Stakeholder analysis is undertaken by respondent organizations



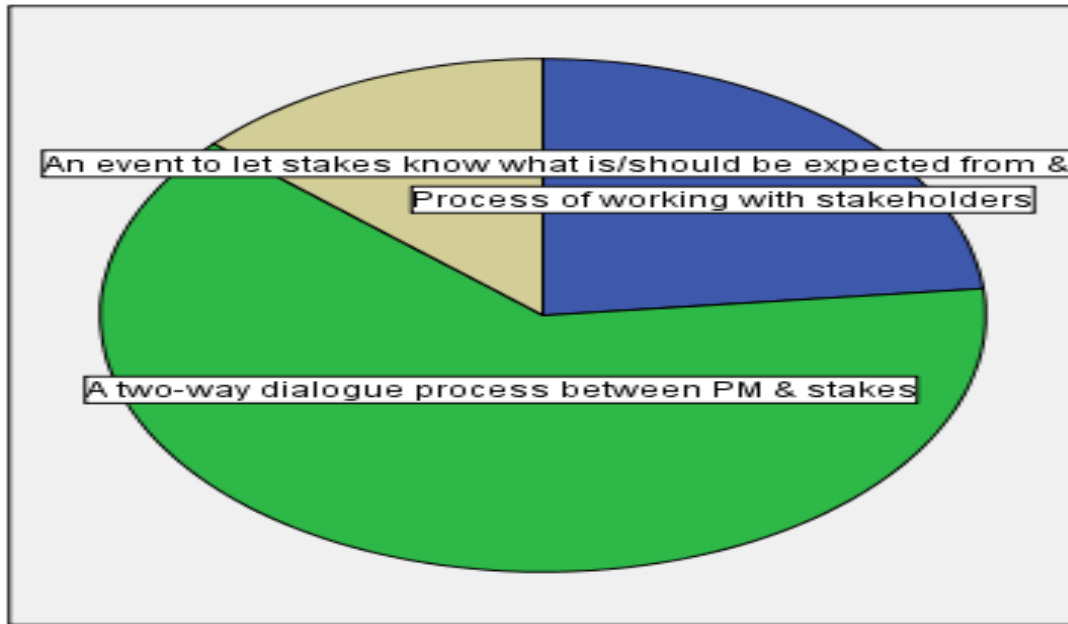
*Source:* computed from own survey data, 2017

As shown in Figure 4.3 above majority of the respondents (83.33%) stated that it is an ongoing process covering the whole projects life cycle. Also it was added on FGD with management committee of the organization, Stakeholder Analysis is a conditional project management tool that should be used to shape and direct projects as they roll on. The remaining 13.34% as shown in Figure 4.3 above of respondents consider it only at the project initiation stage and 3.33% respondents are considering it only at the implementation stage. This finding directly different with what Bryson (2002) said, that, typically, stakeholder analyses are undertaken as part of policy, plan or strategy change exercises; or organizational development efforts. Different analyses will be needed at different stages in these processes; perhaps using different analysis/mapping methods” As to why some organizations do a one-stop, analysis of their stakeholders, the following reasons were given: high project cost, it is not all that necessary, donor restrictions, project time may not permit more than one or a given number and duplication of efforts.

From the reasons given, it is clear that it may not have been deliberate or out of ignorance on the part of some organizations to carry out Stakeholder Analysis as a one-stop activity but because there are certain underlining factors; however the question still remains that, if Stakeholder Analysis is that relevant and necessary as generally acclaimed why will it not be made a distinct component of the Project plans? But there again, it was revealed that it is sometimes done during Project Reviews and Annual General Meetings and because of that some donors do not see the need to make separate budgetary allocation for that.

#### 4.5: STAKEHOLDER ENGAGEMENT AND COMMUNICATION

**Figure 4.4:** Working definition of Stakeholder engagement by respondent organizations



*Source:* computed from own survey data, 2017

As shown in Figure 4.4 above, the operational definition of stakeholder engagement by the respondents included: a way of working with Stakeholders, a two-way dialogue process between management and their Stakeholders and an event to let Stakeholders know what is/should be expected from and by them. Majority of the respondents 63.33% stated that SH Engagement is a two-way dialogue process between PM and Stakeholders, the rest 23.33% it is a process of working with stakeholder and 13.34% it is an event to let stakeholder know what is/should be expected from and by them. From this finding it is simple to conclude that, there are disparities in the operationalization of the term but there are commonalities in its application as the frequencies.

When we comparing the different working definitions here with Wikipedia encyclopedia's definition that, Stakeholder Engagement is the opportunity to discuss and agree expectations of communication and, primarily, agree a set of Values and Principles that all stakeholders will abide by, one can see cracks and challenges in the subsequent processes and activities this particular one will be feeding into.

According to International Finance Institute (2007), stakeholder engagement is emerging as a means of describing a broader, more inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches, and spans the

entire life of a project as they all undertake it throughout the project life. In this point of view, the finding of this study and the concept of International Finance Institute, there are no inconsistencies.

#### **4.5.1: Benefits of Stakeholder Engagement as per the Focus Group Discussion (FGD)**

In this part we see the benefits of stakeholder engagement. Qualitative data's were collected from three main groups (management committee of MCDP, project managers and front line project staff). The focus group discussion responses in such way: it ensures project success in the form of project effectiveness and sustainability, in other words, it brings understanding by all parties regarding the roles each has to play in achieving project objectives, it guarantees effective realization of project results it serves as a platform for monitoring and evaluation of your project in order to determine what to do next, it works to bring the numbers which are very critical for successful advocacy work mainly because there is strength in numbers, it ensures transparency, accountability and responsiveness as well as efficiency in project delivery; it equally serves as a check on project team and as such makes them time conscious, it brings out clearer and better understanding of roles and expectations, it simplify definition and understanding of project objectives among stakeholders, it ensures success through influence and participation of all stakeholders by how they are oriented and it provides the organization with valuable information as well as serving as a platform for continued sharing of best practices with key stakeholders.

In understanding of the above benefits of Stakeholder engagement to project management, it came out that, all projects interviewed undertake it periodically throughout the project life cycle.

#### **4.5.2: Methods of Communication**

100% of the respondents see communication as a very essential part of Stakeholder management processes and as such respondent organizations use it as part of their management processes, but as to how they ensure that, it was discovered that it takes place in various and in some cases similar forms.

**Table 4.9:** Methods of Communicating with Stakeholders

<b>Methods of Communication SH</b>		<b>Frequency</b>	<b>Percent</b>
1	Meetings	8	26.67%
2	Reporting	6	20%
3	Both(Meeting and Reporting)	16	53.33%
<b>Total</b>		<b>30</b>	<b>100%</b>

*Source:* computed from own survey data, 2017



As shown in table 4.9 above, the various forms and the numbers of projects sharing similar or same ways of communicating with their Stakeholders are portrayed in table 4.9 above. It is clearly shown that, majority of 53.33% of the respondents indicate the use both meeting and reporting in combination at the same time and the rest 46.67% respondents indicate the use meeting and reporting separately as shown at table 4.9 above. In addition they also mention other stakeholder communication methods through; Annual General Meetings, workshops, E-mails, Phone calls, media programs, conferences and forums.

#### 4.6: STAKEHOLDERS MANAGEMENT PRACTICES

##### 4.6.1: Institutionalization of Stakeholder Management

**Table 4.10:** Institutionalization of SHM, Who Takes Charge of SHM and Need for SHM unit

Is there a unit of SHM in your projects?		Frequency	Percent
1	Yes	0	0%
2	No	30	100%
<b>Total</b>		<b>30</b>	<b>100%</b>
Who takes charge of SHM?			
1	CEO	2	6.67%
2	Program Mangers	4	13.33%
3	Project managers	9	30%
4	All team members	15	50%
<b>Total</b>		<b>30</b>	<b>100%</b>
Is there a need for SHM unit?			
1	Yes	26	86.67%
2	No	4	13.33%
<b>Total</b>		<b>30</b>	<b>100%</b>

**Source:** computed from own survey data, 2017

Table 4.10 above proven clearly that there is no distinct functional unit in the organization to manage relationships and communications. At the same time, the level of Stakeholder institutionalization in the MCDP organization is zero (0%), even though there is general awareness and appreciation for the Stakeholder management function in the MCDP projects.

Without even a desk put in charge of the critical role of Managing Stakeholders thereby leaving that function to either the all team members (50%), Project Managers (30%), Program mangers (13.33%) or CEO (6.67%) as shown in table 4.7.2 above, but this is against best practice requirements because, according to Peter (2007), whilst traditional Project managers focus on tools

and templates that allow us to complete the creation of the products or services being delivered, the discipline of Stakeholder management focuses on human dynamics; managing relationships and communications.

From this finding it is simple to conclude that, Stakeholder management is a unique discipline or function that may not be successfully handled by anybody in the project team especially due to the fact that it has to do with human relations; according to Society of Professionals in Dispute Resolution (SPIDR), Practices (1997) the growing utilization of stakeholder processes has drawn a growing number of individuals and firms into the field. While many of these newer entrants are well qualified, a number possesses neither sufficient knowledge of stakeholder process management nor substantive understanding of the issues. In addition, there is a growing need to ensure that activities labeled as stakeholder processes do, in fact, live up to the expectations and standards of experienced practitioners in the field.

#### 4.7: STAKEHOLDER MANAGEMENT CHALLENGES

It is usual that managing the activity of stakeholders is indeed faced with several challenges as presented in table 4.11 below.

**Table 4.11:** Stakeholder Management Challenges

Challenges		Frequency	Challenge Source	Extent of effect (Frequency)		
				Mild	Moderate	Severe
1	Low commitment	9	Donors, Public Authorities, Beneficiaries,	1	6	2
2	Low understanding of different issues	3	Traditional Authorities, Public Authorities	1	2	
3	Conflicting interests, opinions, beliefs and orientation	5	All	1	3	1
4	Personal benefit seeking	4	Beneficiaries, Project Community	1	1	2
5	Unrealistic expectations	2	Beneficiaries, Project community, Public Authorities	1	1	
6	Ineffective communication	3	All	1	2	
7	High Cost of Management	1	All		1	
8	Deviation from common agreement	3	Public Authorities, Beneficiaries	1	1	1

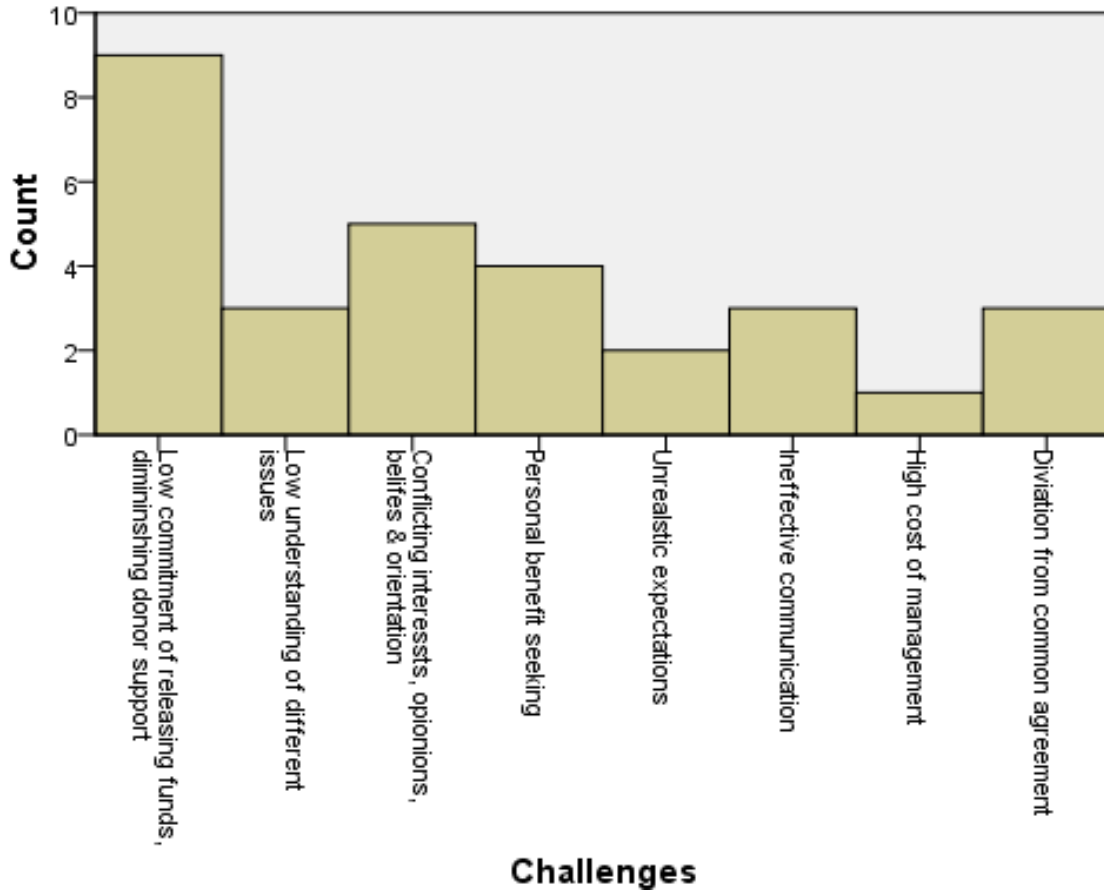
*Source:* computed from own survey data, 2017

### 4.7.1: Challenges of Stakeholder Management

Table 4.12 in the next page shows most popular and common challenges that in ascending order from top to bottom using frequency values for of the challenges.

The commonest challenges here are the ones that are felt by more projects, therefore the higher the frequency, the more common the challenge in the project and the first in that order is low commitment in releasing funds, diminishing donor support, conflicting interests, opinions, beliefs or orientation and personal benefit seeking whereas, with the less popular challenge being high cost of management.

**Figure 4.5:** Challenge rankings by frequency



#### 4.7.2: Rankings of the Identified Challenges

**Table 4.12:** Challenge rankings by frequency

<b>S No.</b>	<b>Challenges</b>	<b>Freq uenc y</b>	<b>Percent</b>	<b>Rank</b>	<b>Remark</b>
1	Low commitment	9	30%	1 <sup>st</sup>	
2	Conflicting interests, opinions, beliefs and orientation	5	16.67%	2 <sup>nd</sup>	
3	Personal benefit seeking	4	13.33%	3 <sup>rd</sup>	
4	Ineffective communication	3	10%	4 <sup>th</sup>	
5	Low understanding of different issues	3	10%	4 <sup>th</sup>	
6	Deviation from common agreement	3	10%	4 <sup>th</sup>	
7	Unrealistic expectations	2	6.67%	5 <sup>th</sup>	
8	High Cost of Management	1	3.33%	6 <sup>th</sup>	

*Source:* computed from own survey data, 2017

## CHAPTER 5

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1: SUMMARY

It was found out that there are about 11 groups and institutions recognized as Stakeholders; however, not all the groups and institutions are stakeholders to all the respondent projects. It was also revealed that Stakeholders come with some form of interests or stakes and responsibilities.

From the findings, the stakeholders of MCDP are totally 11, namely; Donors, Traditional Authorities, Public Authorities, Beneficiaries, Project Community, Project team, Sister/line projects, Contractors/Consultants, Financial institutions, Media and Insurance companies.

To mention some of the stakeholders interests specified by the respondents are; enhance development in all aspects, achieve project goals, efficient use of funds, achieve project deliverables, support the project ideas, flourish the image of their organization, experience sharing, women empowerment, maximize profit, etc. are some of the stakeholders interests indicated by the respondents. Responsibilities of stakeholders mentioned by respondents are; funding of projects, monitoring & evaluation, mobilize the local community, mentoring the local community, policy and information support, insure legality of the projects, implementation of the project plan, planning of the project activities, provide information, support in monitoring and evaluation process, expertise support, financial services, technical services, etc.

#### **Findings on Stakeholder Management Processes**

##### **1. Stakeholder Identification Processes**

In the project stakeholder identification process, some projects either go through one or more of the following processes: majority of the projects are use the combination of (project team brainstorming, stakeholder forums and snow balling) the rest use Project team brainstorming, Stakeholder forums and Snow balling. Alongside these processes, is a set condition of four causes that guide project teams to determine who to include as Stakeholders. These include the power of the group or institution to influence (13.33%), how related its mission and vision are to the project

objectives (23.33%), whether there is a shared interest or not (16.67%) and the rest 36.67% are the reason behind combination of all above mention causes. The identification process either takes place as a one-stop or on-going activity at the various stages of the project life cycle. But the majority (80%) of the respondents stated that the use on-going activity from pre-feasibility to completion of the project work)

### **Stakeholder Categorizations**

There are various forms of categorizations were found to be used by some of the projects at the same time as some do not have any structured form of categorizations. For the first group, it came out that two broad forms of categorizations are used namely the two-way and three-way categorizations; under the two-way categorization, there are two sub categories: category one-Internal and external Stakeholders and category two-Direct and Indirect Stakeholders. Under the three-way type, the categories are Primary, Secondary and Key Stakeholders. The determinants of a stakeholder's category or status were found to include; stakeholders on project deliverables, influence over project resources, level of political influence and information access & control.

### **2. Stakeholder Analysis**

According to respondents, the working definition of stakeholder analysis came under three wide groupings namely: as an identification process, analytical process and others. Apart from these, 32% of the respondents indicated that their projects do not have any working definition for stakeholder analysis even though some of them undertake some of the basic tasks of Stakeholder Analysis at different forums such as project reviews and AGMs. When we see the relevance, majority 83.33% of respondents assume stakeholder analysis ongoing process covering the whole project life, 13.34% takeover the stakeholder analysis at the project initiation stage and the rest 3.33% of the respondents are considering it only at the Project implementation stage (one-stop activity).

### **3. Stakeholder Engagement**

The operational terms of Stakeholder Engagement in respondents is that, there is a different form from one project to the other; but majority of 63.33% of them seem to be applying the term as a two-way dialogue process between Project management and their stakeholders, but others interpret

it as a process of working with stakeholders 23.33% or an event to let Stakeholders know what is/should be expected from and by them 13.34%. As computed by respondents in FGD, Stakeholder Engagement benefits to project success includes: it brings understanding by all parties regarding the roles each has to play in achieving project objectives, it guarantees effective realization of project results it serves as a platform for monitoring and evaluation of your project in order to determine what to do next, it works to bring the numbers which are very critical for successful advocacy work mainly because there is strength in numbers, it ensures transparency accountability and responsiveness among stakeholders. Regarding the time, this activity is conceded out. It was discovered all the respondent organizations do it all over the project life.

#### **4. Communication**

The last but not the list stakeholder management process is communication. In this context, it came out that all respondent reflect it as important and the various ways it is carried out include: Meetings 26.67%, Reporting 20% and both (Meeting and Reporting) 53.33%. They also mention other methods communicating with stakeholders includes; E-mails, Phone calls, Annual General Meetings, Conferences, Formal and Informal letters, Workshops, Stakeholder Forums and Media programs.

#### **Institutionalizing Stakeholder Management**

On the institutionalizing of stakeholder management (organize a distinct functional unit) in MCDP organization as per this study seem to be all 100% the respondents reflect that did not have units managing Stakeholders, instead it is the duty of all team members.

#### **Stakeholder Management Challenges**

Indeed Mission for Community Development (MCDP) projects are faced with various Stakeholder management challenges it is clear that this challenge have negative influence on the performance of the projects.

The categorization of Stakeholder Management challenges there are identified challenges by the respondents this are; external challenges and internal challenges. When we see them separately, External challenges are challenges that are those that come from outside of the hose organization,

some external challenges are actually beyond the control of the project management. The reason behind this fact is that, because of poor stakeholder identification, analysis, engagement and communication. Whereas, internal challenges are those challenges that come from the entire organization itself, the main reasons are the types of stakeholder management processes they apply and in what ways they carried out. Unlike to external challenges, internal challenges have greater chance to control over the problems.

To mention some problems that are raised from the two different stakeholder management challenges;

*i. External Challenges*

- Poor commitment so donors are demotivated to support projects(delay in funds),
- Limited capacity in skills and resources,
- Unrealistic expectations,
- Interest conflict between stakeholders so unproductive criticism between the stakeholder members and
- Lack of understanding of the true value of project objectives so there will be primacy shortage

*ii. Internal Challenges*

- Lack of know how and skills of the stakeholder management process,
- Problem in stakeholder planning process,
- Poor know how of different stakeholder matters and at the same time narrow consideration of stakes and
- Ineffective communication problems



## **5.2: CONCLUSION**

This study has been focus on the Assessment of Practices and Challenges of Project Stakeholder Management case of Mission for Community Development Program (MCDP) projects, it is amid that to figure out the practices and challenges of stakeholder management in the organization organizational level of MCDP and also the necessary processes required to manage the challenges. The following conclusions are drawn from the above findings.

The task was therefore begun with the identification of general profile of the respondents. In this context, majority of the respondents are female, majority of the respondents are in the age group of 30-64, majority of the respondents has BA/BSc educational status and also majority of the respondents have 0-5 years of working experience in the organization.

There are 11 stakeholder groups identified by respondents they include; Donors/project stakeholders, Traditional Authorities, Public Authorities, Beneficiaries/clients end users, Project community, Project team, Sister/line projects, Contractors/Consultants, Financial institutions, Media and Insurance Companies.

Following this was a listing of the interests, corresponding responsibilities and the level of relevance of the various Stakeholders which bond the complex relationship between the sector members and their various actors. The findings presents that, there are common interests, responsibilities and level of relevance shared by the various stakeholders, there are many and conflicting interests indeed. On the institutionalizing of stakeholder management (organize a distinct functional unit) in MCDP organization as per this study seem to be all 100% the respondents reflect that they did not have units managing Stakeholders, instead it is the duty of all team members. Lastly, the stud find out the challenges mentioned by the respondents to mention basic challenges that are faced by the projects; low commitment, low understanding of different issues, conflicting interests, opinions, beliefs & orientation and unrealistic expectations are the main challenges indicated by the respondents by descending order from the top to bottom.

### **5.3: RECOMMENDATIONS**

To ensure good Stakeholder management in MCDP projects, the following recommendations is forwarded out of the empirical qualitative and quantitative findings, these are:

- ❖ Need to guarantee better understanding about projects general goal and objects among all stakeholders and ensure strong communication with all stakeholders from the project initiation up to close-out period,
- ❖ Always there must be an identification of all relevant stakeholders from the project planning and work with them to accomplish project goals even if there are interests differences,
- ❖ Make sure that there must be active all stakeholder involvement and management at project life cycle management (PLCM) (project initiation, planning, implementation, monitoring & evaluation and close-out) to achieve effective result of project performance,
- ❖ Avoid individual benefit seeking/rent seeking from different participation in stakeholder engagement and work to achieve the vast development goal and see bigger picture,
- ❖ Create and develop the sense of ownership in all stakeholders level about the project results and at the same time this develop sense of responsibility and accountability,
- ❖ The need to build stronger relationship by continuous engagement and information sharing as well as coordination of stakeholder plans at all levels of the MCDP projects,
- ❖ The need to be assigned a separate organizational stakeholder management unit to effective use of stakeholder management process, and
- ❖ Ensure participatory planning with full commitment from all key stakeholders mainly with project sponsors/donors, beneficiaries, public authorities and traditional authorities (clear cut relationships and expectations).

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## **APPENDIX 1**

### **Questionnaire**

**Dear sir/Madam**

My name is Tsegaye Zekarias. I am currently doing my MA Degree in Project Management at Addis Ababa University School of Commerce. I have finished my course work and now I am doing my MA Project work entitled: Assessment of Practices and Challenges of Project Stakeholder Management case of Mission for Community Development Program (MCDP) projects.

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

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

If you have any questions or comments, please don't hesitate to contact me. You can reach me by;

- Mobile: +251-913982186/+251-946326176
- E-mail: [tsegayezekarias79@gmail.com](mailto:tsegayezekarias79@gmail.com)/[tsegayezekarias1179@yahoo.com](mailto:tsegayezekarias1179@yahoo.com)

With best Regards,

Tsegaye Zekarias

**Introduction**

*Stakeholder management is very key to the work of project management particularly to NGOs in the community development sector mainly because their work affects and is in turn affected by many stakeholders whose interests and needs are potentially conflicting thus posing some challenges to successful project management. This tool is therefore designed and used to collect data that conveyed the real practice and challenges of stakeholder under MCDP projects.*

**Instructions**

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

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

1. Age of respondents: .....
2. Sex:     1. Male                     2. Female
3. Organization: .....
4. Position: .....
5. Project: .....
6. Address: .....
7. Educational status?
  - A. BA/BSc
  - B. MA/MSc
  - C. Others; please specify.....
8. How long have you worked in this organization?
  - A. 0 – 5 years                     B. 6 – 10 years
  - C. 11 – 15 years                 D. More than 15 years

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

1. Which of the following would you consider or otherwise as stakeholders of an empowerment project of your organization and why?

	<i>Range of likely stakeholders</i>	<i>Status with reference to typical project of your organization (yes or no)</i>	<i>Why a given group is or not your stake-holder</i>
i.	<i>Donors/project sponsors</i>		
ii.	<i>Traditional authorities</i>		
iii.	<i>Public authorities</i>		
iv.	<i>Beneficiaries (Clients end users) Sister/line organizations</i>		

v.	<b><i>Project community</i></b>		
vi.	<b><i>Project team</i></b>		
vii.	<b><i>Sister/line Projects</i></b>		
viii.	<b><i>Contractors/ consultants</i></b>		
ix.	<b><i>Financial institutions</i></b>		
x.	<b><i>Media</i></b>		
xi.	<b><i>Insurance Companies</i></b>		
<b><i>Mention any other stakeholder of your empowerment project not included here.</i></b>			

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

<b><i>Stakeholder group</i></b>	<b><i>Stake(s)-needs interests/demands</i></b>	<b><i>Responsibility or contribution</i></b>	<b><i>Level of relevance of contribution to project success- (rate:1-Very Critical, 2- Critical 3-Not Critical)</i></b>
<b><i>Donors/project sponsors</i></b>			
<b><i>Traditional authorities</i></b>			
<b><i>Public authorities</i></b>			
<b><i>Beneficiaries(Clients end users)</i></b>			
<b><i>Project community</i></b>			
<b><i>Project team</i></b>			
<b><i>Sister/line Projects</i></b>			
<b><i>Contractors/ consultants</i></b>			

<i>Financial institutions</i>			
<i>Media</i>			
<i>Insurance Companies</i>			

3. How do you identify your Stakeholders?

- A. Project team brainstorming
- B. Stakeholder forums
- C. snowballing (through peers)
- D. Combination of all
- E. Other.....

4. What is/are the bases for your stakeholder identification?

- A. Influence
- B. Mission and vision based
- C. Interest based
- D. Geographic reasons
- E. Combination of all

5. At which stage of your project life do you identify stakeholders?

- A. Prefeasibility stage
- B. Initiation stage
- C. Implementation stage
- D. Throughout project life

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

.....

.....

.....

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

.....

.....

8. What determines their status as key?

- A. Influence over project resources
- B. Stake on project deliverables
- C. Political influence
- D. Information access and control
- E. other.....

**SECTION 3: Stakeholder Analysis**

9. What is the operational definition of stakeholder analysis in your organization?

.....

.....

.....

10. Is stakeholder analysis an activity you undertake as part of your project management processes?

- A. Yes
- B. No

11. Do you find stakeholder analysis necessary in project management?

- A. Yes
- B. No



12. If yes, which stage of project implementation is ideal for stakeholder analysis to be undertaken?

- A. Initiation stage
- B. Implementation stage
- C. Completion stake
- D. on-going activity

13. If no, why? Explain

.....

.....

.....

#### **SECTION 4: Stakeholder Engagement and Communication**

14. What is the operational meaning of the term stakeholder engagement in the context of stakeholder management in your organization?

- A. process of working with stakeholders
- B. A two-way dialogue process between project management and stakeholders
- C. An event to let Stakeholders know what is/should be expected from and by them.
- D. Other (specify) .....

15. What does it contribute to your project? .....

16. Which stage of your Project life cycle do you carry out Stakeholder engagement?

- A. Prefeasibility stage
- B. Initiation stage
- C. Implementation stage
- D. Completion stage
- E. Throughout the project life

17. Is communication part of your Stakeholder management process?

- A. Yes
- B. No

18. **If yes**, how do you ensure it?

- A. Meetings
- B. Reporting
- C. Both
- D. Other (specify).....

19. **If no** why?

.....

.....

20. Mention any other stakeholder management tool not included in this questionnaire.....

.....

.....

#### **SECTION 5: Stakeholder Management, Its Practice and Challenges;**

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

- A. Yes
- B. No

22. **If yes** what specific functions does it perform? Name them.....  
.....

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

- A. CEO
- B. Program Manager
- C. Project Manager
- D. All team members

24. **If no**, are you considering having one?

- A. Yes
- B. No

25. What **challenges** do the stakes and stakeholders present to project management? List  
.....  
.....  
.....

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

THANK YOU.

**APPENDIX 2**  
**Interview and Focus Group Discussion (FGD) Guides**

1. What are your Roles and Responsibilities in Stakeholder management?

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.....

2. What are the different types of stakeholder management practices?

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.....

3. Which type of stakeholder management practices is applied in MCDP projects?

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.....

4. Why did you use/apply this type of stakeholder management practice?

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.....

5. What major results have you obtained by implementing this type of stakeholder management practice in your organization?

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.....

6. What are the challenges of the selected stakeholder management practice?

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.....