

Practices and Challenges of Stakeholder Engagement of United Nations  
Industrial Development Organization's (UNIDO) projects

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This is to Certify that the thesis prepared by *Martha Gedamu*, entitled: *Practices and Challenges of Stakeholder Engagement of the United Nations Industrial Development Organization's (UNIDO) projects submitted* in partial fulfillment of the requirements for the Degree of Masters of *Project Management* complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## Declaration

I, **Martha Gedamu**, declare the Research Paper entitled: Practice and Challenges of Stakeholder engagement in United Nations Industrial Development (UNIDO) projects, is my original work, prepared under the guidance of Dr. Solomon Markos (PhD). All sources of materials used for the research paper have been duly acknowledged. I further confirm that the research paper has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Signature & Date

## Acknowledgment

I give all the glory to God Almighty who enabled me to this end. I hope I have learned what He wanted to teach me through it all.

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## Abstract

*The purpose of this study was to assess the stakeholder engagement practices and challenges of the United Nations Industrial Development Organization (UNIDO) projects. International development projects emanated from their mandate and intended to improve the living conditions of the marginalized. But often criticized for their lack of gaining shared perception and agreement on the objectives of the project and lack of commitment to the project by all stakeholders involved. Recently though stakeholder engagement has been much emphasized in the context of international development projects. The main focus has been on identifying those who are affected by a project and actively involving them in the project life cycle in order to ensure that the project is responsive to the local needs and conditions. In this regard the research sought to assess the perception of key project personnel; identify the stakeholder engagement approach used; examine the factors that hinder or enable successful engagement and identify outcomes that arose due to stakeholder engagement. A mixed research approach was employed, both quantitative data collected through questionnaire from 32 project personnel and qualitative data through semi-structured interview from two key personnel were analyzed. The finding showed that the stakeholder engagement process is on developing stage, having in place strategy and process, yet have challenges in terms of communication and commitment from the multi-stakeholders involved. The study recommended improvements in the communication tool addressing language barriers, training the project team in people skills and the management to use a tracking mechanism for its stakeholder engagement performance and feedback to enhance regular corrective measures. In addition, the study directed future works to be conducted on stakeholder engagement that are not addressed in this research.*

*Keywords: International Development Projects, Effective Stakeholder Engagement, Stakeholder Engagement Approach, Stakeholder Engagement Barrier, United Nations Industrial Development Organization (UNIDO)*

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## List of Acronyms and Abbreviation

APM	Association for Project Management
CSR	Corporate Social Responsibility
FAO	Food and Agricultural Organization
GTP II	Growth and Transformation Plan II
IAIP	Integrated Agro-Industrial Parks
IAP2	International Association for Public Participation
ICT	Information and Communication Technologies
ID	International Development
IDPM	Institute for the Management of Information Systems
IFC	International Finance Corporation
ILO	International Labor Organization
ISID	Inclusive Sustainable Industrial Development
KPI	Key Performance Indicator
MCDP	Mission for Community Development Program
NGO	Non-Governmental Organizations
PCP	Programme for Country Partnership
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institute

RTC	Rural Transformation Centers
SDG	Sustainable Development Goal
UNDP	United Nation Development Programme
UNDP SES	United Nations Development Programme Social and Environmental Standards
UNEP	United Nations Environmental Programme
UNIDO	United Nations Industrial Development Organization
USAID	U.S Agency for International Development
WHO	World Health Organization

# CHAPTER 1 INTRODUCTION

## 1.1 Background of the study

International Development Projects are medium to large size public projects and/or programs in all sectors of developing countries financed by the following institutions like, Multilateral Development Banks such as the World Bank and regional development banks; United Nations Associated Agencies (including UNDP, FAO, ILO, WHO, UNIDO etc.); Bilateral and multi-lateral government agencies (such as USAID, or European Union ); Non-Governmental Organizations (NGOs) and Government agencies in developing countries. (Youker, 2003)

Thus, by definition, ID Projects involve a number of different actors including donor agencies, (often more than one), government organizations at several levels, consultants, contractors, trainers, evaluators, researchers, and local beneficiaries including local organizations.

The objectives of International Development projects are for economic and social development often involving poverty reduction thus the usual profit motive is often missing even though the financing agency often has motives and objectives of its own. (Youker, 2003)

International development (ID) projects aim to improve living conditions in emerging countries by enhancing agricultural, health, or educational systems, among others. ID projects are becoming increasingly important in the field of international aid to developing countries (Golini, R. and Landoni, P., 2014).

ID projects have several distinct characteristics that distinguish them from other projects. These can be summarized into four factors, the human and social factors, environmental factors, the project management factors and factors related to the essence of the output these projects aspire to deliver. The human factors are lack of a defined and/or powerful customer; existence of high number of stakeholders and gaining their strong commitment to the project; in fact, the lack of involvement and communication might lead to incorrectly defined project objectives as well as social factors, including, among others, workforce availability, social instability, and the presence

of different communities with conflicting interests. The environment factor involves difficult, complex, and risky environment that are characterized by scarcity of resources, lack of infrastructure, and complex supply networks, political and institutional factors, difficulty in ensuring transparency, and administrative bureaucracies. Difficulty in using project management techniques in the context of other cultures. The diversity in culture and values can create considerable challenges, the most frequent of which revolve around assumptions, expectations, language, and managerial processes and knowledge. In terms of their output ID projects intangible project outputs like poverty alleviation, living standards improvement, and basic human rights protection. These humanitarian and social objectives are usually intangible, not visible, and difficult to measure. (Golini, R. and Landoni, P., 2014).

International Development projects have array of stakeholders, that may influence positively or negatively towards the project objective, thus their views on the projects must be considered. (Youker, 2003). ID projects involve a large number of different stakeholders, and these participants usually have a diversity of perspectives as a consequence of their national culture and values. In addition to the complex relationships of the stakeholders involved, these projects are peculiar due to their social and not-for-profit nature and the intangibility of the developmental results. (Golini, R. and Landoni, P. (2014).

Since the introduction of 'stakeholder management' the term has frequently been in use and it implies that stakeholder behaviors and actions can, indeed, be managed, i.e. predicted, planned and controlled. (APM BoK, 2019). This position defined the organization as if it is at the center of the universe where all its subordinate stakeholder revolving around it, where the organization only focuses on its internal interests. This explains why stakeholder relationships are routinely seen as basically a problem of managing relationships. (Lozano, J, 2005). With the emergence of the global vision of the economic and social system and the intention of contributing towards sustainability a more embracing view building relationships with stakeholders came into the picture both as a challenge and a necessity to pursue. Here the organization rather than considering itself at the center in its own universe, but looks at its self from the perspective of the system it is

acting. (Lozano, J, 2005). These further suggested the need to think how to understand, engage and influence stakeholders should be sought rather than managing them. (APM BoK, 2019)

Stakeholders Engagement is an element of stakeholder management where stakeholder engagement is geared towards achieving a meaningful and participatory engagement of stakeholders by effective communication, defining an engagement process and strategizing stakeholders needs in the decision making process towards the achievement of organizational goals. On the other hand, Stakeholder Management aids in identifying the stakeholders based on their power to influence, urgency of claims and legitimacy of their relationship with the organization. (Hamidu. A., Ibrahim. A and Daneji, B., 2014). Therefore, stakeholder management is about following a process, and stakeholder engagement is about building relationships with people.

Stakeholder engagement has been much emphasized in the context of international development projects, where the focus has been on identifying those who are affected by a project and actively involving them in project design and delivery in order to ensure that the project is sensitive and responsive to the local needs and conditions. (Mathur, Price and Austin, 2008)

The desire to engage with stakeholders in project decision-making processes is also linked to enhancing the sense of ownership of a project to promote equity and fairness because individuals and groups who are excluded from the decision-making processes are likely not to have their needs and preferences reflected in the outcomes. (Mathur, Price and Austin, 2008)

## 1.2 Background of the study area

Ethiopia's Growth and Transformation Plan II (GTP II) aims to spur economic structural transformation and sustain accelerated growth towards the realization of the national vision to become a low middle-income country by 2025. GTP II focuses on ensuring rapid, sustainable, and broad-based growth by enhancing the productivity of the agriculture and manufacturing sectors,

improving the quality of production, and stimulating competition within the economy. (National Planning Commission, 2016)

In 2013, the mission of the United Nations Industrial Development Organization (UNIDO), as described in the Lima Declaration adopted at the fifteenth session of the UNIDO General Conference, is to promote and accelerate inclusive and sustainable industrial development (ISID) in Member States. (UNIDO, 2019)

The relevance of ISID as an integrated approach to all three pillars of sustainable development (Social, Economic and Environmental) is recognized by the 2030 Agenda for Sustainable Development and the related Sustainable Development Goals (SDGs), which will frame United Nations and country efforts towards sustainable development in the next fifteen years. (UNIDO, 2019)

In order to accelerate Inclusive and Sustainable Development in its member states, UNIDO devised a model called Programme for Country Partnership (PCP). The model is aligned with the national development agenda and focused on sectors with high growth potential, a multi-stakeholder partnership led by host government, a strong partnership approach to leverage resources, pull investment and with rigorous Monitoring and Evaluation, the programme supports a country in achieving its industrial development goals. (UNIDO, 2019)

Currently UNIDO is running projects in different priority sectors which are in Agro-industry focusing on four Integrated Agro-Industrial Parks (IAIPs) with surrounding Rural Transformation Centers (RTCs). The IAIPs will focus on adding value to locally sourced agricultural products. Leather the establishment of leather industry cluster on the basis of an existing concentration of tanneries in the town of Modjo and assisting existing cluster project in Addis Ababa. Textile and apparel sector with main activities include spinning, fabric weaving, dyeing, finishing and the production of ready-made garments and Cross-cutting sectors, in energy development and related. In line with Ethiopia's GTP II, with the intention of bringing Inclusive Industrial development through the development of industrial parks, skills development and job creation for the youth and



women, facilitating investment opportunities, providing technical assistance, capacity building initiatives and related activities.

### 1.3 Statement of the Problem

Projects are endeavors taken by organizations, institution or businesses to solve a set of problem or grasp a business opportunity. They are multifaceted activities that require different expertise, inputs and a collaborative effort that success could be attained and sustained. Most early research on project success seems to emphasize the three traditional dimensions: (within) time, (within) budget and (within) specification, also known as the iron triangle, “despite the fact that this method is currently subject to widespread criticism” However, starting around the early 80s of last century, other factors are emerging in literature, such as “measuring success after delivery” that “involves looking at the benefits or effectiveness of the project from the perspective of the stakeholder” From this overview, it shows that project success is a multidimensional concept and that many factors are identified that go beyond the traditional ‘iron triangle’ criteria. (Mishra and Soota 2005).

International development aid project ideas emanate from their mandate, which is assisting the member states in their particular area of expertise, which further dictates their mere existence and reason for operation in that particular nation. Their projects foresee the social benefits that would bring to the vulnerable and marginalized society, overall contributing to the achievement of the national development plan of that country.

Assessment done on various ID projects evaluation reports indicated that, among many other challenges of ID projects, specific in relation to stakeholders, ID projects are prone to problems related to lack of shared perception and agreement on the objectives of the project by donor and government staff and stakeholders. and lack of commitment to the project by the team, management and stakeholders. (Youker, 1999)

Irrespective of their good intention of serving the vulnerable, bringing economic progress, and attaining human-rights, often they encounter various challenges that hinder their project success and sustainability often related to their stakeholder relationship and its management. Other particular concerns also indicated are problems related to the limited commitment from stakeholders due to cultural differences, turnover of government stakeholders during political leadership changes, incentive expectations from stakeholders. government structures and different operational requirements of funding and sponsoring organizations.

In the context of Ethiopia, there media coverages indicated that sectors work solo, fail to collaborate with respective stakeholders or engage them appropriately that one sector project success will either hinder the operation of the other sector or jeopardize their project. In a research on “Collaborative governance: assessing the problem of weak cross-sectoral collaboration for the governance of Addis Ababa Rivers” the absence of committee that could facilitate collaboration of different sectors, the commitment and sense of responsibility of authorities, communication and facilitating styles of collaborative governance activity are among the challenges noted on sectoral collaboration. (Woldesenbet, W., 2018). These problems can evidently be witnessed in infrastructure projects; one example could be the bypass road around CMC Micheal area that was built to connect Kotebe to Goro through a bridge over the rail way that runs from Ayat to Torehiloche has been standing as a monument. Even though a sherd of clear evidence could not be gathered about why the road project could not be finalized, at its current state it is evident that the bridge could not be constructed without interfering with the continuous function of the railway. These and similar problems can be looked at to showcase the problem of stakeholder involvement to project success.

The research will, therefore, will seek to assess the trends in stakeholder engagement both practices and challenges in UNIDO’s projects.

All project work relies fundamentally on the ability of people to work together. Despite the knowledge collaboration is a way for success, limited research work was done in the local context on stakeholder collaboration and there is none on the assessment of stakeholder

engagement practice. This study aims to address the gap in the local literature by conducting a systematic review of the stakeholder engagement content and showcasing ways of assessment to measure once practice and enhance further the engagement process.

## 1.4 Basic Research Questions

- What is the perception of the key project personnel about stakeholder engagement?
- How has UNIDO funded/facilitated projects approached stakeholder engagement? what are the common practices?
- What are the barriers to meaningful stakeholder engagement?
- What are the promising practices for successful stakeholder engagement?
- What outcomes are associated with stakeholder engagement?

## 1.5 Objectives of the Study

### 1.5.1 General Objective

The overall objective is: To assess the practices and challenges of stakeholder engagement

### 1.5.2 Specific Objectives

- To assess the perception of key project personnel on stakeholder engagement
- To identify any available stakeholder engagement approach used in projects funded/facilitated by UNIDO and assess the practice of stakeholder engagement
- To examine the factors that hinder meaningful stakeholder engagement
- To identify those factors that enable successful stakeholder engagement
- To identify any outcomes that arise due to stakeholder engagement

## 1.6 Significance of the Study

The research intends to shed light on the practices of stakeholder engagement by the project personnel who are the forefront implementer of the project and in regular contact with various stakeholders. In doing so the research will identify challenges and recommends solutions. Therefore, the research will inform decision making by assessing the gap in stakeholder engagement and providing input for remedial actions

## 1.7 Scope of the Study

The research will study stakeholder engagement practice and challenges of UNIDO Ethiopia projects that run in four sectoral areas namely Agro-industry, Leather, Textile and Cross-cutting sectors that are currently operating. The selected projects are guided by the Programme for Country Partnership model developed by UNIDO which is required to operate with high stakeholder involvement. The study only assesses the practices and challenges from the perspective of the project personnel who are located in Addis Ababa, irrespective of where their project is located in Ethiopia. In terms of the conceptual model for the assessment, stakeholder engagement standard is used as a framework, which clearly depicts that it can be used as an assessment tool, to measure an organization, program or project stakeholder engagements and also a guide for those who would like to develop and effective stakeholder engagement plan for their respective projects.

## 1.8 Limitation on the study

This study was conducted based on the responses of project personnel and these respondents might be biased towards their projects.

## 1.9 Organization of the Research Report

The study consists of five chapters the first chapter covers the introduction of the study giving the background of the study and the study area, statement of the problem, basic research

questions, objectives of the study, significance of the study, the scope of the study and limitation of the study. The second chapter deals with the review of the literature, discussion and findings from the literature as well as the conceptual framework of the research are presented. The third chapter is the research methodology of the study, it elaborates the research design and approach of the research; data types, sources; the target population, and the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used. The fourth chapter summarizes and present the results/findings of the study, and interpret and discuss the findings further. The fifth chapter presents the conclusion and recommendation

## CHAPTER 2 REVIEW OF RELATED LITERATURE

### 2.1 Project

A project is a temporary endeavor undertaken to create a unique product, service, or result. They also drive change and works in the intent of business value creation. (PMBOK, 2017)

Most projects are designed to generate a benefit in terms of profit through the project deliverables, there is also a chance projects introduce unplanned result due to the projects' intervention, that is called side effects. These side effects could be positive, negative or neutral. Negative side effects are also sometimes referred to as dis-benefits. The benefits and side effects incurred by a project are project outcomes. (Jepsen and Eskerod, 2016)

In project management, it is common knowledge that to make a project a success, the interests of the key stakeholders, or even of all stakeholders, should be taken into account. (Achterkamp and Vos, 2008 quoted in Huemann, Eskerod and Ringhofer, 2016)

### 2.2 Stakeholder Definition

Stakeholders are defined as groups or individuals who can affect or are affected by the objectives of an organization. (Freeman, 1984). This approach presumes that stakeholders can either be: internal or external, positive or negative and individuals or groups. It also presumes that stakeholders: have a relationship with the organization's objectives and that their 'stake' or 'vested interest' is 'affected' by the outcome of the intended objectives, whether directly or indirectly. (Society of Chartered Surveyors Ireland, 2017)

A standard definition of a stakeholder is: '...anyone that can affect or is affected by what you are trying to achieve'. In a project environment, the list of stakeholders might include client staff, colleagues, team members, local communities, investors, funders, internal business departments, regulators, the media, end-users, etc. Another term for stakeholders, therefore could be 'the people that count'. (Society of Chartered Surveyors Ireland, 2017)

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. (IFC, 2007)

## 2.3 Stakeholder Theory

Stakeholder theory is managerial in that it reflects and directs how managers operate rather than primarily addressing management theorists and economists. (Freeman, Wicks and Parmar 2004)

Stakeholder theory focuses on answering two prominent questions,

- First, what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together.
- Second, stakeholder theory asks, what responsibility does management have to stakeholders? This pushes managers to articulate how they want to do business—specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose. (Freeman 1994 quoted on Freeman, Wicks and Parmar 2004),

Economic values can only be created by people who come voluntarily together to change circumstances to their benefits. This puts managers in the forefront and they must work to develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises. (Freeman, Wicks and Parmar 2004)

Stakeholder management theory assumes that project stakeholders will only contribute as needed if they are motivated to do so. (Jepsen and Eskerod, 2016)

## 2.4 Distinction Between Stakeholder Engagement and Stakeholder Management

There are many interpretations and definitions that reflect Stakeholder Engagement differs from Stakeholder Management. Communities of practitioners in different sectors, cultures and locations have developed their valid descriptions as to what it is and how it is successfully practiced. (APM, 2019).

Stakeholder Management is essentially a process, as: “the systematic identification, analysis, planning and implementation of actions designed to engage with stakeholders”. (APM, 2019). The processes support the work of the project team to analyze stakeholder expectations, assess the degree to which they impact or are impacted by the project, and develop strategies to effectively engage stakeholders in support of project decisions and the planning and execution of the work of the project. (PMBOK, 2017)

The aim of project stakeholder management is to increase the likelihood of project success. Consequently, project stakeholder management consists of all the purposeful activities carried out in connection to the project stakeholders in order to enhance project success. (Jepsen and Eskerod, 2016)

On the contrary, Stakeholder Engagement is the actual practice of influencing a variety of outcomes through consultation, communication, negotiation, compromise, and relationship building. (APM, 2019) We can conclude that Stakeholder Management is the model or the framework that presents the workflow, but Stakeholder engagement is the activity along the workflow with the intention of getting into desirable consensus between stakeholders to proceed with the project.

Stakeholder engagement is considered a function that compliments stakeholder management and both are needed for project success. (Davidson, 2017 quoted on APM, 2019). The interlink was also presented in a pictorial as shown below image to highlight the very thin line and the distinction between stakeholder management and stakeholder engagement.



**FIGURE 2-1 Relationship Between Stakeholder Engagement and Stakeholder Management**



*Source: Laurence Davidson, 2017 Cited in APM, 2019*

## 2.5 Stakeholder Engagement

‘Engagement’ signifies all the things we might do with stakeholders: consult, listen, understand, communicate, influence, and negotiate, etc., with the broader objectives of satisfying their needs, gaining approval and support, or at least minimizing their opposition or obstruction. (Society of Chartered Surveyors Ireland, 2017). Engagement is the practice of involving stakeholders in a positive manner in organizational activities. (Greenwood, 2007 quoted in Huemann, Eskerod and Ringhofer, 2016)

Different literature presented stakeholder engagement as follows

**TABLE 2-1 Stakeholder Engagement Presentation in Literature**

Stakeholder engagement presented as	Source
Stakeholder engagement is the practice of interacting with, and influencing project stakeholders to the overall benefit of the project and its advocates.	APM, 2019
Stakeholder engagement is a method of achieving influence and positive outcomes via the intelligent management of relationships. Internal politics, personal agendas, emotions, perceptions and other factors all need to be considered for each and every stakeholder that matters.	Llewellyn, 2019
Stakeholder engagement focus should be on identifying those who are affected (or likely to be affected) by the project and actively involving them in project design and delivery in order to ensure that the project is sensitive and responsive to the local needs and conditions. This could, in addition to being sensitive and responsive to the local needs, engender a sense of ownership among the project stakeholders and attract their supports thereby fostering the smooth running of the project.	Mathur et al., 2008 quoted in (Molwus 2014)
Stakeholder engagement is the process used by an organization to engage relevant stakeholders for a clear purpose to achieve agreed outcomes. It is now also recognized as a fundamental accountability mechanism, since it obliges an organization to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and answer to stakeholders for decisions, actions and performance	Stakeholder Engagement Standard, 2015

Stakeholder engagement therefore, is a core activity that should be integrated in the “real’ project management, never should be outsourced or regarded as an activity only for public relations or communications departments (Society of Chartered Surveyors Ireland, 2017). The successful completion of the projects usually depends on how the stakeholders view it (APM,

2019). They shape what success looks like, and impact the outcomes that can be achieved for this reason, intentionally capturing stakeholder's requirements, expectations, perceptions, personal agendas and concerns that will influence the project is essential for successful stakeholder engagement that is a vital requirement for professional project management (Society of Chartered Surveyors Ireland, 2017)

It is vital for project teams, especially the senior members, to continuously develop their understanding of their stakeholders' evolving objectives, interests, constraints and expectations, whether these are reasonable or not. Ultimately, it is the way these people perceive the project and react to it that will dictate to a large extent how successful the project will be. (Society of Chartered Surveyors Ireland, 2017)

Stakeholder engagement practices depend on industry types, purpose, and theoretical understanding. (Johnson-Cramer and Berman, 2007) quoted in Huemann, Eskerod and Ringhofer, 2016) suggest that companies vary in the degree to which they engage stakeholders. Highly-engaged organizations monitor stakeholder demands and communicate their own positions clearly. They also indicated that there are many different methods for the engagement of stakeholders exist, such as newsletters, employee work councils, customer focus groups, community town meetings, active public affairs officers, and so on. (Johnson-Cramer and Berman, 2007) quoted in Huemann, Eskerod and Ringhofer, 2016) These mechanisms assist to insinuate the company into denser networks with its constituencies; and along these connections, flow opportunities to share information and engage in mutual influence

It was also further indicated stakeholder engagement level used determines the stakeholder management types, Activist, Paternalistic, Pluralist, and Functionalist are the four stakeholder management types based on their engagement levels. These were presented in a table as adopted from (Johnson-Cramer and Berman, 2007) by Huemann, Eskerod and Ringhofer, 2016)

**Table 2-2** Stakeholder Management Types based on Stakeholder Engagement level

<b>Stakeholder Management Type</b>	<b>Activist Stakeholder Management</b>	<b>Paternalistic Stakeholder Management</b>	<b>Pluralist Stakeholder Management</b>	<b>Functionalist Stakeholder Management</b>
<b>Characteristic</b>	The company actively manages stakeholder relations and creates policies that address their multiple demands on company resources	Decision making is done in isolation from stakeholder input and imposed outward with clear and specific implications  Internal discussions focus on how stakeholders should be treated	The company operates based on high level of openness to multiple stakeholder perspectives.  The company has a high level of stakeholder engagement by opening multiple channels of communication.	The company operates on a limited model in which activities are restricted to the minimal functions of business.
<b>Engagement level</b>	<ul style="list-style-type: none"> <li>- Monitor and communicate with all stakeholders.</li> <li>- Represent company interests during internal deliberations.</li> <li>- Produce specific policies that distribute value to a broad range of stakeholder groups.</li> </ul>	<ul style="list-style-type: none"> <li>Policies for specific stakeholders are produced</li> <li>Company tends to impose its perception of its stakeholder groups' needs on the stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Company creates stakeholder policies that reconcile stakeholder interests effectively</li> <li>High level of social values regarding stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Engage in very limited communications with selected stakeholder groups</li> <li>No involvement in decision processes "stakeholder neglect"</li> </ul>

*Source : Adopted from Johnson-Cramer and Berman (2007) quoted in Huemann, Eskerod and Ringhofer, 2016*

## 2.6 Standards on Stakeholder Engagement and Public Participation

### 2.6.1 Stakeholder Engagement Standard

United Nations Environmental Programme (UNEP), AccountAbility and Stakeholder Research Associates developed the stakeholder engagement standard AA1000SES, an

internationally recognized benchmark for quality engagement. The standard was developed for use by government representatives, recognizing that stakeholder engagement is crucial to an organization's sustainability and success, it consists of a two-part manual that offers a good framework for plan and practice tailored to an individual organization, programme or project.

This standard is a generally applicable framework for the assessment, design, implementation and communication of quality stakeholder engagement (Stakeholder Engagement Standard, 2015)

The stakeholder engagement standard gives an overview of both the process, the steps an organization should take towards attaining a quality engagement.

To this end, the key questions an organization should ask therefore is

- Where am I in terms of my stakeholder engagement practice (determine the stakeholder engagement generation where the organization is currently placed and way forward
- What proves quality engagement
- What are the ways for effective stakeholder engagement then?

### 2.6.1.1 Stakeholder Engagement Generation

The stakeholder engagement standard put forward that an organization may fall in any of the three stakeholder engagement generation listed below

- First generation: Ad-hoc reactive engagement in response to pressure and change
- Second generation: Planned and systematic engagement to manage risk and return
- Third strategic engagement for the transformational and sustainable performance

UNEP further breaks down an organizations stakeholder engagement practices in relation to an individual issue and characterized it within the following five stages

**Table 2-3 Stakeholder Engagement Practice on an individual issue**

<b>No Engagement</b>	No engagement on an issue
<b>Exploratory</b>	Ad-hoc engagement with stakeholders when opportunities or challenges arise: focused on learning and exploring the issue and often dependent on individual commitment.
<b>Developing</b>	Good quality engagement processes with some thought to design and stakeholder needs, but management systems are patchy, the impact of engagements to actual operational decision making is unclear, and there are no clearly established performance objectives addressing the issue.
<b>Embedded</b>	High quality engagement processes feed into operational decision making and are embedded in core management processes. Engagement is systematized to ensure that the issue is adequately addressed
<b>Strategic</b>	High quality engagement embedded in management and governance processes and linked to business strategy. Issues are addressed in-depth, often with the objective of systemic change and on a global and local level.

*Source: UNEP, 2005.Stakeholder Engagement Manual Vol.2*

### 2.6.1.2 Quality Stakeholder Engagement

According to the stakeholder engagement standard quality stakeholder engagement must:

- Be based on a commitment to the AA1000 accountability principles standard (AA1000APS)
- Clearly define goals

- Have an agreed decision-making process
- Focus on issues material to the organization and /or to its stakeholders
- Create opportunity to dialogue
- Be integral to organizational governance
- Be transparent
- Have a process appropriate to the stakeholders engaged
- Be timely
- Be flexible and responsible

#### 2.6.1.3 Effective Stakeholder Engagement

A stakeholder engagement strategy needs to be seen as a cycle of recurring steps, as opposed to a straight line of one-time activities. That way it can mature in effectiveness as more is learned about the stakeholders and as the environment evolves over time. (Llewellyn, 2019)

The stakeholder engagement standard emphasized that the stakeholder engagement is built around a five stage framework towards effective stakeholder engagement. These continuous sequences of stages are presented in the chart below.:

**FIGURE 2-2 Five Stage Stakeholder Engagement Framework**



*Source: UNEP, 2005.*

- i. Think Strategically: Mapping stakeholders, identifying issues setting strategic objectives and prioritization signifies this stage.
- ii. Analyse & Plan: Reviewing progress, learning from others & identifying partners, learning about stakeholders, setting stakeholder objectives and defining margins of movement signifies this stage.
- iii. Strengthen Engagement Capacities: Strengthening the ability to respond to an issue, developing internal skills, building stakeholders capacity to engage signifies this stage.
- iv. Design the Process & Engage: Identifying the most effective engagement approach and designing the process signifies this stage.



- v. Act, Review and Report: Planning follow-up activities, ensuring learning, reviewing the engagement and assuring the stakeholders signifies this stage.

The AA1000SES standard notes that inclusivity is a capability that is essential for successful engagement. Inclusivity means understanding and accepting as valid key stakeholders concern, their performance, perception, expectation and your past and future capability for coherent responses to your community and stakeholder issues. Inclusivity can be achieved by adherence to the following three principles

- Materiality: knowing what concerns are important to you and your stakeholders
- Completeness: understanding and managing concerns and associated stakeholder views, needs and performance perceptions and expectations
- Responsiveness: coherently responding to stakeholders' and the organization's concern.

The key to effective stakeholder engagement is a focus on continuous communication with all stakeholders, including team members, to understand their needs and expectations, address issues as they occur, manage conflicting interests, and foster appropriate stakeholder engagement in project decisions and activities. (PMBOK, 2017)

## 2.6.2 Stakeholder Engagement Spectrum

International Association for Public Participation (IAP2) is an international association missioned to promote and improve the practice of public participation / public engagement in relation to individuals, governments, institutions, and other entities that affect the public interest in nations throughout the world developed, what is called IAP2 Spectrum of Public Participation. (IAP2, 2019)

The International Association for Public Participation (IAP2) Spectrum was designed to assist with the selection of the level of participation that defines the public's role in any public participation process, it shows that "differing levels of participation are legitimate and depend on the goals, time frames, resources, and levels of concern in the decision to

be made.” In addition, the Spectrum sets out the “promise to the public” for each type of participation. The guide is used by many agencies that seek to involve stakeholders in their decision-making processes. (IAP2, 2019)

**FIGURE 2-3 Stakeholder Engagement Spectrum**

		INCREASING IMPACT ON THE DECISION				
		INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL		To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
	PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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### Stakeholder Engagement Spectrum

*Source: International Association for Public Participation (IAP2) Spectrum, 2019*

## 2.7 The Process of Stakeholder engagement

Stakeholder engagement is a process that is transformative rather than tactical, organization should accomplish each phase if they aspire to succeed. It is further elaborated the three phases of the stakeholder engagement process are the following: (Cabel and Shireman, 2005)

- **Phase One** -- Internal Preparation. Find the right leader; build/train your team; measure your company's baseline performance and the public's perceptions of your performance.
- **Phase Two** -- Stakeholder Mapping and Strategic Planning. Inventory your stakeholders; map stakeholder roles to business objectives; analyze the results; draw the results together into a strategic plan.
- **Phase Three** -- Stakeholder Engagement. Execute against your stakeholder engagement plan to reach business objectives; measure and monitor results; communicate results appropriately.

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. 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 the project. Based on the answers to these questions stakeholder engagement strategy is built. (IFC, 2007).

Stakeholder engagement as an ongoing process that may involve, to varying degrees, the following elements: (UNDP SES, 2017)

- stakeholder analysis and planning
- disclosure and dissemination of information
- consultation and meaningful participation
- dispute resolution and grievance redress
- stakeholder involvement in monitoring and evaluation
- ongoing reporting to affected communities and other stakeholders.

In addition to how UNDP presented the stakeholder engagement process (IFC, 2007) added two components that is negotiations and partnership and management functions, making it eight components that reflects an umbrella term encompassing a range of activities and interactions over the life of a project.

The stakeholder engagement activities are embedded within the Stakeholder Management process. (PMBOK, 2017) The Stakeholder Management process was presented as follows

- Identify stakeholders

- Plan stakeholder engagement - The process of developing approaches to involve project stakeholders based on their needs, expectation, interests, and potential impact on the project.
- Manage stakeholder engagement - The process of monitoring project stakeholder relationships and tailoring strategies for engaging stakeholders through the modification of engagement strategies and plans.
- Monitor stakeholder engagement - The process of communicating and working with stakeholders to meet their needs and expectations, address issues, and foster appropriate stakeholder engagement involvement.

Both UNDP and IFC indicated that stakeholder engagement process is initiated at the stakeholder identification whereas the PMBOK, 2017 presented the start of stakeholder engagement process at stakeholder mapping which is part of the planning stage of the process.

### 2.7.1 Stakeholder Mapping

In the planning stage the stakeholder profiling, mapping, determining the different level of engagement and the communication style is determined. At this stage a stakeholder engagement plan is also prepared.

Stakeholder mapping identifies the target groups and pulls together as much information as possible about them and various mapping methods were presented (PMBOK, 2017)

1. **Power/interest grid, power/influence grid, or impact/influence grid** is a classification model very suitable for small projects with simple relationships between stakeholders.

The model supports grouping of stakeholders according to their level of authority (power), level of concern about the project's outcomes (interest), ability to influence the outcomes of the project (influence), or ability to cause changes to the project's planning or execution.

2. **Stakeholder cube.** a three-dimensional model that improves the depiction of the stakeholder community as a multidimensional entity and assists with the development of communication strategies
3. **Saliency model,** classes of stakeholders based on assessments of their power (level of authority or ability to influence the outcomes of the project), urgency (need for immediate attention, either time-constrained or relating to the stakeholders' high stake in the outcome), and legitimacy (their involvement is appropriate). There is an adaptation of the saliency model that substitutes proximity for legitimacy (applying to the team and measuring their level of involvement with the work of the project). The saliency model is useful for large complex communities of stakeholders or where there are complex networks of relationships within the community. It is also useful in determining the relative importance of the identified stakeholders.
4. **Directions of influence.** Classifies stakeholders according to their influence on the work of the project or the project These are:
  - Upward (senior management of the performing organization or customer organization, sponsor, and steering committee),
  - Downward (the team or specialists contributing knowledge or skills in a temporary capacity),
  - Outward (stakeholder groups and their representatives outside the project team, such as suppliers, and
  - Sideward (the peers of the project manager, such as other project managers or middle managers who are in competition for scarce project resources or who collaborate with the project manager in sharing resources or information)

The stakeholder Circle is also another methodology developed, and empirically tested in projects in Australia for stakeholder mapping and engagement. The Stakeholder Circle is a five-step methodology that provides a flexible approach to understanding and managing relationships within and around the project. It also supports the concept of the dynamic nature of the stakeholder community. The methodology is based on the concept that the

project can only exist with the informed consent of its stakeholder community, and that managing the relationships between this community and the project team will increase the chances of success (Bourne, 2005)

### 2.7.2 Stakeholder Engagement Assessment Matrix

Stakeholder engagement assessment matrix is a support tool that aids in the comparison between the current engagement levels of stakeholders and the desired engagement levels required for successful project delivery. (PMBOK, 2017)

The engagement level of stakeholders can be classified as follows:

- *Unaware*. Unaware of the project and potential impacts.
- *Resistant*. Aware of the project and potential impacts but resistant to any changes that may occur as a result of the work or outcomes of the project. These stakeholders will be unsupportive of the work or outcomes of the project.
- *Neutral*. Aware of the project, but neither supportive nor unsupportive.
- *Supportive*. Aware of the project and potential impacts and supportive of the work and its outcomes.
- *Leading*. Aware of the project and potential impacts and actively engaged in ensuring that the project a success

### 2.7.3 Stakeholder Engagement Plan

The engagement plan documents the engagement process comprising of the following components, the mandate, the purpose and scope, the owners of the engagement, their roles and responsibilities, the activities related to identification, profiling, mapping, determining the engagement level and method as well as the communication.

Further, the engagement plan should document various aspects related to managing the engagement process such as tasks and timelines; contact persons; technologies used; ground rules; comfort requirements; engagement risks; resource requirements, budget; channels of communication; monitoring and evaluation; and reporting the engagement outputs and outcomes. (AA1000 Stakeholder Engagement Standards, 2015)

#### 2.7.4 Communication

The project communications management plan provides established standards, methodologies, and guidelines about managing stakeholder communications. Referring to her past work Borune, 2006 explained effective communication is a vital component in the process of building and maintaining relationships, and is essential for maintaining the support and commitment of all stakeholders. Utilizing appropriate vehicles of communication such as project meetings, project plans and reports, informal discussions, and formal presentations on a regular, planned and adhoc strengthens the relationship with stakeholders which is highly interlinked to Project success. (Bourne, 2006)

### 2.8 The Stakeholder Engagement Approach

Qualitative research done to investigate the practice of stakeholder management with 12 UK companies in the construction sector used interviews followed by content analysis to identify themes that demonstrate effective stakeholder management practice. This also followed by a workshop that underpinned the verification of underlying and frontline approaches for managing stakeholders, where the underlying approaches include maintaining existing relationships, providing top-level support and being proactive while the frontline approaches include the use of negotiations, trade-offs, incentives and concessions. (Chinyio and Akintoye, 2008)

The study presented the following stakeholder engagement approaches

**Table 2-4 Stakeholder Engagement Approaches**

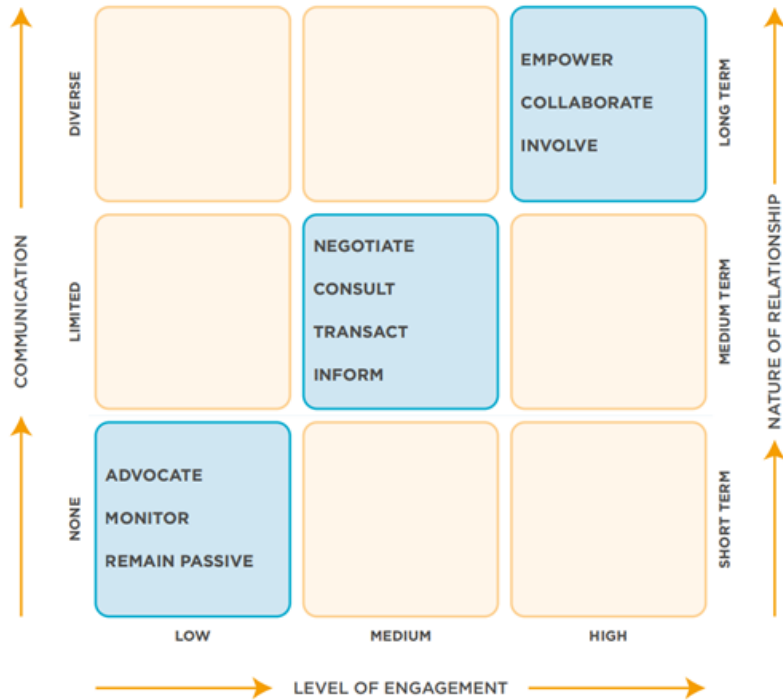
<b>Overarching approaches</b>	<b>Operational Approaches / Use of</b>
<u>Systematic approach</u> : the research indicated having a system in place with principles and procedure is advantageous	Effective communication
<u>Providing top-level support</u> some also indicated top-level or management support was essential for effective stakeholder engagement.	People skills—management
<u>Being proactive</u> enhances resolving issues of concern fast	People skills—negotiations
Maintaining existing relationships	Trade-offs
Responding to power–interest dynamism	Incentives
	Concessions: involve listening and yielding to stakeholders' demands when possible
	Workshops and meetings
	Intuition

Source: Chinyio & Akintoye, 2008. *Practical approaches for engaging stakeholders: findings from the UK.*



In the same manner AccountAbility, 2015 presented the different level and approaches to engagement as shown on figure below

**FIGURE 2-4 Different Levels and Approaches of Engagement**



Source: AA1000 STAKEHOLDER ENGAGEMENT STANDARD (2015) © ACCOUNTABILITY 2015

## 2.9 Factors for Successful Stakeholder Engagement

Qualitative research done on Factors Influencing Stakeholder Involvement on Smart City Initiatives project identified from empirical literature that collaboration with the right people (with attributes of collaborative skills, similar vision and possession of power), clear and set direction for collaboration, sufficient capacity (in terms of money, resources, time), build relationship, communicate with appropriate forms, mostly face-to-face that no communication gap occurs and ensuring mutual interest, commitment and action, as well as having a skilled facilitator to aid in the early engagement stage and ensuring in creating benefit for the stakeholders are key for successful stakeholder engagement. (Leeb & Rudeberg, 2014 quoted in Grobelnik, 2017). The qualitative study of the smart initiative project in Maribor further

interviewed 27 official stakeholders and outlines good personal relationships, communication and trust, ability to identify common goals, and presence of a skilled coordinator are the success factors of stakeholder collaboration. (Grobelnik, 2017)

Moreover, a set of critical success factors in meaningful stakeholder engagement listed out being flexible, allowing time to build trust, being realistic, demonstrating clarity of purpose, involving stakeholders in the planning stage, a leadership role, involving all stakeholder irrespective of their difficulty, having a good individual and organizational skills and leadership capabilities enhances the overall engagement. (Jeffrey, 2009)

## 2.10 Benefits of Stakeholder Engagement

UNEP (2005) forwarded the following benefits of Stakeholder engagement

Effective and strategically aligned stakeholder engagement can:

- ❖ Lead to more equitable and sustainable social development by giving those who have a right to be heard the opportunity to be considered in decision-making processes;
- ❖ Enable better management of risk and reputation;
- ❖ Allow for the pooling of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organizations;
- ❖ Enable understanding of the complex business environment, including market developments and identification of new strategic opportunities;
- ❖ Enable corporations to learn from stakeholders, resulting in product and process improvements;
- ❖ Inform, educate and influence stakeholders and the business environment to improve the decision-making and actions that impact on the company and on society;
- ❖ Build trust between a company and its stakeholders;

A research finding based on various literature showcased an organization that engage with their stakeholders actively are more likely to succeed potential benefits such as, increased

relational wealth and commitment of stakeholders; increased process and organizational efficiency; reduction in waste of effort, time and materials; stronger market positioning; reduced risk of conflicts and consequent litigation; better identification of new business opportunities; better services to end-users; first-class public and local community image; greater foresight on upcoming issues; greater motivation; easier access to financial support and enhanced organizational learning. (Chinyio and Akintoye, 2008)

## 2.11 Stakeholder Engagement vs Project Success and Sustainability

The two common ways of project success was measured:

- Project success measured against project objective
- Project management success measured against the performance of the widespread and traditional measures against cost, time and quality. (Cooke-Davies, 2002)

An argument was also presented that projects can only be successfully implemented when both project teams and stakeholders cooperate to ensure that project aims are achieved. Therefore, constant review of stakeholder roles is required to ensure that projects remain in sync with stakeholder expectations. (Markič et al, 2012 cited in Price, 2016)

Another dimension of project success is in view of the stakeholders presented as the achievement of cost, quality, time and stakeholder satisfaction targets measure of project success (PMI, 2013).

In IDPM project success also includes relevance, efficiency, effectiveness, impact, and sustainability. Relevance is defined as the extent to which the project is able to meet the priorities of the recipient country. Efficiency is defined as the extent to which the project incurred the lowest possible expenditure to meet the objectives of the project, while effectiveness is defined as the extent to which the project is able to meet its objectives. Impact is defined as all direct or indirect changes, whether positive or negative, that the project has generated. Sustainability is defined as the extent to which the benefits of the project are

institutionalized so that it can continue even after the completion of the project (Ika et al., 2012 cited in Yamin and Sim, 2016)

Therefore, it is agreed that critical success factors for projects are:

- 1) the ability to correctly identify stakeholders; and,
- 2) their engagement in the correct project phases (Assudani and Kloppenborg, 2010 cited in Price, 2016)

Qualitative research was done on “Managing stakeholders in global projects” these portraits that stakeholder engagement is vital for project success. Among the few points that were discussed in the research were as follows:

- having a clear plan that incorporates the requirement of stakeholders i.e. goal alignment, scheduling of tasks, respecting different opinions as well as making the work feasible for everyone are some of the points mentioned. Moreover, it was noted that planning without gap from beginning to end is crucial as changes are continuous, planning needs to be updated continuously incorporating interests of different stakeholders.
- defined roles and responsibilities,
- implementation of a strong communication plan enhanced by frequent engagement, monitoring, feedback and good relationship management with all stakeholders.
- Building personal relationships gives room for an understanding of others perspectives and enhancing effectiveness, where all the points discussed. (Neu, 2013)

Empirical research work on the relationship between stakeholder participation and project sustainability on community development projects proved that the level of stakeholder participation highly related to project sustainability, it was deduced that passive participation affects project sustainability whereas interactive, functional and optimum participation moderately enhances project sustainability. (Ochunga, 2016)

If sustainability is a concern of projects as outlined in the research on “*Stakeholder Engagement: Achieving Sustainability in the Construction Sector*” showcased, in terms of the processes for engaging with stakeholders to deliver sustainability, the listed six steps to a stakeholder engagement process should be taken: (i) identification; (ii) relating stakeholders to different sustainability-related targets; (iii) prioritization; (iv) managing; (v) measuring performance; and (vi) putting targets into action. (Bal et al, 2013). The results suggest that understanding the different sustainability agendas of stakeholders and measuring their performance using key performance indicators are important stages to be emphasized in any stakeholder engagement process to achieve sustainability-related goals. (Bal et al, 2013).

## 2.12 Barriers and challenges in stakeholder engagement

### 2.12.1 Failure to consider it integral to project success

Many fail to consider Stakeholder engagement is integral to the success of all projects and major organisational change initiatives, regardless of the size of the project. Too often, relationships with stakeholders are managed in an informal or intuitive way. This casual approach to stakeholder engagement is one of the most common causes of project failure which could easily be prevented with better planning. (Molwus, 2014)

### 2.12.2 Failure to include it in the day-to-day operations

Stakeholder engagement is not considered part of a day to day operation in the core business, lacking strategy. Thus, it is subsequently delegated to the CSR or communications department, under-utilizing its tremendous potential or even risking damages to their reputation. also suffer from a lack of focus when engaging stakeholders, failing to define when and why and what for Stakeholder engagement can work and create shared value. (Kuenkel, 2013)

### 2.12.3 Challenges on Communication and resources availability to engage

Further research indicated communicating to multiple audiences in a clear fashion, gaining financial resource to engage with a variety of actors and to balance the respective interests of the different stakeholders involved in a process are among the few challenges one can encounter in engaging stakeholders. (Carney et al, 2009)

### 2.12.4 Factors that can impede the ability of stakeholders to engage

Another possible engagement challenges both in developing stakeholder engagement plan and implementation may include the following factors: (The Stakeholder Engagement Standard, 2015)

- ▶ the accessibility and neutrality of the engagement location: Engaging stakeholders in their communities in the venue where they feel comfortable will have more productive engagement processes, for reasons like it lends for transparency, increases accountability: contributes to the feeling of ownership. (IFC, 2007)
- ▶ availability of Information and Communication Technologies (ICT); ▶ timing;
- ▶ social hierarchies (e.g. caste, gender, wealth);
- ▶ local conflicts; Conflicts between participating stakeholder could be a barrier for the smooth functioning of the engagement process.
- ▶ lack of shared understanding of expectations, customs, conventions; ▶ religion;
- ▶ culture-specific communication styles;
- ▶ family and other responsibilities (e.g. harvest times, childcare);
- ▶ need for language translation; ▶ special needs of those with disability;
- ▶ inclusion of those who represent children's interests; and

► illiterate stakeholders. (The Stakeholder Engagement Standard, 2015)

In addition to the above mentioned another research literature also identified the lack of trust of stakeholders in other stakeholders; habit of “working in silos”; disregard of the positive outcomes of collaboration; the change of the key personnel of important stakeholders that possess the knowledge, experiences and information; stakeholders’ high anticipation to see the prompt results of the collaboration and stakeholder fatigue occurring due to not kept promises , thus losing motivation is considered a barrier to collaboration. (Fatimath,2015).

## 2.13 Conceptual Framework





## CHAPTER 3 RESEARCH METHODOLOGY

### 3.1 Research Design and Approach

Research design is a comprehensive plan for data collection in an empirical research project. It is a “blueprint” for empirical research aimed at answering specific research questions or testing specific hypotheses. research designs can be classified into two categories positivist and interpretive. Positivist designs are meant for theory testing, while interpretive designs are meant for theory building. Positivist designs seek generalized patterns based on an objective view of reality, while interpretive designs seek subjective interpretations of social phenomena from the perspectives of the subjects involved. Some popular examples of positivist designs include laboratory experiments, field experiments, field surveys, secondary data analysis, and case research while examples of interpretive designs include case research, phenomenology, and ethnography. (Bhattacharjee, 2012)

Descriptive research studies are those studies that are concerned with describing the characteristics of a particular individual, or of a group. Studies concerned with specific predictions, with the narration of facts and characteristics concerning an individual, group or situation are all examples of descriptive research studies. Most of the social research comes under this category. (Chandra and Hareendran, 2017)

Descriptive research is directed at making careful observations and detailed documentation of a phenomenon of interest and it examines the what, where, and when of a phenomenon. Descriptive studies may be characterized as simply the attempt to determine, describe or identify what is, while analytical research attempts to establish why it is that way or how it came to be. (Ethridge, 2004)

Descriptive research is “aimed at casting light on current issues or problems through a process of data collection that enables them to describe the situation more completely than was possible without employing this method.” (Fox and Bayat, 2007).

The descriptive research design is considered suitable for this study since it allows studying characteristics, perceptions and gives room for fact findings.

A mixed approach mixes qualitative and quantitative methods. This approach was used for this research, using a questionnaire and a semi-structured interview as a data collection method. The rationale for using mixed method includes the ability to both explain and interpret results, complement the strengths or offset the weaknesses of a single design, and to address a question or theoretical perspective at multiple levels and from varied data sources This gives room for methodological triangulation. (Creswell, 2015).

### 3.2 Data type and source

Both qualitative and quantitative data types are collected. Primary data are collected through a survey, structured question and key resource persons' interviews. Secondary data are collected from organization publication, website and related relevant documents.

### 3.3 Target population

One of the first decisions in any social science research is to define the unit of analysis of a scientific study. The unit of analysis refers to the person, collective, or object that is the target of the investigation. The subjects of the study are the project personnel that are project coordinators, project team, technical experts and administration staff with a direct link to the respective projects. A total of 34 people were approached to participate in the questionnaire survey. Since the project personnel were very few in number all participated except the ones that are excluded from the scope for the reason stated. When the universe is a small one, it is no use resorting to a sample survey thus a census is employed. The Census Method is also called as a Complete Enumeration Survey Method used where an attempt is made to list all elements in a group and to measure one or more characteristics of those elements. A census can provide detailed information on all or most elements in the population, thereby enabling totals for rare population groups or small geographic areas. The Census method is

advantageous for its provision of accuracy as each and every unit of the population is studied before drawing any conclusions of the research. (Lavarakas, 2008)

In addition, two key respondents were engaged in a semi-structured interview to further gain an insight into the practice and challenge that could probably fail to be captured from the survey response.

### 3.4 Data Collection Method

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem, test the hypothesis and evaluate the outcomes. Data collection methods can be divided into two categories: secondary methods of data collection and primary methods of data collection. (Dudovskiy, 2018)

Quantitative data collection methods are based on mathematical calculations in various formats. Questionnaires with closed-ended questions are common methods of quantitative data collection, Quantitative methods are cheaper to apply and they can be applied within a shorter duration of time, moreover, due to a high level of standardization of quantitative methods, it is easy to make comparisons of findings. (Dudovskiy, 2018). This research used a questionnaire to collect data for the quantitative part of the study.

Qualitative studies aim to ensure greater level of depth of understanding and qualitative data collection methods include interviews, questionnaires with open-ended questions, focus groups, observation, game or role-playing, case studies etc. (Dudovskiy, 2018). The research also adopted a qualitative data collection method through semi-structured interview for two key respondents to gain a deeper level of understanding of the phenomena of the study.

### 3.5 Data Analysis and presentation

The study utilized the primary data which refers to data originally collected for the very first time.

- Quantitative data collected

The first part of the research used quantitative primary data collection method. The quantitative data were collected using a questionnaire partly developed from a previously tested work of Bal (2014), Stakeholder Engagement and Sustainability-Related Project Performance in Construction. A thesis submitted in partial fulfilment of the requirements of Liverpool John Moores University for the degree of Doctor of Philosophy. The researcher initially identified the possible questions through a semi-structured interview and further developed the questionnaire and conducted the study. In addition, some of the questions were adopted from another research work by Zekarias (2017) Assessment of practices and challenges of project stakeholder management: the case of Mission for Community Development Program (MCDP) Projects. A Research Project submitted to Addis Ababa University.

The questionnaire was organized into six sections presented in alphabetical order: Section A: captured the general information about the respondents on demographic description, qualification, position and area of work; Section B to Section F are the questions that focused on answering the actual research questions. These questions were predominantly presented in a Likert format and few questions in a choice format.

The questionnaire responses of the project personnel were analyzed using SPSS statistical package (version 24). Descriptive statistics are used such as frequencies, mean and percentages. The responses in the Likert scale were analyzed through agree, disagree and Neutral whereas the responses from the choice were presented through a yes and no presentation. These results were summarized and presented in a tabular format that ease of understanding of the study can be achieved along with relevant interpretation.

- Qualitative data collected

The qualitative data responses from the two key respondents participated in the interview through a set of eight questions were analyzed for further in-depth understanding. The open-ended questions responses were also integrated within the overall finding of the result. The questions were aligned to most of the research objective, therefore, a question on the strategy of stakeholder

engagement, critical success factors of stakeholder engagement; challenges of engagement; measures taken in resolving challenges; lessons learned practices, as well as points on an outcome of stakeholder engagement were discussed

## CHAPTER 4 RESULT AND DISCUSSION

### 4.1 Introduction

This chapter focuses on presenting the result of the collected data and the relevant discussions to answer the research objectives and research questions raised as outlined in the first chapter of this research paper. The research aimed at assessing the overall stakeholder engagement practice and the challenges encountered in United Nations Development Organization projects by raising a set of questions to the front faces of the project, that is the project personnel and programme coordinators.

The questionnaire was distributed to 34 project personnel and 32 responded which is 94.1%.

The findings of the study are based on these responses, qualitative interview and document review. These are presented by objective answering the research questions using a combination of the statements from different sections that have a relation with the research questions.

### 4.2 General Information about the Respondents

Table 4.1 below provides general information about the respondents in terms of their demographic, age range, experience, qualification, position and area of work

**TABLE 4-1 Respondents, gender, age, years of experience and education level**

Variables	Response	Freq.	%
<b>Gender</b>	Female	10	31.3
	Male	22	68.8
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Age</b>	20-30 years	3	9.4
	31-40 years	18	56.3
	41-50 years	7	21.9
	Above 50 years	4	12.5
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Work Experience</b>	0-5 years	9	28.1
	6-10 years	14	43.8
	11-15 years	2	6.3
	above 15 years	7	21.9
	<b>Total</b>	<b>32</b>	<b>100</b>

<b>Educational Level</b>	BA/Bsc	7	21.9
	MA/MSc	25	78.1
	<b>Total</b>	<b>32</b>	<b>100</b>

In their current work, the respondents occupy different positions covering the different sectors and areas the projects were situated Table 4.2 below shows that, 37.3% were project teams; 28.1% were project coordinators and 6.3% were personnel working on visibility and advisory services on investment opportunities. 37.5% of the respondents work in cross cutting sectors and 31.3% work in the Agro-industry sectors. The majority of the respondents 59.5% area of work falls in both the capacity building and technical advisory.

**TABLE 4-2** Respondents Position, Sector and Area of work

Variable	Response	Freq.	%
<b>Position</b>	Others	2	6.3
	Project Administration	4	12.5
	Project coordinator	9	28.1
	Project team member	12	37.5
	Technical Specialist	5	15.6
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Project Sector</b>	Agro-industry	10	31.3
	Cross cutting	12	37.5
	Leather	8	25
	Textile	2	6.3
	<b>Total</b>	<b>32</b>	<b>100</b>
<b>Project Area</b>	Both	19	59.4
	Capacity building	5	15.6
	Others	2	6.3
	Technical Advisory	6	18.8
	<b>Total</b>	<b>32</b>	<b>100</b>

## 4.3 Findings and Discussion

### 4.3.1 Purpose of Stakeholder Engagement

As indicated in the table below the projects engage with stakeholders for different purposes. The majority of the time it is for the continuous improvement of the project as agreed by 100%. The least indicates that they engage in sharing information on occasional cases as reflected with 68.8%.

**TABLE 4-3** Purpose of Stakeholder Engagement

Variables	Agree		Disagree		Neutral	
	Freq.	%	Freq.	%	Freq.	%
To share individual knowledge	22	68.8	3	9.4	7	21.9
To enhance communication	29	90.6	0	0.0	3	9.4
For continuous improvement	32	100.0	0	0.0	0	0.0
To reduce risk and uncertainty	29	90.6	0	0.0	3	9.4
To share challenges	29	90.6	0	0.0	3	9.4
To discuss current issues	26	81.3	0	0.0	6	18.8
To generate innovative ideas and solutions	30	93.8	0	0.0	2	6.3

Further to the questionnaire responses the interview brought out UNIDO works towards the fulfilment of SDG goal 9: Build Resilient Infrastructure, Promote Inclusive and Sustainable Industrialization and Foster Innovation is supported by UNIDO’s strategy Inclusive Sustainable Industrial Development. This strategy has embedded inclusivity and collaborative aspects that enforce stakeholder engagement for functions either project or program. In addition, the UNIDO project cycle management guideline specifically outlines the need for engagement of stakeholders at the early stage of the project and along the project life cycle, these foster a mechanism to capture inputs from Stakeholders. Key Stakeholders such as (Government counterparts, Donors, development institutes, ...etc) were recruited in the project governance body, this assists in generating innovative ideas and solutions jointly. The governance body also recruited to oversee the project from the initial stage, this also reduces risk and uncertainty. Moreover, the key stakeholders are also part of the project steering committee that oversees the project performance and are engaged regularly based on the agreement reached. Specific stakeholder engagement



strategies are also in place at a task force level, strategy for partnership building and resource mobilization is also an instrumental tool, therefore, continuous improvement can be attained.

In agreement to the respondents responses literature also indicated that Stakeholder engagement can be done from three perspectives that dictate its purpose, from a strategic management perspective it is aimed at capturing knowledge, increasing ownership of the project by users, reducing conflict, encouraging innovation and facilitating spin-off partnerships, whereas, from an ethical perspective, meaningful stakeholder engagement can be seen to enhance inclusive decision making, promote equity, enhance local decision making and build social capital. In addition, stakeholder engagement can also be seen from the perspective of an opportunity for social learning—a social process where diverse stakeholders share a common forum, learn about each other’s values, reflect upon their own values and create a shared vision and shared objectives and this contributes to sustainability. (Mathur, Price and Austin, 2008)

#### 4.3.2 Perception of Project Personnel on Stakeholder Engagement

In order to address the first objective, the respondents were asked various questions to assess their perception of stakeholder engagement. The below nine indicators were considered to measure the perception of stakeholder engagement by project personnel and these are extracted from the different sections of the questionnaire

**Table 4-4** Perception of Stakeholder Engagement Indicator Analysis

(N =32) Indicators	Mean	Std. Deviation
Stakeholder engagement is considered vital for project success and sustainability	4.5000	.56796
Projects are only initiated after gaining stakeholder buy ins	3.2500	.71842
You engage all people internally/externally linked with your project as stakeholders	3.5000	1.07763
Building partnerships is a good approach for involving stakeholders in the engagement process	4.5313	.56707

By effectively engaging stakeholders we lower the risk for each relationship	4.2813	.72887
Stakeholder engagement helps to manage relationships by aligning mutual interests, which mitigate project risk/uncertainty	4.2813	.58112
Communicating with different stakeholder helps to expose different thoughts and knowledge	4.3750	.55358
Communicating with stakeholders early at the project initiation stages ensures clear understanding	4.4375	.61892
Communication with different stakeholders helps to prioritize their needs	3.9063	.89296

The mean scores were calculated for each indicator and on a scale of 1-5 Likert, the mean scores above the value of 2.5 were categorized as having a positive perception and those values less than 2.5 are categorized as having an unfavorable perception about the stakeholder engagement. All the mean score of the above indicators was above 2.5. The overall perception of stakeholder engagement, the mean of the mean score was further calculated and resulted with a rating of 4.1 mean score. This again is above the 2.5 cutoffs, therefore, a consent was reached that project personnel have a positive perception of stakeholder engagement.

Even though the interview did not directly inquire to gain program coordinators perception of stakeholder engagement, the fact that they explained stakeholder engagement is central to project implementation and integral in the project implementation manual proved their positive awareness.

### 4.3.3 Stakeholder Engagement Approaches

The second objective looked in this study was to look the approaches used in stakeholder engagement in the projects by looking into the identified approaches in the literature focusing mainly on the communication approaches used on a regular basis by the project personnel.

The table below clearly indicated that 100% uses a face to face communication approach; 93.6% of the project personnel indicated that they use IT system; 84.4% indicated they use a formal meeting.

In addition, the interview revealed that informal engagement approaches were used to engage stakeholders. These approaches are supported by (Chinyo and Akintoye's, 2008) for effective communication utilizing various means of communication is identified as a way that enhances stakeholder engagement. Their research also supports adopting both operational and overarching engagement approaches are found to be useful.

**Table 4-5** Stakeholder Engagement Approach

Variables	Agree		Disagree	
	Freq.	%	Freq.	%
I like to have face- to-face meetings with the particular stakeholders	32	100	0	0
I communicate with stakeholders through IT Systems	32	93.6	2	6.3
I communicate with stakeholders through formal meeting	27	84.4	5	15.6

#### 4.3.4 Stakeholder Engagement Process

The stakeholder engagement process looks into the stakeholder identification, analysis, mapping and the engagement process stage. The table below presents each in a way of order.

##### 4.3.4.1 Stakeholder Identification

As indicated in table 4.7, the project personnel use a mixed approach for stakeholder identification. The stakeholder identification process ranges from project brainstorming session (40.6%) to stakeholder forum (50%) and using past lessons learned from related projects, moreover, they consult with government to ensure that stakeholders relevant to the work are identified. The main identification criteria are also depicted in the table below, here again it was indicated that different characteristics are employed as a stakeholder identification criterion the first being the mission and vision-based selection (87.5%) indicated that the mission or vision statement is referred, stakeholders who have interest are identified (37.5%), in addition, depending on the location of

the project geographic reasons (18.8 %) are also used in stakeholder identification. Therefore, the findings indicated that a different combination of criteria or instruments are used as a base for stakeholder identification. The timing of stakeholder identification is crucial to acquire timely contributions from stakeholders. This research found out that Stakeholder identification is mainly done at the prefeasibility stage of the projects (36.9%), this is followed by (27%) at the initiation stage and throughout the project life cycle. These findings are indicative of that stakeholder identification is an area the project vested time early and use a combination of tools to be exhaustive. These findings are in line with (IFC, 2007) recommendation that a good stakeholder engagement takes sufficient time in identifying and prioritizing stakeholders and assessing their interests and concerns.

**Table 4-6** Stakeholder Identification Process, Criteria and Timing

<b>Stakeholder Identification Process</b>	Freq.	%
project team brainstorming	13	40.6
Snowballing	5	15.6
Stakeholder forums	16	50
Past project lesson learned	16	50
Other mechanisms	9	28.1
<b>Stakeholder Identification Criteria</b>		
Mission and vision based	28	87.5
Influence based	8	25.0
Interest based	12	37.5
Geographic reasons	6	18.8
<b>Stakeholder Identification Timing</b>		
At prefeasibility stage	13	36.9
Initiation stage	6	27.1
Implementation stage	4	8.8
Throughout project life	9	27.2

#### 4.3.4.2 Stakeholder Analysis

Stakeholder analysis is the second process required in preparation for stakeholder engagement

The table below also depicts the stakeholder analysis practice of the project. In viewing the response of the project personnel all 100% indicated that doing stakeholder analysis is useful in ensuring quality decision making this proves that stakeholder analysis is considered relevant preparation factor for stakeholder engagement and it is embedded in their practice that quality is ensured

**Table 4-7** Stakeholder Analysis

Variables	Agree		Disagree		Neutral	
	Freq.	%	Freq.	%	Freq.	%
Stakeholder identification helps to find out who has unique knowledge related to any aspect of the project	28	87.5	0	0.0	4	12.5
I prioritize stakeholders according to their responsibilities to the project	28	87.5	1	3.1	3	9.4
I prioritize stakeholders according to how urgent they see the project interest in	26	81.3	1	3.1	5	15.6
I prioritize stakeholders according to their power to influence the project outcome	23	71.9	2	6.3	7	21.9
Internal Stakeholders are prioritized above external stakeholders	8	25.0	10	31.3	14	43.8
Stakeholder analysis helps to evaluate different stakeholders power	26	81.3	2	6.3	4	12.5
In order to ensure the quality of the decision-making processes, stakeholder analysis is useful	32	100.0	0	0.0	0	0
In my project I am involved in stakeholder identification and analysis	22	68.8	3	9.4	7	21.9

The project manager and the sponsor are the people who do the stakeholder analysis	11	34.4	9	28.1	12	37.5
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#### 4.3.4.3 Stakeholder Mapping

Once the projects have identified and analyzed their stakeholder's, the mapping exercise follows showcasing the possible relationship the project team need to make with each one, In this regard, the team were asked what their understanding is in relation to stakeholder mapping, the table below indicates that stakeholder mapping is indeed a tool to identify the relationship between stakeholders and the project as well as among the stakeholder them self, these are showcased with a 100% and 90.6 % agreement rate respectively. Further studying the response, it should not be over sighted that some project team 21.9 % found it not a simple technique by indicating their disagreement, thus further investigation is required to understand and assist the project team in any way relevant.

**Table 4-8** Stakeholder Mapping

Variables	Agree		Disagree		Neutral	
	Freq.	%	Freq.	%	Freq.	%
Stakeholder mapping is a simple technique to make sure anyone important in the project planning process is not missed out	20	62.5	7	21.9	5	15.6
Stakeholder mapping helps to find out the relationship between the stakeholders	29	90.6	0	0.0	3	9.4
Stakeholder mapping helps to find out the stakeholder's relationship with the project activities	32	100.0	0	0.0	0	0.0
Stakeholder mapping helps to understand what the key stakeholders are looking for as an outcome of the project	28	87.5	1	3.1	3	9.4

#### 4.3.4.4 Stakeholder Engagement

Project personnel were inquired about the operational meaning of stakeholder engagement in their context for 65% it is a process of working together; 34.4% a two-way dialogue, even though a combination of definitions is employed by the team it is acknowledged by the majority that it is a process of working together through two-way dialogue.

The table also outlines the timing of stakeholder engagement 62.5 % indicated these is done throughout their project life cycle which is supported by literature from IFC that, 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)

**Table 4-9** Operational Meaning of Stakeholder Engagement and Timing

	Yes	
	Freq.	%
<b>Operational meaning of Stakeholder engagement</b>		
Stakeholder engagement is process of working with stakeholders	21	65.6
Stakeholder engagement is a two-way dialogue process between project management and stakeholders	11	34.4
Stakeholder engagement is an event to let stakeholders know what it/should be expected from and by them	10	31.3

<b>Stakeholder engagement timing</b>		
Stakeholder engagement is carried out at prefeasibility stage	4	12.5
Stakeholder engagement is carried out at initiation stage	6	18.8
Stakeholder engagement is carried out at implementation stage	2	6.3
Stakeholder engagement is carried out at completion stage	0	0.0

Stakeholder engagement is carried out throughout the project life stage	20	62.5
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#### 4.3.5 Challenges of Stakeholder Engagement

The project personnel were inquired to identify those factors that hinder stakeholder engagement in their projects that operate in a multi-stakeholder environment. Per the ranking scale, they have indicated that the biggest challenge covering 71.9% is the communication gap they have encountered in relation to language difference and utilization of communication tools, the second 59.4% accounts for the incompatible interest of partners and 56.3% is occurring due to the cultural difference. Previous research also confirms communication to different audiences in a clear manner is a challenge. (Carney et al, 2009)

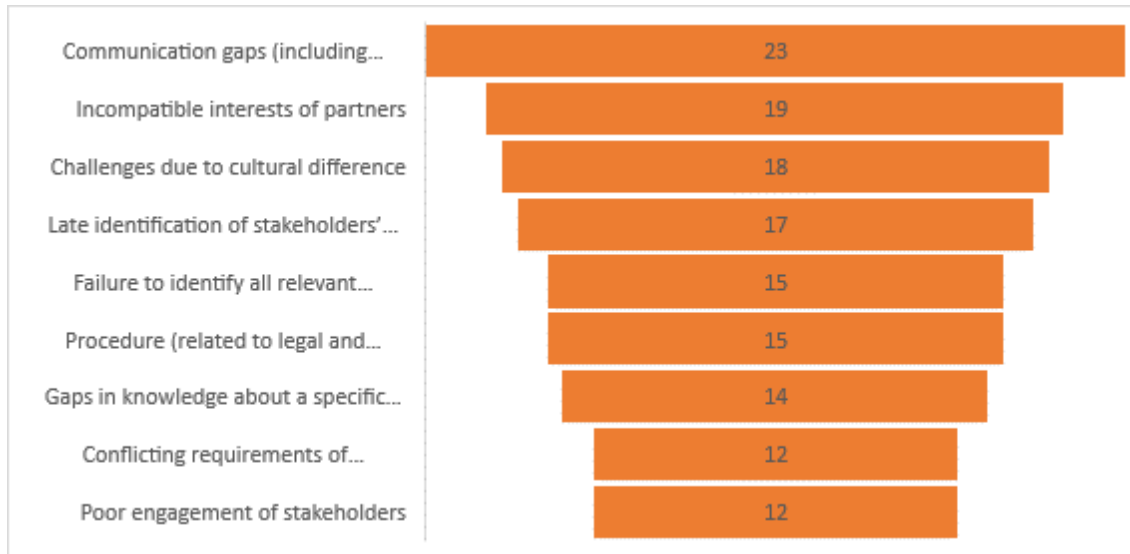
**Table 4-10** Challenges of Stakeholder Engagement

Variables	Freq.	%
Communication gaps (including language differences, preference in utilization of communication tools)	23	71.9
Incompatible interests of partners	19	59.4
Challenges due to cultural difference	18	56.3
Late identification of stakeholders' interest	17	53.1
Failure to identify all relevant stakeholders and offering them the level of attention they deserve	15	46.9
Procedure (related to legal and administration laws)	15	46.9
Gaps in knowledge about a specific issue	14	43.8
Conflicting requirements of stakeholders	12	37.5
Poor engagement of stakeholders	12	37.5

The graph below reflects the stakeholder engagement challenge in an incremental value.



FIGURE 4-1 Challenges of Stakeholder Engagement



In addition to the challenges that project personnel identified through the questionnaire, the open-ended questions and the structured interview brought forward

- Low level of commitment throughout the project life (either due to lack of vision or not having long term view of the benefits.)
- Failure to active participation
- Institutional capacity limitation
- Alignment and coordination failure (the availability of similar platforms with overlapping tasks,
- the often shifting of authorities and the endless turnover of staff of the partner organization.
- Challenges occurring due to gaps in understanding local rules, regulations and procedures by international stakeholder had been the major challenges encountered in stakeholder engagement.

For some of the mentioned challenges, remedial action was sought and these were also discussed

- Institution capacity limitation - assigning or recruiting skilled staff to enhance the capacity of the local government workforce

- To increase the active participation - use of informal engagement with stakeholders
- Briefing for the low committed stakeholders to showcase the expected outcome of the project, sharing objective; building relationship using management support and involving influential government official partners
- Open platform communications through websites
- Being transparent and trust-building
- In order to address the scattered effort, a new initiative is being developed through the support of Bill and Melinda Gates Foundation and a request by the Host Government to develop a software. The instrument will be based on the Agricultural Resource Mapping of the Bill and Melinda foundation. The development of the Agricultural and Industrial Investment mapping hopes to capture all donor and partnered managed projects and the different institutions working in Ethiopia at a different level and that will provide a decision-making system for resource optimization and creating synergy.

#### 4.3.6 Factors for Successful of Stakeholder Engagement

Based on previous literature consulted the research also aimed to identify particular factors that enable successful stakeholder engagement that these factors be further promoted or enhanced if conformity is not identified.

In the literature of Stakeholder engagement developed by IFC and the Standard Stakeholder Engagement there are a number of variables that should be implemented to have a good, effective or successful engagement, these are initiating a stakeholder engagement at a strategic level with a clear goal, a management support, with process in place, dedicated stakeholder identification and mapping practices and a robust communications mechanism that ranges from simple information disclosure to negotiations, grievance handling to tradeoffs in addition to monitoring and feedback to continually enhance the engagement. (IFC, 2007) and (Stakeholder Engagement Standard, 2015). Therefore, to measure this a list of indicators were selected that would assist. The table below shows the indicators along with their respective results.

The result indicates that one of the indicators do not have a favorable response. The lowest result per the respondent is for indicator “Relations with stakeholders is established as a critical KPI alongside other key metrics” this is either due to there no key performance indicator set for stakeholder engagement or the project team are not aware. In addition, a high neutral was reflected for one of the indicators “Engagement with stakeholders is driven by a proactive results-led agenda not by a reactive events-led agenda?”.

**Table 4-11** Critical Success of Stakeholder Engagement

Variables	Agree		Disagree		Neutral	
	Freq.	%	Freq.	%	Freq.	%
I like to have face-to-face meetings with the particular stakeholders	32	100.0	0	0.0	0	0.0
Our all Stakeholders have a medium to provide feedback to the project	27	84.4	5	15.6	0	0.0
Stakeholder mapping helps to find out the relationship between the stakeholders	29	90.6	0	0.0	3	9.4
Stakeholder mapping helps to find out the stakeholder’s relationship with the project activities	32	100.0	0	0.0	0	0.0
Stakeholder mapping helps to understand what the key stakeholders are looking for as an outcome of the project	28	87.5	1	3.1	3	9.4
Communicating with stakeholders early at the project initiation stages ensures clear understanding	30	93.8	0	0.0	2	6.25
Keep stakeholders informed as the project progresses by sending updated information is an important approach of engaging with them	31	96.9	0	0.0	1	3.1
Building partnerships is a good approach for involving stakeholders in the engagement process	31	96.9	0	0.0	1	3.1

Relations with stakeholders is established as a critical KPI alongside other key metrics	0	0	20	62.5	12	37.5
Engagement with stakeholders is driven by a proactive results-led agenda not by a reactive events-led agenda?	25	78.1	1	3.1	6	18.8
There is a realisation that the effectiveness of stakeholder relations is not simply a matter of communicating to external stakeholders, but that it requires significant investment in internal processes?	28	87.5	1	3.1	3	9.4

The interview participants in agreement with project personnel indicated to have a meaningful and successful engagement a strategy that is well versed in terms of its rules of engagement with a clearly defined scope, detailed stakeholder mapping is an indispensable tool. In addition,

- enrolling stakeholders according to their interest and relevance to project objective
- a participatory approach, an interaction that gives room to provide input
- using extensively both formal and informal consultation to keep them focused
- as well as creating ownership is key, and these should always be succeeded with the implementation plan.

Therefore, strategy, internal process, stakeholder mapping and participatory approach were identified as very critical

The interview also brought out there is a regular review and consultation meeting that reports the stakeholder engagement along with project performance reports on log frames. and the report is catered to different stakeholder groups according to their requirements in respective platforms, working group and team meetings also serve as a purpose for monitoring. There is also a lesson learned and success stories written and shared in different formats to both internal and external stakeholders and in available knowledge management systems like the website.

Moreover, most of the time the stakeholders are involved in the day to day operation of the project and in most cases, the project offices are implanted in the project site that oversees stakeholder engagement.

Even though the interview indicated that stakeholder engagement both as a strategy and process is integral to their work, and it is agreed by the project personnel there looks a minor knowledge gap between the team and the key respondents in terms of relations with stakeholders is established as a critical KPI.

#### 4.3.7 Stakeholder Engagement Outcome

In an attempt to identify any outcomes projects received due to stakeholder engagement, respondents were requested to give their experience, as it is reflected in the table below 100% indicated stakeholder engagement brought inclusive decisions; 96.9% enhanced stakeholder commitment. The interview response also supported these that due to stakeholder engagement enhanced resource mobilization for mega projects, a success of the integrated agro park project implementation, enhanced capacity building, direct policy support for projects, cross sectoral vision; project objective achievement; project sustainability has been achieved.

Literature also supports the finding that proactively and systematically employed levels of stakeholder engagement and participation in the various stages of a project results in possible outcomes that are more likely, ensure community ownership, and increase the sustainability of a project, enhance societal harmony, and increase social learning. It keeps communities better informed, increases trust, understanding, and support for a project. (Enserink & Koppenjan, 2007; Munt, 2002; Brody, 2003 cited in Boon. et al 2013)

Table 4-12 Stakeholder Engagement Outcomes

Variables	Agree		Disagree	
	Freq.	%	Freq.	%
Enhanced stakeholder commitment	31	96.9	1	3.1
Enhanced stakeholder ownership	29	90.6	3	9.4
Enhanced inclusive decision making	32	100	0	0

In wrapping up 65.6% of respondents reviewed their stakeholder engagement practice is as ongoing that is progressing by the day. This is also reflected in the responses of the interview. Therefore, basing it with the assessment manual developed by UNEP for a stakeholder engagement practice is indeed at a developing stage when there is a good quality engagement processes, with some thought to design and stakeholder needs, but lacking management systems, impact measurements and performance tracking mechanisms. The Stakeholder engagement practice of UNIDO also identified as it is in the second generation where planed and systematic engagement is put in place. In relation to the literature of stakeholder engagement type based on stakeholder engagement level, it is noted an activist stakeholder management type signifies the practice.

## CHAPTER 5 CONCLUSION AND RECOMMENDATION

The chapter will focus on giving the conclusion based on the summary of the findings and gives recommendation to address the challenges identified in the findings

### 5.1 Summary

In summary the findings are listed below per the stated objective stated of the study

**Objective one:** the project personnel have positive perception towards stakeholder engagement;

**Objective two:** the common stakeholder engagement approach used by the project personnel are face to face communication, use of IT system and a formal meeting, as well as an informal meeting were used.

**Objective three:** the biggest challenge for stakeholder engagement while working in multi-stakeholder environment is communication gaps that they have encountered in relation to language difference and utilization of communication tools, the second accounts to incompatible interest of partners; challenges of cultural difference; late identification of stakeholder's interest; failure to identify all relevant stakeholders and offering them the level of attention they deserve; procedure related; gaps in knowledge about the issue at hand are presented in order of ranking. In addition to the quantitative finding the qualitative finding indicated that low commitment of stakeholders, failure to full participation throughout the project life, shifting of authorities and endless turnover of staff of partner organization and challenges occurring due to gaps in understanding local rules, regulations and procedures by international stakeholder were noted.

**Objective four:** the result indicates that key performance indicators on stakeholder engagement is not critical. Whereas the qualitative study enforces relations with stakeholder

**Objective five:** among the stakeholder engagement outcomes enhanced decision making, resource mobilization for mega project, direct policy support for projects, cross sectoral vision; project objective achievement; project sustainability has been achieved

## 5.2 Conclusion

To conclude. based on the findings, the study on the assessment of the practices and challenges of the stakeholder engagement of the UNIDO projects showed it is in a developing stage as agreed by the respondents of the overall evaluation as ongoing. This is clearly shown by UNEP for a stakeholder engagement practice on and individual issue at a developing stage when there is a good quality engagement processes with some thought to design and stakeholder needs, but management systems are patchy, the impact of engagements to actual operational decision making is unclear, and there are no clearly established performance objectives addressing the issue

## 5.3 Recommendation

Based on the findings of the study, the following recommendations are forwarded:

- Communication is vital for the successful stakeholder engagement; therefore, institutions need to put in place an agreed upon communication channel that are supported by each stakeholder community and tailored to their needs.
- IT system communication even though are considered very fast way of interaction in countries like Ethiopia where there is challenge of electricity breakdown, occasional internet access breakages alternative mechanisms should be sought.
- Working in multi-stakeholder environment is also prone to language barriers therefore, for stakeholder engagement to be efficient translators from the local community should be part of the project.
- In addition, project personnel as being the forefront of the projects they should be trained in communication skills, people skills and cultural sensibility skills
- The management should also create a stakeholder engagement tracking mechanism so as to monitor the engagement process and make corrective actions easily
- and recommendation from the project personnel more effort should be made to have all the necessary stakeholders and obtain their full participation and ownership of the



project that leads to success in implementing of the project and achieving desired results.

**Recommendation for further study:**

Based on the limitation of the study and the findings, the following areas are recommended:

- to have a 360 comprehensive evaluation of the stakeholder engagement practice an inclusive study that incorporates all external stakeholders.
- a study on stakeholder engagement and sustainability of projects is worth an area to explore specially in the context of Ethiopia.
- In addition, a research that looks into the different stakeholder engagement approaches for project success as a study is recommended.

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# ANNEX

## Questionnaire

Dear Respondents

As a partial fulfillment of Master's Degree in Project Management at Addis Ababa University, School of Commerce, I, Martha Gedamu am conducting an assessment study on stakeholder engagement practices and challenges within your organization as implemented in the different projects.

The research is solely for academic purpose and your honest input will educate the researcher on the day to day practice of Stakeholder engagement in a real project scenario. Therefore, I kindly request your assistance to fill out the questionnaire noting that your response will be kept unanimous

Thank you in advance for taking your precious time to fill this questionnaire.

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

### **Instruction:**

1. Please answer this questionnaire with reference to your experience about stakeholder Engagement in the project you participated.
2. Please answer the questions by ticking the appropriate box, (✓)

### **SECTION A: GENERAL INFORMATION ABOUT RESPONDENTS**

**Please tick (✓) or circle the appropriate answer**

1. Gender

a) Male

b) Female

2. Age

a) 20-30

b) 31-40

c) 41-50



- d) 50 and above
3. Year of experience in project work within your current organization or outside
- a) 0-5 years
- b) 6-10 years
- c) 11-15 years
- d) 15 years and above
- e) Others, please Specify -----
4. Educational Level
- a) Diploma
- b) BA/ BSc
- c) MA/Msc
- d) Others; please specify.....
5. Please indicate your position in your current project (Choose only one, if you have more than one specify as other and indicate which role you predominantly do from among the many)
- a) Project coordinator
- b) Project team member
- c) Technical specialist
- d) Project administration (including any logistic related activity)
- e) Other please specify.....
6. Please indicate the sector of your project
- a) Agro-industry
- b) Leather
- c) Textile
- d) Cross cutting
- e) Other, please specify.....
7. Please indicate the area your project
- a) Capacity building
- b) Technical Assistance
- c) Both
- d) Other, please specify.....

**SECTION B: STAKEHOLDER IDENTIFICATION, ANALYSIS AND MAPPING**

1. How do you identify your Stakeholders?
  - a) Project team brainstorming
  - b) Stakeholder forums
  - c) Snowballing (through peers)
  - d) Past project lesson learned
  - e) Others, please specify.....
  
2. What is/are the bases for your stakeholder identification?
  - a) Mission and vision based
  - b) Influence based
  - c) Interest based
  - d) Geographic reasons
  - e) Others, please specify
  
3. At which stage of your project life do you identify stakeholders?
  - a) Prefeasibility stage
  - b) Initiation stage
  - c) Implementation stage
  - d) Throughout Project life

Please indicate your level of agreement with the following statements which relates to how you deal with the stakeholders in your projects –

Stakeholder Analysis					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Stakeholder identification helps to find out who has unique knowledge related to any aspect of the project					
2. I prioritize stakeholders according to their responsibilities to the project					
3. I prioritize stakeholders according to how urgent they see the project interest in					
4. I prioritize stakeholders according to their power to influence the project outcome					
5. Internal Stakeholders are prioritized above external stakeholders					

6. Stakeholder analysis helps to evaluate different stakeholders power					
7. In order to ensure the quality of the decision-making processes, stakeholder analysis is useful					
8. In my project I am involved in stakeholder identification and analysis					
9. The project manager and the sponsor are the people who do the stakeholder analysis					

Please indicate your level of agreement with the following statements which relates to how you deal with the stakeholders mapping to your projects – Stakeholder Mapping

Stakeholder Mapping					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Stakeholder mapping is a simple technique to make sure anyone important in the project planning process is not missed out					
2. Stakeholder mapping helps to find out the relationship between the stakeholders					
3. Stakeholder mapping helps to find out the stakeholder's relationship with the project activities					
4. Stakeholder mapping helps to understand what the key stakeholders are looking for as an outcome of the project					

### SECTION C: STAKEHOLDER ENGAGEMENT AND COMMUNICATION

1. What is the operational meaning of the term stakeholder engagement in the context of 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) .....

2. 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

Please indicate your level of agreement with the following statements which relate to how you communicate with stakeholders in your projects /Communication with stakeholders

Communication with Stakeholders					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. I like to have face-to-face meetings with the particular stakeholders					
2. I communicate with stakeholders through IT Systems					
3. I communicate with stakeholders through formal meeting					
4. Our all Stakeholders have a medium to provide feedback to the project					
5. Communicating with different stakeholder helps to expose different thoughts and knowledge					
6. Communicating with stakeholders early at the project initiation stages ensures clear understanding					
7. Keep stakeholders informed as the project progresses by sending updated information is an important approach of engaging with them					
8. Communication with different stakeholders helps to prioritize their needs					

**SECTION D: STAKEHOLDER ENGAGEMENT VALUE, PURPOSE, INDICATORS AND STRATEGY**

Please indicate your level of agreement with the following statements which relates to the value given to stakeholder engagement

The value given to Stakeholder engagement on projects					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)

1. Stakeholder engagement is considered vital for project success and sustainability					
2. Projects are only initiated after gaining stakeholder buy ins					
3. In my organization there is a section that handles stakeholder management and engagement					
4. You engage all people internally/externally linked with your project as stakeholders					
5. Building partnerships is a good approach for involving stakeholders in the engagement process					
6. By effectively engaging stakeholders we lower the risk for each relationship					
7. Stakeholder engagement helps to manage relationships by aligning mutual interests, which mitigate project risk/uncertainty					

Please indicate your level of agreement with the following statements which relates to the purpose of your stakeholder engagement

The purpose of Stakeholder engagement on projects					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. to share individual knowledge					
2. to enhance communication					
3. for continuous improvement					
4. to reduce risk and uncertainty					
5. To share challenges					
6. to discuss current issues					
7. to generate innovative ideas and solutions					

Please indicate your level of agreement with the following statements which relate to how you communicate with stakeholders in your projects

Stakeholder engagement and Key Performance Indicator					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. It is important for a project to choose the correct Key Performance Indicators [KPIs] to monitor stakeholder engagement					

2. It is useful if the project managers, employees and other members of the teams are aware of the specific KPIs to be measured					
3. A KPI is a quantifiable metric that reflects how well a stakeholder is performing against stated responsibilities					
4. A KPI is a quantifiable metric that reflects how well a stakeholder is performing against stated objectives					
5. Relations with stakeholders is established as a critical KPI alongside other key metrics					

Please indicate your level of agreement with the following statements which relate to how you communicate with stakeholders in your projects

Stakeholder engagement Strategy					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Engagement with stakeholders is driven by a proactive results-led agenda not by a reactive events-led agenda?					
2. Stakeholder relations are driven by the salience of short term issues to the organisation, not as a result of long-term analysis of changing stakeholder expectations.					
3. There is a realisation that the effectiveness of stakeholder relations is not simply a matter of communicating to external stakeholders, but that it requires significant investment in internal processes?					

Over all how do you evaluate your stakeholder engagement process?

- a) Peripheral
- b) Intermittent
- c) Ongoing
- d) Core

**SECTION: E STAKEHOLDER ENGAGEMENT OUTCOMES AND SUSTAINABILITY**

Please indicate your level of agreement with the following statements which relate to any outcome due to stakeholder engagement

Outcomes due to Stakeholder engagement					
	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Enhanced stakeholder commitment					
2. Enhanced project ownership					
3. Enhanced inclusive decision making					

**SECTION F: STAKEHOLDER ENGAGEMENT CHALLENGES**

1. What are the challenges / problems you are facing in working with multi stakeholder environment?

Both from your end and from the stakeholder

- a) Failure to identify all relevant stakeholders and offering them the level of attention they deserve
- b) Late identification of stakeholders’ interest
- c) Conflicting requirements of stakeholders
- d) Poor engagement of stakeholders
- e) Incompatible interests of partners
- f) Challenges due to cultural difference
- g) Procedure (related to legal and administration laws)
- h) Communication gaps (including language differences, preference in utilization of communication tools)
- i) Gaps in knowledge about a specific issue
- j) Others please specify-----

**ANY ADDITIONAL INFORMATION**

If you have any additional information you would like to share about your stakeholder engagement practice, that is somehow not captured in the questions above, please share

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## Interview Questions

Date of Interview: -----

1. What particular strategy does your organization have to engage with stakeholders?
2. What factors did you consider helpful to have meaningful stakeholder engagement?
3. What mechanism do you use to monitor your stakeholder engagement practices? Report, feedbacks
4. Have you encountered challenges in engaging with your stakeholder? Please indicate your challenges?
5. Were you able to solve some of the challenges you have encountered? What helped in bringing the solution, please respond in terms of (Application of (technical) knowledge, Communication level/ frequency, Cultural intelligence, Interaction with all stakeholders (Relationship Management), Leadership, Management skills and support, Monitoring/ Continuously Feedback Trust or Others (Could you specify?))
6. How have your organization captured these new lessons learned in resolving stakeholder engagement for future use?
7. Can you indicate any project outcome due to Stakeholder engagement?
8. How do you evaluate your stakeholder engagement process?