

**THE ROLE OF STAKEHOLDER MANAGEMENT  
ON THE PERFORMANCE OF PUBLIC  
CONSTRUCTION PROJECTS IN NORTHERN  
IRAQ**

**A THESIS SUBMITTED TO THE GRADUATE  
SCHOOL OF APPLIED SCIENCES  
OF  
NEAR EAST UNIVERSITY**

**By  
MARIWAN ARAZ YOUSIF**

**In Partial Fulfilment of the Requirements for  
the Degree of Master of Science  
in  
Architecture**

**NICOSIA, 2019**

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**MARIWAN ARAZ  
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**Approval of Director of Graduate School of  
Applied Sciences**

**Prof. Dr. Nadire Çavuş**

**We certify that this thesis is satisfactory for the award of the degree of Master of Science  
in Architecture**

**Examining Committee in Charge:**

Assoc. Prof .Dr Nesil Baytin

Supervisor,Committee Member,  
Department of Architecture, NEU

Dr.Tuğsad TÜLBENTÇİ

Co.Supervisor , Committee Member,  
Department of Architecture, NEU

Assist. Prof. Dr. Kozan Uzunoğlu

Head Of Department of Architecture ,  
Committee Member ,NEU

Dr. Shaban Ismael Albrka

Committee Member, Department of  
Civil And Enviromental Engineering ,  
NEU

Assist. Prof. Dr.Enis Faik Arcan

Committee Member, Department of  
Architecture,NEU

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name: Mariwan Araz Yousif

Signature:

Date:

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**To my beloved Parents ...**

## ABSTRACT

The main purpose of this study is to examine the role of stakeholder management on the performance of public construction projects. The study is based on observations made which showed that the success of public construction projects is being undermined by the inability to productively managed project stakeholders. Such was considered to be as a result of five major problems which are insufficient engagement of stakeholders, having project managers with unclear and vague stakeholder management objectives, difficulties in identifying invisible stakeholders, poor communication with stakeholders and regulatory changes that affect the project and negative reactions from the community against the project. These problems were established to be highly common with public construction projects carried out in Erbil North Iraq. A case study was carried out to determine how stakeholders' management affects the performance of public construction projects. Deductive reasoning was also used to deduce arguments from related theoretical and empirical insights on stakeholder management and how it influences the performance of public construction projects. The established results showed that construction business challenges, inability to execute given project tasks and ineffective strategies used to acquire project materials are some of the key challenges affecting the performance of public construction projects. stakeholders' executive approach. The results further showed that construction stakeholders' management does not always work and is not suitable for all kinds of project.

**Keywords:** Construction projects; executive structure; project management; public sector; stakeholders management;

## ÖZET

Bu çalışmanın ana amacı, kamu yapım projelerinin başarımında paydaş yönetiminin rolünü incelemektir.

Çalışma, kamusal yapım projelerinin başarısının, proje paydaşlarının etkin olarak yönetilmesindeki yetersizlikten dolayı baltalandığını gösteren gözlemlere dayanmaktadır.

Proje paydaşlarının etkin olarak yönetilmemesi, dolayısıyla projenin başarısızlığa sürüklenmesi başlıca beş önemli problemin sonucu olarak kabul görmektedir:

- Paydaşların devreye girmelerinin yetersiz olması,
- Proje yöneticilerinin paydaş yönetimine ilişkin ereklerinin net olmaması, belirsiz olması,
- Görünür olmayan paydaşların tanımlanmasındaki güçlükler,
- Paydaşlarla iletişimin zayıf olması,
- Projeyi etkileyen düzenleyici kurallarda (mevzuat) değişiklikler ve toplumdan projeye karşı gelen olumsuz tepkiler.

Bu problemlerin, Kuzey Irak- Erbil’de yürütülen kamusal yapım projelerinde büyük ölçüde ortak olduğu saptanmıştır. Kamusal yapım projelerinin başarısında paydaş yönetiminin rolünün saptanması gayretlerinin bir parçası olarak, üç örnek olay incelemesi yapılmıştır. Saptanan sonuçlar göstermiştir ki, yukarıda belirtilen paydaş rolleri ile ilintili olarak, inşaat işindeki mücadeleler, kötü görev dağıtımı (İsale) ve tedarik yaklaşımları da, kamusal yapım projelerinin başarımını etkileyen anahtar faktörler arasındadır.

Ancak, yine sonuçlara göre, paydaş yönetimi evrensel bir çare olmayıp, her tür projeye uygun değildir.

**Anahtar Kelimeler:** Kamusal yapım (İnşaat) projeleri, Proje yönetimi, Kamu sektörü, Paydaşlar, Paydaş yönetimi.



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## **LIST OF ABBREVIATIONS**

<b>CSF:</b>	Critical Success Factors
<b>CSR:</b>	Corporate Social Responsibility
<b>GMP:</b>	Guaranteed Maximum Price
<b>ICT:</b>	Integrated Communication Technology
<b>PSC:</b>	Public Sector Construction
<b>R&amp;D:</b>	Research and Development
<b>SM:</b>	Stakeholders Management
<b>WAP:</b>	Wireless access protocols
<b>PCPs:</b>	Public Construction Projects
<b>PIS:</b>	Positive Ideal Solutions

# CHAPTER 1

## INTRODUCTION

### 1.1 Background

Foremost, the term construction refers to activities surrounding the building of a structure (Mok, Shen & Yang, 2015). With regards to construction projects, a construction project can thus be defined as a project that is being refurbished, renovated or constructed (Olander & Landin, 2005). It is essential to consider that not all construction activities are classified as construction projects. Thus, the considers a project to be a construction project based on the combination of its size and costs of the construction activity. Meanwhile, construction projects are characterized by the involvement or influence of stakeholders. Of which stakeholders are individuals who have an interest in the activities of an institution or organization and are indirectly or some way affected by the organization (Yang et al., 2009). Examples include customers, sponsors, management, project team and managers. These stakeholders have an important role to play especially in construction projects. For instance, Chinyio and Olomolaiye (2009) considers that project stakeholders are vital for ensuring successful completion of construction projects. Most importantly, external stakeholders are a reflection of environmental protection, governmental and community concerns. This is because they either offer support towards supporting the operations or functionality of the project during and after its construction. Stakeholders are thus important for ensuring that the organization attains its objectives. Organizations are thus tasked with mandate or ensuring that good relationships with stakeholders are established and maintained. Such a process is what is termed stakeholder management and it is essential for ensuring that projects are successful completed on time. This is what project managers require if they are to successfully complete a project. Hence, we can regard stakeholder management to be a part of project management. The necessity of stakeholder management is evident and important in both private and public projects (Cleland, 2002). But their importance can be determined based on the nature and benefits expected from the project.

Construction projects are generally separated into arrangement of series or activities attempted by various people or gatherings who may have distinctive levels of interests as well as involvement in the projects (Egan, 1998). Notable examples include telecommunications, power generation,

airports, roads, bridges etc. Construction projects are for the most part unique in nature and they vary according to their discontinuity, procedures, and communication with various gatherings; and simply like some other endeavor, are obliged by time and assets (both human and material) which are required for the undertakings to be conveyed (Ibrahim & Nissen, 2003; Bourne, 2005; Olander, 2006). In this way, the long procedure of plan and execution of construction projects establishes a framework which includes coordinated effort and transactions among numerous stakeholders which may incorporate yet not constrained to the customers, architects, contractual workers, nearby specialists and the general project condition (Cheeks, 2003). Stakeholders management in this manner has been perceived as an essential process of ensuring that construction projects progress well (Winch, 2010).

Knowing the stakeholders and their attributes with respect to the projects is a vital advance in stakeholders' management (Cleland, 2002) however this must be accomplished through a sufficient meaning of stakeholders. In any case, regardless of the acknowledgment of stakeholders' management as a vital procedure for making project progress, the meaning of stakeholders isn't plainly sure as project stakeholders have been characterized in various ways (see area 2.2 for more points of interest). While a few meanings of task stakeholders are censured for being excessively limited (Olander, 2007; Smith, et al., 2001; Smith & Love, 2004; Walker et al., 2008), others languish reactions over being excessively expansive (Awakul & Ogunlana, 2002; Freeman, 1984; Juliano, 1995; PMI, 2004; Takim, 2009; Winch, 2010). Depending on the excessively restricted definition will uncover the project management group to the danger of forgetting some vital stakeholders. Correspondingly, depending on the excessively expansive definition will uncover the project management group to the danger of including such a large number of stakeholders including the individuals who are not essential to the project (Leung & Olomolaiye, 2010). Accordingly, the accompanying definition has been instituted out of the distinctive definitions with the end goal of this examination; construction project stakeholders are people or gatherings/associations who have a few parts of right or possession in the project and can add to it, or will cause or legitimately they will bring about an immediate advantage or misfortune because of either the works amid the task or the result of the project" (Leung & Olomolaiye, 2010).



## 1.2 Problem Statement

Various stakeholders, individuals and groups are involved in the provision and delivery of public construction projects and each has their own responsibility, requirement and objectives, this introduces a level of complexity to the concept of stakeholders' involvement within the industry. Meanwhile, a public construction project is a project that involves the refurbishment, renovation and or construction of a project that is aimed at benefiting the public at large (Atkin & Skitmore, 2008). The quality of a Public Construction Project (PCP) is also mostly dependent on the right performance management of different stakeholders, particularly contractor and consultants. This means that, if major parties of a construct are not committed to properly carrying out their duties, it is likely to badly affect the final project quality level. A list of public PCPs being carried out in Erbil include housing and infrastructural development, roads rehabilitation, dam, power generation and telecommunications projects. These projects are important for fostering social and economic development of the people of Northern Iraq. In Erbil Northern Iraq, there are no known accurate studies on the role of stakeholder's management and their involvement in public construction projects and the causes of failure and success of project.

The potential problems associated with public construction projects success are greatly reduced if stakeholders are productively managed. These problems can be listed as follows;

- Problem 1: Insufficient engagement of stakeholders,
- Problem 2: Project managers with unclear and vague stakeholder management objectives,
- Problem 3: Difficulties in identifying invisible stakeholders,
- Problem 4: Poor communication with stakeholders,
- Problem 5: Regulatory changes that affect the project and negative reactions from the community against the project.

These problems affect the Public Construction Projects negatively in the following ways;

- They necessitate project delays,
- They result in lack of ability to complete projects and in most cases can cause total project failure,
- They reduce the levels of social development,

- They impose restrictions on economic growth and development etc.

These challenges affect the financial plan schedules. Therefore, it is necessary to identify the fundamentals and role of stakeholder management in order to overcome the above stated problems in public construction projects in Northern Iraq, the topic which will be the key issue of this thesis.

### **1.3 Research Aims**

The main aim of this thesis is to examine the role of stakeholder management on the performance of public construction projects. The study also seeks to achieve the following aims;

- To identify possible challenges that is affecting the success and performance of public construction projects in Northern Iraq from the city Erbil,
- To examine if stakeholder management is effectively being used to influence the performance of public construction projects in Northern Iraq,
- To identify strategies that can be used to deal with challenges affecting public construction projects in Northern Iraq.

### **1.4 Research Questions**

The study is centered on providing answers with the following established questions;

- What is the role of stakeholder management in the performance of public construction projects in Northern Iraq?
- What are the possible challenges that affect the success and performance of public construction projects in North of Iraq?
- To what extent is stakeholder management is effectively being used to influence the performance of public construction projects in North of Iraq?
- What strategies can be used to deal with challenges affecting public construction projects in North of Iraq?

## **1.5 Significance of the Study**

It is acknowledged that the development and success of public construction projects is vital to a country's economic growth and development. Therefore, successful management of public sector projects in general and of stakeholders is of prime importance through which huge contributions can be made to economic growth and development of a country. This study is significant due to its effort in;

- 1- Identifying some of the key challenges that affect the effective development and success of public construction projects in Northern Iraq,
- 2- Highlighting the importance of stakeholders' management and how it influences the success of public construction projects in Northern Iraq,
- 3- identify the fundamentals and role of stakeholder management in order to overcome the problems and challenges in Northern Iraq. the study is also important in the sense that it lays foundations for relevant future studies.

## **1.6 Thesis Outline**

The outline of the study is given as follows;

In chapter one will focus on the background of the research and will offer an overview of the study. It also includes aims and objectives, Problem Statement and significance of research. And in Literature review presents the thoughts and ideas of previous researchers on the role of stakeholder management on the performance of public project in Northern, Iraq, The third chapter of this research study leads to the contextual analysis. With a specific end goal to inquire about the draw back and flow marvels a contextual investigation explore is led existing of 2 cases. This examination methodology has comprehended the procedures and get full inside and out understanding in stakeholder management theory is as of now oversaw and controlled in new Public Construction and Infrastructure projects. By mirroring the information leaving these cases to the literature review, the outcomes can be deciphered, in chapter four For each situation, a specific procedure is taken after to remove legitimate and significant information. Initial a determination of cases is done; later for each case, the records are dissected. This is done to dissect the procedure plan and systems for every stakeholder which were made. A short time later the

included project manager and two different independent stakeholders are interviewed. The outcomes will be coded with a specific end goal to make articulation cards in the current research, In chapter Five of the proposition the primary research question is replied. Conclusion, proposals, reflection, and constraint are given about the exploration procedure and the principle examine question.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter seeks to offer an outline of theoretical and empirical frameworks that can be used to lay a solid foundation upon which coherent and sound ideas can be developed to provide support to the established arguments about the role of stakeholder management on the performance of public projects. As result, it focuses on the stakeholder theoretical framework, stakeholder management, the role of stakeholders in public and private corporations, the importance of identifying stakeholders in institutions, project and project management, project success, performance of projects funded by public projects in Northern Iraq, best stakeholder management practices in project management and a review of the related literature.

#### 2.2 Definitions of a Stakeholder

The expression "Stakeholder" is characterized as "any gathering or person who can influence or is influenced by the accomplishment of the project objectives (Mitchell et al., 1997). This definition relates to the entire process through stakeholder management is established. On the other hand, Freeman (1984) considered it to incorporate anybody for all intents and purposes.

El-Gohary et al. (2006) portrayed stakeholders as people or associations that are either influenced by or influence the expectations or yields of a specific organization. Another definition which appears in a study by Li et al. (2011) characterized stakeholders as the individuals who can impact the project procedure as well as definite outcomes, whose living conditions are emphatically or contrarily influenced by the undertaking, and who get related immediate and backhanded advantages as well as misfortunes. Takim (2009) characterized stakeholders as similar to the individuals who obtain a series of immediate benefits from a project and or whose lives are either influenced by the projects' activities or have an influence on the projects' success. Ideas established by Newcombe (2003) regard that a stakeholder must be looked at from the point of a client as part of efforts to effectively recognize the importance of stakeholders in organizations. However, with regards to the construction industry, the term can be linked to individuals who have

an influence on the development of construction projects and the related production of goods and services.

Garriga and Werner (2018) ponders the idea of the stakeholders as different clients for construction activities and thought it was important to recognize "stakeholders" from the expression "clients", which alluded to the financial sponsoring organization who is straightforwardly in charge of the production and development of the projects. Several organizations and researchers have likewise proposed the meaning of construction project stakeholders.

Project Management Institute of America (2008) characterized project stakeholders as people and organizations who are effectively engaged with the undertaking, or whose interests might be emphatically or adversely influenced because of project execution or successful project fulfillment.

## **2.3 Theoretical Framework**

### **2.3.1 The stakeholder theory**

The concept of stakeholder management was developed through the efforts placed by Freeman (1984), who was of the belief that apart from shareholders, organisations have other players who have either an indirect influence on the organisation and are affected by the operations of the organisation and yet they are not directly involved in the direct management and operation of the organisation. The stakeholder theory can thus be considered to be a theoretical framework that can be used to provide understanding about the business environment. Ideas from a study by Holloway (2016), contend that the stakeholder theory seeks to ensure that managers have a broader view of the organisation's goals, vision and responsibilities. Such implies that stakeholders have a claim on non-stockholding aspects and are part of the organisation's input-output models and they influence extend beyond profit maximisation.

A broader view of the non-stockholding groups stakeholder theory can be illustrated using ideas established by Mok, Shen & Yang (2015), who contends that so long as there exist interests to participate in an organisation's affair to obtain benefits, then the situation is good enough to contend that such individuals are stakeholders of the organisation. This theory also contends that

there are also external elements which pose effects on the organisation such as the influence of the public, customers, employees, associated corporations, governmental bodies, environmental groups, trade associations, trade unions, community groups and communities (Zakhem & Palmer, 2017). All these need to be considered and their effects weighed against organisational strategies and activities. This is based on the idea that there are certain individuals and corporations who do not have a direct influence or relationship with organisation but yet can either provide support to it or compromise its operations and success. Thus, it is important for organisations to consider their stakeholders as much as possible and by all means possible.

Stakeholder theory thus forms a base for stakeholder management and helps to ensure that managers has a strong understanding of the organisation's stakeholders and how best to manage them. Such an ability to identify, recognise and acknowledge the role played by stakeholders is strongly related to the performance and survival of the corporation. This implies that corporations that identify, recognise and acknowledge the role played by their stakeholders are in a strong position to harness support from their stakeholders and thus improving both their performance and survival.

Stakeholder theory can be applied to a lot of situations such as construction project management (Bourne & Walker, 2005), water utilities (Ogden & Watson 1999), and research management (Elias, Jackson 2002). In project construction, there is a strong linkage that forms between stakeholder management and project management as project managers seek to ensure that the projects are well planned for and can be completed successfully at a lower cost. This is however, tied to the influence of the stakeholders and thus it is important to make sure that the concerns and expectations are met. Failure to do can compromise both the completion, speed and performance of the project. A study by Garriga and Werner (2018), outlined that the problem of limited resources always poses problems for project managers to an extent that they have to rely on the support and participation of their stakeholders. If not, then the project managers can compromise their chances of securing funds from other potential investors. This is because investors sometimes place focus on examination how the organisation relates to its stakeholders before committing funds to a project. Hence, it can be pointed that successful projects are a positive function of the ability of the project managers to address and or cater for the stakeholders' expectations (Smith, Russell & Tennent, 2017).

The challenge with the stakeholder theory may lie in identifying who the firm's stakeholders are. This is because not all stakeholders can be identified and some may not be in the vicinity of the organisation's operations or decision making (Mampaey, Brankovic & Huisman, 2017). However, Molwus, Erdogan and Ogunlana (2017), identified that an organisation's stakeholders are usually its local communities, employees, users, suppliers, subcontractors, designers, project managers, and clients. It is from this idea that studies have been developed to identify an organisation's stakeholders. In project management and construction, public corporations' stakeholders may include among others other government departments, employees, construction firms, local and regional communities, public regulators, training organizations, environmentalists, media, and suppliers. However, it is important to note that though there are so many different stakeholders that may influence public projects, their influence tend to differ and vary in magnitude. This can be evidenced by insights established by Jones, Wicks and Freeman (2017), which assert that there are a lot of factors which determine the nature and extent of stakeholder influence on an organisation. Such factors can be listed as follows;

- Urgency - which deals at the extent to which the stakeholders' claims can be considered to be compelling,
- Power – measures the significance of influence of the stakeholders' influence on the outcome of a given project,
- Legitimacy - looks at the moral or legal claim a stakeholder has to influence a particular project.

Efforts to identify a firm's stakeholders can also be support by ideas established by Oppong, Chan and Dansoh (2017), which point to the idea that the stakeholder identification is relatively linked to effective stakeholder management. This implies that it is impossible to execute an effective stakeholder management programme without first identifying the necessary stakeholders. This is because it is through this process of stakeholder identification that the exact nature of stakeholder management approaches will be identified. This results in the establishment of various ways that seek to identifying an organisation's stakeholders and these include among others matrices and various static grids.

However, though the stakeholder theory can be applauded for its contributions, it has been criticised also for several reasons. For instance, Karlson (2008), argues that it does not identify the

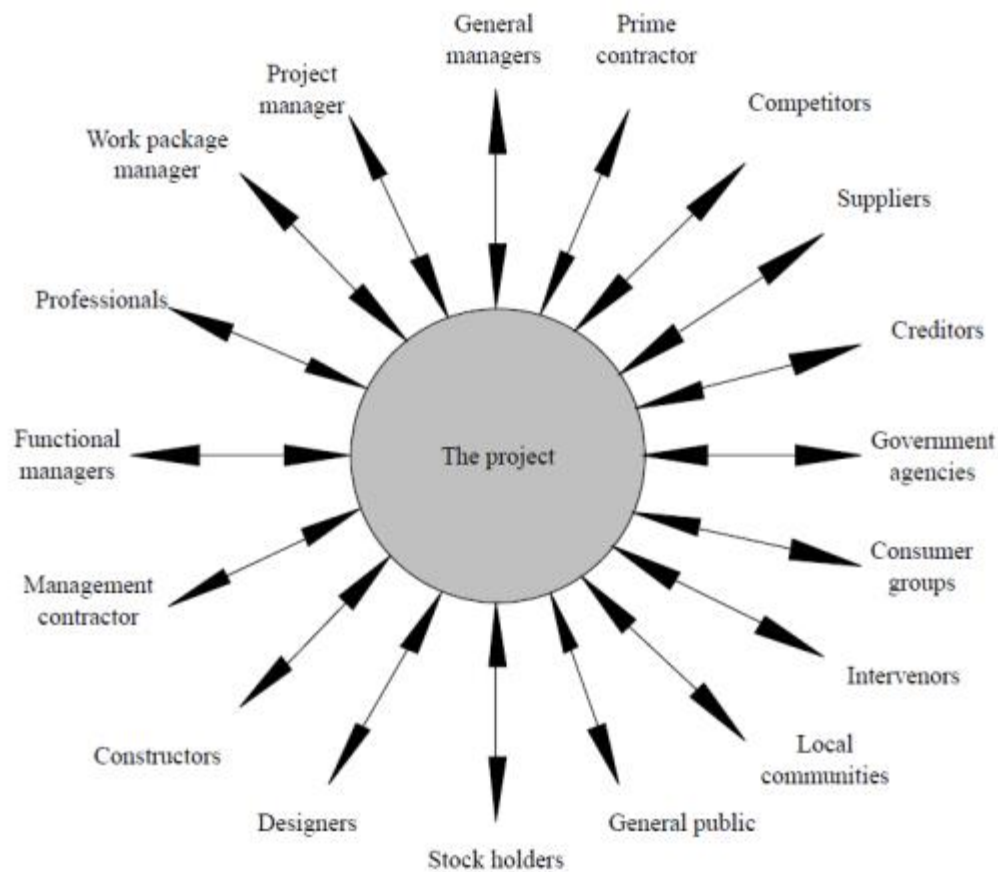


exact number of stakeholders that are necessary to ensure project success. This is because having too much stakeholders involved in a project can actually prove to be disastrous and thus undermine the successful completion of the project. This can also be as a result of the idea that stakeholder interests tend to vary from one stakeholder to another and hence having a lot of stakeholders with different interests can result in complexities, uncertainty, resistance and conflicts.

## **2.4 Stakeholders in Construction Projects**

Stakeholders are prevalent in any organization or institution irrespective of the fact that the institutions differ in operations or size. In construction, the nature of stakeholders involved is broad and diverse as it includes the likes managers, architects, investors, legitimate specialists, workers, subcontractors, providers, process and specialist co-ops, contenders, banks, insurance agencies, media, network agents, neighbors, overall population, government foundations, guests, clients, local improvement organizations, the common habitat, the press, city establishments, and so on. (Karlsen, 2008).

The nature and number of stakeholders involved in a project can vary a lot and, in most cases, bound to increase depending on the circumstance but the general classification is denoted in Figure 2.1. Newcombe (2003) considers that every stakeholder generally has distinctive needs and interests which often conflict with established projects goals. This has a tendency of impacting the project during the course of time and such effects can be transferred to project managers. On the off chance that various stakeholders are available in construction endeavors, at that point, the construction industry ought to have the capacity to deal with its stakeholders.



**Figure 2.1:** Different types of project stakeholders (Yang et al., 2009)

## 2.5 Types of Stakeholders

Stakeholders are either classified as internal or external stakeholder with the former being those straightforwardly associated with an organization's basic leadership process (e.g. proprietors, clients, providers, workers) and internal stakeholders being those influenced by the organization's exercises fundamentally (e.g. neighbours, nearby network, overall population, nearby experts). In construction, much consideration has always been given to the role of internal stakeholders and the establishment of solid relationships with them. For example, external stakeholders' connections to some degree have been viewed as a channel widely used by public authorities to achieve their goals by means of the guidelines and rules that concerns facility improvement (Atkin & Skitmore, 2008).

An essential stakeholders' group is one without whose proceeding with interest the enterprise cannot get by as a going concern. Table 2.1 provides an outline of construction project stakeholders' models.

**Table 2.1:** Example of construction project stakeholders (Harris, 2010; Siriwardena et al., 2010).

<b>Stakeholder group</b>	<b>Objectives and roles</b>
<b>Client</b>	Siriwardena et al. (2010) posits that clients are either private or public. In PCPs beneficiaries and clients are not similar as opposed to private projects. Thus, in PCPs beneficiaries are community members and governments act as clients.
<b>Consultant</b>	Offers consultation services with regards to technical, cost assessment, project design etc., and such services can range from civil, electrical engineering advice (Harris, 2010).
<b>Contractor /subcontractors</b>	Engage in actual construction according to the designs, specifications, contract documents communicated by the relevant parties (Siriwardena et al., 2010).
<b>Funding bodies</b>	E.g. UN, IDB, ICRC. Address humanitarian issues while providing the necessary funds to the community project. Ensures that the funds are utilized for the purpose. For example, if a precondition is imposed to spend the money on community development, the donor has to make sure that the funds are used for this particular activity (Siriwardena et al., 2010).
<b>Nongovernmental Organizations (NGO's)</b>	These operate as with an international financial back up that enables them to finance huge projects especially in developing and less developing economies and are responsible for assisting more than million people around the world through the construction and provision of houses, schools and other infrastructural development projects (Siriwardena et al., 2010).
<b>Government</b>	Can be considered to be the owner of PCPs who runs PCPs on behalf of the society. Mostly, the government is responsible for formulating rules

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and regulations which govern the construction of both PCPs and private construction projects. That is, it helps in setting good and quality standards upon which all construction projects should be carried out (Harris, 2010).

**End Users/  
beneficiaries**

These are individuals who benefit either from the construction, completing or operation of the project. Smith and Love (2004) considers them to be the most important stakeholders. Hence, their needs and decisions have an important effect on the success and performance of a PCP.

**Local landowners/  
neighborhood**

Harris (2010) considers them to be owners of land resources upon which PCPs and non-PCP construction activities will or are carried out. Their involvement in PCPs is mainly because of the rent they get from owning the land.

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## 2.6 Stakeholder Management

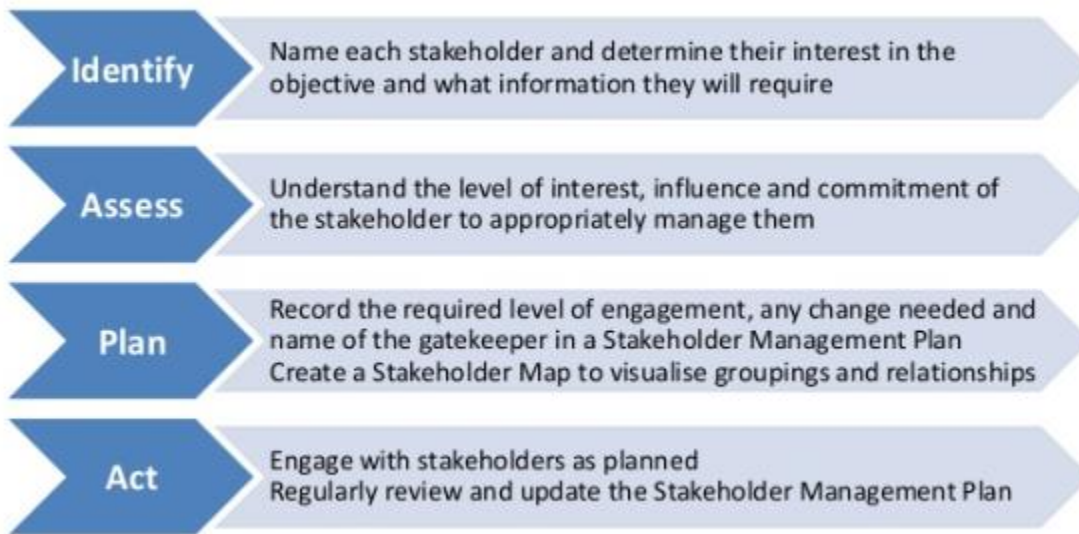
Stakeholder management can be defined as a process which involves the establishment, monitoring and maintaining ideal relationships with an organisation's stakeholders (Karlsen, 2008). This definition shows that stakeholder management is composed of strategies and ways that are used to lure stakeholders into participating in intended organisation activities and thereby supporting it towards achieving its objectives. In other words, organisations need stakeholders so as to accomplish their goals and stakeholders therefore become an instrument which provides the organisations with resources and support towards ensuring that the required goals are attained.

The idea behind stakeholder management can also be considered as based on the need to ensure that the organisation maintains a positive relationship with its stakeholders (Mampaey, Brankovic & Huisman, 2017). This is because stakeholders can pose significant positive and negative effects on an organisation which can in turn influence both its performance and survival. There are quite a number of individuals that can be considered as stakeholders and these can be illustrated using figure 2.1.

Key stakeholders involved in public projects include among others; the public, government departmental heads, Non-Government Organizations, Project Management Committee,

contractors, District projects committee, parliament committee, constituents and project managers. However, reference should be made to the idea that stakeholders are composed of both internal and external stakeholders. The difference being that internal stakeholders have a formal or contractual relationship with the organisation and the project being undertaken while external stakeholders are composed of public and private actors (Cova & Salle, 2005).

Stakeholders depicted in figure 2.1, have a strong capacity to institute legal and non-legal corporate pressure or support on an organisation. Hence, it is always important for organisations especially public corporations to have sound and effective stakeholder management approaches. In order to do so, public corporations must engage in a process called Stakeholder Management Process (SMP) which is illustrated by figure 2.2.



**Figure 2.2:** Stakeholder management process (Mampaey & Huisman, 2017)

Stakeholder management thus involves activities through which public corporations will identify all their stakeholders. This is followed by an assessment exercise which is aimed at determining the stakeholders' interests and commitment and how they influence the organisation's activities and performance (Smith, Russell & Tennent, 2017). Holloway (2016), also outlines that once an assessment of the stakeholders has been accomplished, organisations must engage in planning. At this stage, planning becomes an instrument through which organisations will be in a position to

determine the required level of engagement, possible changes required and come up with a master plan that will eventually lead to improved organisational performance and possibly to a successful project. Lastly, the stakeholder management process should see the organisation acting towards the established stakeholder management plans and this is one of the most important stages of the stakeholder management process. This is because plans need to be implemented and if not, then it becomes difficult to achieve set objectives.

The stakeholder management is composed of two important aspects and these are laying out and outlining the importance of SM and conducting an examination of the duties and importance of SMP. However, there are problems with the stakeholder management process. For instance, Garriga and Werner (2018) considers it to be just a concept which may sometimes fail to place a distinction between stake keepers, stake watchers and stakeholders. The main differences lying in the idea that each of the former group is composed of independent regulators, while stake watchers do not necessarily have a stake but seek to protect the interests of others and stake watchers do have a stake in a company (Peter, 2008).

Meanwhile, the importance of SM in project management is that SM helps to improve the relationships between key stakeholders and project managers so as to make sure that the project becomes success. This lies in the idea that stakeholders can either be directly or indirectly related to a project or are directly involved in the project (Kastner, 2010). As result, their behaviour and impact will vary according to the level of involvement and relationship with the project.

According to Gladwell (2000), SMP can also be said to be important as it helps organisations such as public corporations to have a better understanding of the corporation and its environment. This is so essential because doing so will make it easy for organisations to come up with strategies that can effectively deal with organisational challenges undermining both the performance and success of the project together with that of the organisation.

It also believed that SM also seeks to obtain ensure that all the relevant stakeholders involved in a project mutually benefit from the undertaking and completion of a project (Bryson, 2004). Such is linked with efforts to ensure transparency and fairness of the organisation in its dealings and approaches towards its stakeholders.

It can also be said that stakeholder management plays an important decision-making role through the transfer of knowledge and information. But the use of stakeholder management to support organisational decision-making efforts varies from one organisation to the other. This can be supported by insights obtained from a study by Kastner (2010), which contends that due to the nature or activities, available resources and industry factors, organisations will have different stakeholder review methods, stakeholder-commitment matrix, stakeholder ethical responsibility matrix, relationship matrices, stakeholder position and attribute value, vested interest index, power-interest matrix, impact-probability matrix and influence-interest grid.

Stakeholder management also plays an important role in an organisation in as far as managing an organisation's risk is concerned (Ovatt, 2006). This usually involves risks estimation and risk management strategies being undertaken in line with the needs of the stakeholders together with the set organisational goals. This is because risk management requires that organisational adjustments be made and such changes have tendency to affect stakeholders and hence stakeholder management becomes a tool which realigns risk management with the stakeholders' interests for a common goal of enhancing the performance of the organisation.

## **2.7 Stakeholder Management Processes in Construction**

There exist numerous studies which examine the application of SM in the construction industry and notable ones can be drawn from Cleland and Ireland (2002) and Olander (2006). These studies highlighted that the magnitude and costs involved in PCPs unavoidably makes it impossible to exclude SM. Hence, they considered that SM plays a pivotal role in the success and performance of PCPs. They however both reckoned that it is important to identify those stakeholders that have a huge impact on the success and performance of PCPs. Such a process includes deciding qualities and shortcomings, stakeholders' methodology, expectation of partner conduct, and actualizing stakeholders' management technique. Karlsen (2002) gave a recursive six-stage procedure of undertaking stakeholders' management, including beginning arranging, recognizable proof, examination, correspondence, activity, and development. Bourne and Walker (2006) highlight that eight steps ought to be followed when identifying and examining PCP stakeholders. Such a procedure commences with the development of a PCP stakeholders' guide; setting up an outline of particular stakeholders; distinguishing stakeholders' interests; setting up a power versus stake

matrix; leading a procedure level stakeholders examination; directing an exchange level stakeholders investigation; deciding the stakeholders administration ability of the research and development (R&D) ventures; breaking down the elements of stakeholders connections.

Youthful (2006) highlighted that the costs involved in running PCPs are inadeptly high and can reach to more than hundreds of billions of dollars. This is because PCPs are usually executed by the government on behalf of community members with a goal of ensuring social utility maximization. Such an aspects is also connected to the size of the PCPs and Elias et al. (2002) noted that the size of PCPs is often huge and exceeds that of non-PCPs. As such, the number of stakeholders involved in PCPs is considered to be relatively high as compared to that of non-PCPs (Walker et al., 2008).

Walker et al. (2008) noted that the SM in PCPs process should be centered on establishing effective connections and relationships with stakeholders. It is from these connections and relationships that PCPs will enjoy numerous financial and non-financial support of the stakeholders. Apart from this, consideration was also made that identification of stakeholders be done so as to approach them in a unique way with regards to their importance and needs (Elias et al., 2002).

Jepsen and Eskerod (2009) established ideas about the fundamental aspects of construction stakeholders management to be incorporating conscious endeavors to apply effect on task stakeholders with the end goal of supporting and enhancing their commitments to projects, assigning restricted assets so that they accomplish the most ideal outcomes, and growing endeavors spread over a scope of stakeholders than focused on a couple.

## **2.8 Critical Success Factors (CSFS) for Stakeholder Management**

Jefferies (2002) considers that Critical Success Factors (CSFs) to be part of a strategy that is designed to ensure effective and sound performance of an organization. Such a strategy is considered to be centered to factors which are assumed to be the key into promoting the successful attainment of organizational goals (Yu, 2007).

Yang et al. (2009) considered CFSs to be those fundamental locales of managerial organizing and activities that must be cleaned with the ultimate objective to achieve ampleness. Bourne and



Walker (2006) highlighted that the development of effective CFSs is based on a proper examination of an organizations internal and external position. This entails that CFSs are not restricted to internal activities of the organization but covers external elements which shape how the organization operates and mostly likely succeed in the future.

In most cases, CSFs are focus on practices and activities that yield so much value to the organization when addressed properly especially when the ultimate objective is to ensure that the organization of accomplishes the most suitable form of project improvements (Cleland & Ireland, 2002). All the piece of fundamental accomplishment components of accomplice is introduced, so 30 factors adding to the achievement of accomplice organization are social affair to six essential get-togethers (consolidate organization support, recognizing verification of accomplice information, accomplice examination, essential initiative, action and appraisal, and a tireless consideration gathering), and will be reviewed as hypotheses that are inside and out basic for accomplice organization in Northern Iraq improvement projects, the six get-togethers CSFs and perspective of successful accomplice organization are perceived as seeks after.

### **2.8.1 Management support group**

The majority of what happens with regards to the success of a project is determined by the way project managers approach a project. That is, project managers must have the knowledge and skills to deal with a particular project (Brooke & Litwing, 1997). This also includes having the ability to organize project activities in a manner that enhances project effectiveness and efficiency. Project managers must also be capable of providing the required support in any means possible and most PCPs fail because of lack of proper management support (Yang et al., 2009). It is through effective management support that PCPs can be completed on time and in the most successful way. Hence, it is vital to ensure that project managers provide the required project support. This can be made possible by ensuring that project managers are well compensated for their services and that the project environment is conducive for the operation.

### **2.8.2 Information input group**

Information is vital to the success of any organization and its availability can determine how successful the organization will be in the future. Freeman et al. (2007) established that information must be sought from information input groups and made available to the organization. It is from

this information that sounds decisions based on the best way to manage the stakeholders. This is often accomplished by engaging in researches on the identification of stakeholders together with their management through SM.

Jergeas et al. (2000) considers that having the desired information is therefore important in PCPs because it helps projects managers to accomplish the following;

- To set up common project goals which blend well with the needs and interests of the stakeholders ,
- Help in identifying the PCPs' stakeholders ,
- Assist in determining the stakeholders needs and expectations.

### **2.8.3 Stakeholder assessment group**

In reality, stakeholders have impacted activities in an assortment of complex ways. With the end goal to break down the effect of stakeholders upon activities, it is important to recognize and incorporate the variables by which they do as such. To improve the comprehension of project supervisors on stakeholders, their characteristics, conduct, and potential impact should be evaluated and assessed. The contentions and alliances among stakeholders likewise could be examined dependent on the data about partners (Yang et al., 2009). When the data about the stakeholders is needed, the appraisal of stakeholders based on their effect and vested keen on the undertaking should be possible, so it is imperative to have a precise comprehension of the partner ascribes with the end goal to sort the partner as per their demeanor order.

### **2.8.4 Decision making group**

This group is one of the most important groups in PCPs with regards to CFSs. This is because decisions concerning the development, implementation, completion and operation of the project are determined by this group (Walker et al., 2008). PCPs have often lack effectiveness and efficiency as result of poor decision making and much of it is blamed on the government (Karlsen, 2002). This is because the government is the major client behind PCPs and makes decisions on how the PCPs are to be developed (Mampaey & Huisman, 2017). According to Cleland and Ireland (2002), ddecision making in PCPs should be based on three aspects and these are;

- **Evaluation of alternative solutions:** This involves the project managers weighing down all the available options. The decision-making process must be centered on a cost-benefit

analysis in which decisions are made based on the benefits that accrue from the projects against incurred costs (Elias et al., 2002). That is, project decisions must be made in such a way that more benefits will be obtained from the project as compared to costs incurred.

- **Ensuring effective communication:** Communication is vital for ensuring project success. Communication channels and methods must be in a position to foster effectiveness and efficiency in organization behind the development of PCPs. Cleland and Ireland (2002) noted that there must be effective communication within the organization itself. On the other hand, Walker et al. (2008) posits that good and effective communication must also be formed between the organization and its stakeholders.
- **Formulating appropriate strategies:** Project managers must be capable formulating effective PCP strategies that can warrant project success. The strategies must be weighed down based on their ability to lower project costs and increase project revenue if not then, benefits accruing from the project (Aaltonen & Sivonen, 2009).

### **2.8.5 Action and evaluation group**

This is the group that is responsible for evaluating the project goals of the PCPs together with its strategies (Mampaey&Huisman, 2017). Good decisions are based on an effective ability of decision makers to make proper project evaluations. In PCPs, the project owner which in this case is the government, must evaluate all the possible ways of how the project is going to be done, how the funds are going to be used, which location best suits the location of the project etc., (Yang et al., 2009). Effective evaluation strategies are determined on the existence of the following;

- **Implementing the strategies:** PCPs often fail because of lack of proper implementation strategies. This is one of the main reasons why PCPs in Northern Iraq have not been performing quite well. Both the success and performance of PCPs relies on effective implementation of strategies (Bryson, 2004).
- **Predicting stakeholders' reactions:** This is important to do because failure to do so can cause project managers to take incorrect course of action (Olander, 2006). Every action and decision made by project managers relies significantly on the ability of project managers to accurately mirror the stakeholders' reaction to a PCP. Failure to do so, can

cause PCPs to be developed in a way that does not match the expectation, support and commitment of the stakeholders.

- **Evaluating stakeholder' satisfaction:** Stakeholders must be satisfied at all costs and project managers must ensure that stakeholders are satisfied from the all project activities from the onset (Bourne & Walker, 2006). If stakeholders are not yet, then their level of support and commitment to a project is more likely to be low. Hence, it is always important to ensure that stakeholders are satisfied by involving them in all project activities and making sure that they are constantly informed.

### **2.8.6 Continuous support group**

Continuous project support is vital for both the success and performance of a project (Bourne, 2005). Project managers must be capable of harnessing support from all of the stakeholders. This is essential in PCPs which are considered to lack stakeholder support because of incidences surrounding ineffectiveness in the management of resource's (Takim, 2009). Support in PCPs is also low because of corruption (Leung, 2004). These reasons vary with country and nature of PCPs involved but the important thing is to deal with issues that can hinder effective stakeholder support of PCP activities. This includes project managers engaging in the following activities; (i) Frequently communicating with stakeholders (Assudani & Kloppenborg, 2010; Čulo & Skendrović, 2010; Olander & Landin, 2005); (ii) stakeholder involvement (Li & Skitmore, 2012 (Atkin & Skitmore, 2008), (El-Gohary, 2006) and (iii) promoting relationship with stakeholders (Savage et al., 1991).

### **2.9 Stakeholder Management Challenges and Impact**

When looking at the impact of stakeholder management, it is important to understand that stakeholder management is a form of control and a process which involves the act through which strategies are developed, stakeholders are identified, analysed, engaged through communication and the use of a stakeholder matrix. Thus, stakeholder management is considered to be a skill and a resource which can either make both the project and the corporation succeed or fail (Clarkson, 1995).

The main challenge that has been undermining stakeholder management is lack of knowledge and understanding about stakeholder management (Fletcher et al., 2003). Most corporations may not be willing to engage in stakeholder management due to lack of knowledge and understanding and those that practice it may also be lacking the ability to recruit skilled and qualified stakeholder management personnel.

A study by IFC (2007) also highlighted that the major challenge experienced with stakeholder management is that it may fail to live up to given standards and expectations. In most cases, managers engaged in stakeholder process have been criticised of being manipulated or lured into engaging in activities that pose practical and unethical problems (Imperial College London, 2009). Stakeholders have to a large extent been considered to be capable of taking positions that will favour their clients (Clarkson, 1995). In such cases, it is often very challenging to ensure that stakeholder activities and participation be harnessed to improve the performance of a public project.

Challenges can also be noted when stakeholder influenced is politicised and this has huge negative implications not only on the success of the project but also on the improvement of social lives and economic performance.

Furthermore, it has been established that the environment in which stakeholder management is practised is constantly and instantly changing (Jones & Wicks,1999). Such changes are posing huge challenges and opportunities for corporations and on the success of projects. As a result, it is those organisations that have a position of taking advantages of such changes that will exhibit huge performance and those which are not in a position to do so can suffer from performance downfalls. This is because project environments are always changing and this poses uncertainty which increases the risk of project failure.

Challenges can also be observed when stakeholder management conflicts with project management leading to project failure. This can occur when project managers end up pursuing goals that are were not set by the stakeholders (Meredith and Mantel, 2000).

Gaining information about project management and stakeholder management can be difficult thing especially when considering that there is a problem of information asymmetry. Good and effective decisions about stakeholder and project management can be made when the required information

is available (Peter, 2008). In the event that such information is not available, both stakeholder and project management are difficult to execute and hence are bound to fail.

The other challenge that can undermine the influence of stakeholder management on project management is the inherent problem of resistance to change. This is because employees and other stakeholders may be reluctant to change and yet such change is essential for the success of the project. It is impossible in most cases to attain successful project outcomes when there is resistance to change. It is thus important that all the necessary and concerned stakeholders are concerned about the project's goals and outcomes.

Many projects can fail when managers lack effective stakeholder and project management strategies, plans and methods (Kalsen, 1998). This is because both stakeholder and project management are surrounded by causal activities and spontaneity which are so difficult to coordinate. The responsibility thus lies with both stakeholder and project managers to constantly improve themselves.

Meanwhile, challenges undermining the effectiveness of stakeholder management in influencing the success and effectiveness of project management can be identified by looking at the sources of the challenges. A study by Kastener (2010), identified that challenges undermining the effectiveness of stakeholder management in influencing the success and effectiveness of project management emanate from the following sources;

- Unreasonable stakeholders who do not want to compromise their interests and values for the success of the project,
- Unidentified stakeholders who have not been identified through stakeholder and project management activities,
- Unclear stakeholders who can clearly state their positions towards the operation and success of the corporation and that of the project.

Despite, challenges that can undermine the influence of stakeholder management on public project, it must however, be noted that stakeholder management does offer a lot of benefits which include among others;

- It makes it easy and possible to identify the most influential stakeholders and thus providing shape to the project as it increases their level of support towards the project,
- Stakeholder management results in increased stakeholder participation and this has positive effects on the success of projects through increased support levels and supply of resources towards the completion and execution of the project,
- Continued and frequent communication with stakeholders helps to make sure that stakeholders are fully informed of the requirements of the project and what needs to be achieved from undertaking the project (Meredith & Mantel, 2000). Hence, they tend to feel appreciated and acknowledged, and thus causing them to participate more into the corporation's projects more actively,
- Stakeholder management also makes it possible to forecast and anticipate possible reactions to a project, risks, challenges, opportunities and outcomes,
- Project managers can also make use of stakeholder management to identify conflicting objectives and goal incongruence and come up with strategies that will help to deal with such problems (Kastner, 2010).

There are also ideas which suggests that the importance of stakeholder management is tied to its goals. For instance, Karlsen (2002), contends that stakeholder management helps to ensure that there is a balance between what is inputted into a project and what is obtained from a project. Thus, in this way project returns are maximised and costs are minimised and this causes a lot of people to benefit more from the project. Kastner (2010), also hinted that stakeholder management helps to ensure that project's stakeholders are acquainted with the project. On the other hand, stakeholder management on its own, provides a means through which stakeholders can be managed (Karlsen, 2002). Insights from a study by Meredith et al. (2000), also makes it clear that it is through stakeholder management, that corporations can be capable of identifying individuals who should be tasked with the establishment of the project's goals and performance.

Companies on the other hand, through undertaking successful project management will be in a position to positively impact their communities as well as other stakeholders. Such benefits will extend to include contributions towards economic and social development.

## **2.10 The Role of Stakeholders in Public Institutions**

Stakeholders are one of the key players in any organisation and their importance cannot be separated from the success of the organisation. Such can be supported by ideas which have been established by Peter (2008), which asserts that the success of an organisation is highly determined by its ability to satisfy its stakeholders. This can be noted to be a dominant issue especially with public corporations which have a lot of stakeholders and all these stakeholders have to have their needs met. This is because cases involving unsatisfied stakeholders are often surrounded with a lot of incidences of lack of corporation and support, resistance to change, brain drain and poor and or lack of financial resources (Kastner, 2010). These issues tend to impose huge challenges on the performance, growth and survival of an institution. In the case of public corporations, failure to acknowledge the role of stakeholders can undermine the ability of public institutions to deliver a particular service.

Meanwhile, it is important to understand that though public stakeholders may not have a direct control on the operations of a corporation, they tend to influence a significant number of activities which can undermine important corporate aspects such as service delivery, sales, image and reputation. It is also on the other hand important to note that stakeholders are to a great extent linked to the supply of resources. This can be evidenced by ideas obtained from a study by Bryson (2004), which hinted that public corporations that have a strong ability to cater for the interests of its stakeholders have a high tendency to possess a high political legitimacy as well as the high supply of resources that comes with it. In the event that a corporation whether private or public has failed to meet the expectations of its stakeholders, it is foreseeable that this can result in adverse expectations towards the corporations as some will begin to expect that future efforts will be undermined, new leaders are going to be appointed, budgets are going to be reduced etc.

Bryson et al. (2002) outlined that stakeholders have an important role to play in corporations because they do not only assist in improving the political feasibility but also to assess how well it will contribute towards attaining given objectives. It is however, important to note that the importance and or roles played by stakeholders can differ with the nature of organisation or industry in which the firm is operating in. For instance, in the legal and justice industry, stakeholders are there to ensure that legitimacy and procedural rationality are being upheld



(Bryson, 2004). Under normal circumstances, this can alternatively be linked to ethical standards. That is, stakeholders are there to ensure that sound ethical standards are being upheld to.

All these aspects are either directly linked to stakeholder satisfaction or indirectly related to stakeholders' activities such that the operation of the corporation imposes effects on the stakeholders. Stakeholders can thus be categorised as part of the business environment and thus, stakeholder management is therefore to strategically help organisations to deal with internal and external business elements which influence the operations of the business entity. Hence, it can thus be said that stakeholders play an important role in both public and private corporations in as much as reputation, ethical conduct, performance, growth and survival are concerned.

### **2.11 The Importance of Identifying Stakeholders in Public Institutions**

Efforts to examine the role and influence of stakeholders on the success of public sector projects is largely determined by the nature of stakeholders being affected by the public corporation. Hence, it is always important to identify the corporation's stakeholders and this is because stakeholders vary and this also implies that the nature and significance of impact they pose will also differ. In project management, activities such as developing strategic project management are initially centred on identifying stakeholders (Gladwell, 2000).

Efforts to develop methods that can be used to determine methods that can be utilised to identify an organisation's stakeholders through academic research still remain relatively low. However, Peter (2008), contends that the basic and most effective way to determine a firm's stakeholders is to identify those stakeholders that are directly linked to a project. This also includes stakeholders who interests may either be negatively or positively impacted by the undertaking of a project. It is important that both stakeholders and their roles be acknowledged irrespective of whether they are positive or negative stakeholders. The activities and actions of negative stakeholders must not on a large extent be ignored. Doing so, will increase the probability of the organisation failing (Bryson,2004).

There are also ideas which suggests that project stakeholders always change at each stage of the product life cycle (Bryson & Bromiley,1993). Hence recommending that it is important to always have a second look at the project's stakeholders at each stage of the product life cycle. This is

because changes in the product lifecycle are always characterised by the availability of new information which comes with the change in organisational activities and players.

However, it must be noted that the stakeholder identification process can be rendered ineffective in the event that the organisation does not have the required resources in place in order to identify its stakeholders. This can be supported by ideas given by Bryson, Cunningham and Lokkesmoe (2002), which asserts that stakeholder identification in project management can be difficult thing if the organisation does not have the required resources in place. As such, a study by Clarkson (1995), managed to highlight the possible requirements of a successful stakeholder identification in project management and these can be listed as follows;

- Past experiences on previous projects,
- Company information,
- Procurement details,
- Project charter.

It must be noted that at this stage, no analysis can be done as it is just a platform upon which public corporations will be able to come up with a list of its stakeholders. Once such requirements have been met and a stakeholder list has been compiled, project managers together with their project teams can be able to use the information to brainstorm and engage in group facilitation methods. This is important because it enables the organisation to draw a line between those stakeholders those are affecting the public corporation and those that are not. This does not however, guarantee that the identification process will be easy and effective because problems can be encountered at any stage in time (Ovatt,2006). There are also chances that certain communities or stakeholders might lie outside the scope of the project and yet remain essential and influential to the success of the project (Nutt & Backoff, 1992). Hence, it is important to ensure that project managers do not narrowly limit the scope of its stakeholders. As a result, it can therefore be said that the stakeholder identification process is and must not be limited to the internal elements of the public corporation. But instead, it should look at both the indirect and informal factors. Alternatively, the stakeholder identification process can be considered to be composed of inner and outer circles of stakeholders and factors. Such circles represent the various types of stakeholders together with their degree of influence with the most influential stakeholders being represented by the inner circle and the less influential by the outer circle.

## 2.12 The Performance of Public Funded Projects

It is important to determine the performance of public projects and the reasons as noted are linked to social satisfaction, growth and development as well as continued stakeholder involvement. It must however be noted that there are also chances that projects may fail and the reasons are numerous. For instance, Pinto and Mantel (1990), assert that projects can fail as a result of lack of external effectiveness and efficiency. Most importantly, project failure occurs when a project fails to live up to expectations in terms of addressing a given problem. This also translates into a project meeting the stakeholders' expectations. If a project is bound to fail or fails, then both the stakeholders, shareholders and the entire organization are bound to suffer the consequences. These effects can include among others, negative media campaigns, low public opinion, low corporate market value, employee turnover, stress and frustrations, quality degradation, time and cost overruns.

Efforts to determine the performance of project in terms of the corporation's budget and time have been considered to be ineffective (Meredith, Jack, & Mantel, 2000). This is because some projects have a longer life span and hence require a lot of time and also projects that require a lot of financial support have also been established to be huge and offer huge benefits (Khazanchi, 2005). There are incidences where a delayed project with a lot of overruns can turn out to be successful and yield outstanding positive results as noted with Empire business tower in Northern Iraq.



**Figure 2.3:** Empire business tower in Northern Iraq (Nuradin, 2018)

Project criteria for success has also been questioned by Atkinson (1999), who argues that quality, cost and time established by the 'iron triangle' are an effective way of determining the success of a particular project. As result, this implies that the main reasons behind the success of a project are linked to criteria used for success.

Project failure can also be traced to the availability of resources and this means a successful project needs a continuous supply of resources until it is completed. Lack of resources can result in a project taking much time than expected, missing deadlines and thus incurring additional costs (David & Roland, 2006). There is no way a project can succeed when the required resources are not available. If a project is to succeed then project initiation must be complemented by effective supply of the required resources.

Project failure can also be linked to improper planning (Gikonyo, 2008). If a project is to succeed, then it is important for project managers to ensure that the project is well planned. This is because planning forms a strong base upon which the project can be guided towards completion and success. This can also make it easy to control the project for any challenges and discrepancies by taking the appropriate action and this also includes risk management

There are also cases of corruption, misappropriation, fraud, theft and mismanagement. Public corporations also suffer a lot of challenges as a result of corruption and political interferences. Most huge projects that offer huge benefits have been discovered to being allocated to unqualified or illegal contractors on the basis of political or family patronage (Okungu, 2008). Such projects tend to fail and even fail to serve the intended purpose.

There are also cases whereby errors in project cost and activity estimations (Gikonyo, 2008). This often causes problems such as increased costs and shortages which may lead to failure especially in the event that the required adjustments and supplies are not availed on time.

From this analysis, it can be noted that there are a lot of cases and issues which can cause public projects to fail. Hence, it is important to ensure that project managers are well equipped with the required skills and knowledge to handle such challenges. This includes proper planning, strategic and project management.

### **2.13 Chapter Summary**

This chapter presented the idea of the stakeholders' meanings and types, SM in the construction procedure, basic achievement elements involved in SM process, stakeholders' evaluation, functional methodologies for stakeholders' examination and commitment. In the wake of concentrate numerous past examinations in this section, the elements influencing Stakeholders management process were sorted into six gatherings: "management bolster"; "data input"; "stakeholders' appraisal"; "basic leadership"; "activity and assessment"; and "nonstop help". The stakeholders' appraisal in the construction project dependent on the stakeholders' properties (mentality, best advantage, control, authenticity, criticalness, nearness, and learning) are exhibited a relevant instrument, with the end goal to decide the stakeholders' effects on a project. With respect to reasonable methodologies that could be utilized in the SM process, the past investigations demonstrate that there are numerous methodologies which are be utilized to deal with the stakeholders, however the adequacy of these methodologies relies upon the type of the project, stakeholders examination, and target that need to be attained project managers.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provides details on the steps that were taken to carry out this study. As such, it focuses on the research approach that was used, a review of the research questions, data collection process, limitations of the study and how they were solved.

#### **3.2 Research Approach**

The study used a qualitative approach with the sole aim of gaining insights about motivations, opinions and underlying reasons behind a particular issue or circumstance (Patton, 1990). As a result, a qualitative study is said to offer more details such as thoughts and opinions which cannot be obtained from a quantitative study. DeFranzo (2011) considers that qualitative studies make it feasible to devise hypotheses which can be used as part of quantitative studies. Due to the nature of this study, statistical data analysis techniques were not used and the findings were made by making inferences based on observations made by the research.

As part of the qualitative study, the study relied on two basic approaches and these are; (i) a deductive reasoning approach and (ii) case study analysis of Build Iraq an organization which oversees the management of public construction projects in Northern Iraq and is characterized by stakeholder management practices. These methods are herein discussed as follows;

##### **3.2.1 Deductive reasoning approach**

A deductive reasoning approach involves the use of theoretical and empirical insight to make deductions about a particular issue (Simon, 1996). The main reason for using a deductive reasoning approach in this study is that it made it possible to establish links and relationships between stakeholder management, its use and how it contributes towards the success of public construction projects in Northern Iraq. Thus, patterns of changes in organizational activities due to the

involvement of stakeholder management were tested against the theory of stakeholder management.

### **3.2.2 Case Study Approach**

A case study is the carrying out of an investigation of a community, group of people or an individual person that is surrounded with the description of a particular circumstance, a problem to be solved or decision to be made (Gerring, 2008). The main advantage of using a case study as part of this study is that it is a multi-sided approach that provides more details about human behavior and thinking that is difficult to study using other ways such as using secondary data (Merriam, 1998). In addition, case studies are also known for their depth and this proved to be essential in this study as depth was sought about the effects of stakeholder management on the performance of public construction projects in Northern Iraq (Stake, 2013). Also considers case studies to offer benefits such as making it feasible to conduct examinations on impractical situations, giving details about future studies and providing rich information.

### **3.3 An Overview of Iraqi Build as Cornerstone for Public Construction Projects in Northern Iraq**

Iraqi Build is one of the notable organizations that is tasked with the management and supervision of public construction projects in Northern Iraq. Iraqi Build is tasked with the management of more than 157 construction projects whose value exceeds US100 billion (Iraqi Build, n.d). A notable list of public construction projects that are being done in Northern Iraq under the arm of Iraqi Build are;

- Airport projects those are worth more than 120 billion Iraq Dinars (IQD). These projects will see Mosul and Kirkuk International Airports going through rehabilitation and will handle more than 1 million passengers per a year (Iraqi Build, n.d),



**Figure 3.1:** Mosul Airport construction project (Author, 2019)

- The new Empire State Project in Erbil which is expected to develop an estimated total of 976,000m<sup>2</sup> of land into offices, banks, recreational facilities, hotels and housing areas (Iraqi Build, n.d).



**Figure 3.2:** Empire Estate Tower (Author, 2019)



- Construction of railways, roads, commercial centers and warehouses whose costs amount to US\$12.8 million. This also includes the development of the 75 km Erbil-Koya road, Darbandikhan Dam in Sulaymaniyah and (Iraqi Build, n.d).



**Figure 3.3:** Darbanikhan construction project (Author, 2019)

Due to the magnitude of these projects in terms of financial injections and size of the projects, the projects tend to attract a lot of stakeholders both from within Northern Iraq as well as from other countries. Hence, involving international stakeholders bring a totally different level of stakeholder public construction project management.

### **3.4 A Review of the Research Questions**

As discussed in previous sections of this thesis, despite the fact that the public construction sector has implemented some well-recognized quality management practices, it is still encountering a large number of quality issues and other success related problems. This has been resulting in relatively in the public construction projects failing to deliver in terms of performance and live up to expectations.

There are a significant number of studies which examine the introduction and development of quality practices and stakeholder management in the public construction industries (Arditi & Gunaydin 1997; Brian & Martin 2008; Elghamrawy & Shibayama 2008; Olander & Landin 2005a; Yang 2010). However, no major studies have yet been conducted on how stakeholders' perspectives on public construction project quality can be better used to contribute to quality

management plans and practices to ensure the ultimate improvement of the quality of project outcomes. Therefore, in order to successfully involve stakeholders in the projects and particularly in public construction projects and to achieve higher quality outcomes in construction building projects, a number of questions need to be answered. These questions include:

- I. What is the current level of stakeholder involvement in the public construction projects?
- II. To what extent stakeholder involvement can improve public construction project and quality issues?
- III. How can stakeholder involvement be strengthened and structured to assist construction companies in achieving higher project quality outcomes?

This study therefore used a combination of a deductive reasoning approach and case study analysis of Iraqi Build as bases of proving answers to the above listed questions.

### **3.5 Data Collection Procedures**

In this study, two methods were used to collect all the required data, that is, a survey by means of literature review and a case study. A case study is a process or record of research into the development of a particular person, group, or situation over a period of time (Gerring, 2008). This was made possible through the use of an observatory approach which involves making observations from a given scenario. The benefits of using these two methods together at the same time are that the obtained findings will have a base upon which comparisons and contrasts are made using the empirical findings.

### **3.6 Limitations of the Study**

The main limitation that was observed during the study relates to the use of case studies which often suffer from limited generalizations (Merriam, 1998). This can significantly limit the reliability of information obtained from the use of case studies. As a result, care was taken by the researcher to ensure that the generalizations made from this study can be extended to a broader audience. This was done by incorporating theoretical and empirical guidelines into the examination

and analysis of the subject under consideration. It is through this way that comparisons can be made with other studies (Rowley, 2002).

## CHAPTER 4

### RESULTS AND DISCUSSION

#### 4.1 Stakeholder Management in the Content of PCPs In Northern Iraq

Foremost, it is imperative to make deductions based on the provided literature that stakeholder management is an important aspect of ensuring success and effective performance of PCPs anywhere around the world. This therefore entails that if PCPs in Northern Iraqi are to be successful and attain high levels of performance, then they need a good approach towards improving stakeholder management. This can be supported by the given literature which showed that stakeholders can either coercively, utilitarianly or normatively influence an organisation. This also incorporates the legitimacy of the relationship they have with the organization (Mitchell & Chang, 1997).

It can also be deduced from the case study that a number of PCPs in Northern Iraq comprise of stake watchers and stake keepers as the major stakeholders. In this case, community lobby groups, national and local unions serve to safeguards real stakeholders' interests and yet in actual fact they possess no stake in the project. As a result, they are considered to be PCPs' stake watchers.

Meanwhile, stake keepers involved in PCPs in Northern Iraq are independent regulators such as the government of Northern Iraq, regulatory agencies, authorities and certification organizations which have an influence but lack control of PCPs. A majority of projects in Northern Iraq are funded by Iraqi Build, the Baghdad Government and by the Northern Iraq Government. As a result, the vital stakeholders are Iraqi citizens, non-government organizations, international funding organisations, project managers and the Northern Iraq Government. All these stakeholders have a strong bearing on PCPs decision making outcomes. Hence, they should be considered and given due attention with respect to all PCP activities.

**Table 4.1:** List of public construction project undertaken in Northern Iraq from the year 2016-2018 (Iraq Build, n.d)

Public construction projects		Value (Iraq Dinar)		
		2016	2017	2018
<b>1</b>	<b>Roads</b>	<b>15 billion</b>	<b>30 billion</b>	<b>50 billion</b>
<b>2</b>	<b>Dams</b>	<b>20 billion</b>	<b>45 billion</b>	<b>65 billion</b>
<b>3</b>	<b>Airports</b>	<b>70 billion</b>	<b>80 billion</b>	<b>120 billion</b>
<b>4</b>	<b>Social amenities</b>	<b>6 billion</b>	<b>12 billion</b>	<b>18 billion</b>
<b>5</b>	<b>Other infrastructural development projects</b>	<b>70 billion</b>	<b>90 billion</b>	<b>150 billion</b>

Table 4.1 provides insights of some of the notable public construction projects that have taken place in Northern Iraq since 2016. It can be noted that airports (IQD120 billion in 2018) and dams IQD65 billion in 2018) are some of the key construction projects which the Northern Iraq Government has spending a lot of money towards developing. This shows that the amount of funds involved in the construction of these projects is a lot and affects a lot of stakeholders. Hence, the number of stakeholders involved in these projects is relatively high.

Meanwhile, the stakeholder situation in PCPs in Northern Iraq can be explained by using the stakeholder approach which offers good insights about how the environmental activities surrounding a PCP affects its performance. As such, it broadens focus to incorporate the interests of non-stake holding individuals rather than entirely basing on profit maximization. This is because the number of non-stakeholders in PCPs in Northern Iraq are increasing in numbers. Also, propositions made by the stakeholder model can be said to offer deep insights of PCPs in Northern Iraq. According to Schibi (2014), both individuals and groups legitimately participate in project activities so as to obtain benefits. This is relatively true as most individuals; organisations and the government of Northern Iraq are interested in public projects that offer them the best return possible. In addition, proposition can thus be made based on the stakeholder model that all stakeholders in Northern Iraq such as the public, future customers, employees, related institutions, governmental bodies, environmental and community groups. These stakeholders must be duly be considered at all cost and time when dealing with issues involving PCPs.

Just like any public construction project, PCPs in Northern Iraq should be centred on proper stakeholder management tools. This is because stakeholder management tools are crucial in supporting decision-making, to share knowledge, to reduce the level of subjectivity and to remain transparent for project-outsiders. This is in agreement with ideas given by which highlighted that they also facilitate understanding of stakeholders' expectations and finally monitors if the process is done effectively.

#### **4.2 Levels of Managing and Controlling Stakeholder Engagement**

Though stakeholder engagement can be approach using different perspectives, PCPs in Northern Iraq must adapt the best level of engaging stakeholders. Such levels must be selected based on the attributes of the stakeholders either by involvement and participation (Schibi, 2014). But PCPs in Northern Iraq are usually associated with PCPs that engaged stakeholders based on are more biased towards participation and little consideration is paid towards engaging stakeholders based on involvement. This can negatively affect the outcome and growth of PCPs.

A balance in stakeholder engagement is needed based on both involvement and participation. This often requires that the government offers accurate, consistent and objective information to all the stakeholders. This is important because this will help to ensure that stakeholder concerns and needs are attended to. This is in agreement with ideas given by Rajablu et al. (2014) which showed that there is need to collaborate and energize stakeholders so as to make project improvements, enhance the quality of decisions made and build strong relationships with stakeholders for decision making and process improvements. This will also include seeking win-win solutions or take each other's point of view into consideration.

It is important that PCPs managers have to examine the entire stakeholder engagement process so as to make sure that it is in a position to yield the required results. This requires a proper and effective evaluating process which must be done at all cost. Among such efforts is the need to attain better understanding of the issues at stake, properly manage risks, improve communication and build stronger relationships with the stakeholders.

### 4.3 CSFs for Managing Stakeholder Engagement

Considerations can be made that the success of PCPs relies on the quality, safety, costs and completion time of the PCP as well as stakeholder benefits and satisfaction. This is line with ideas given by most studies which contends that a successful engagement is determined by the level of supported given to and obtained from the project and its related activities (Bal et al., 2013; Rajablu et al., 2014).

Critical Success Factors (CSFs) in PCPs therefore becomes a list of factors used to deal with problems affecting the management of PCPs. Hence, the development and growth of PCPs in Northern Iraq can be said to have been a function of either PCP success or PCP failure. That is, it can be traced that the poor performance of PCPs in Northern Iraq is as a result of poor management. Such inabilities or ineffectiveness are evident in poor and low PCPs outcomes, a decline in the number of PCPs being carried out on an annual basis, and low participation and involvement of a numerous and key stakeholder in PCPs. Thus, if the Northern Iraq government is to attain better and high levels of PCP performance, then it needs to establish and manage good relationships between stakeholders and the project team, provide and monitor feedback at all the stakeholder engagement stages, establishing common PCPs objectives, treating stakeholders in a proper way and establishing project priorities.

**Table 4.2:** CSFs influencing the success of PCPs in Northern Iraq (Author, 2019)

CSFs	Mosul airport	Darbanikhan dam	Empire tower	Literature
1 Management support group	X	X	X	Yang et al., 2009b).
2 Information input group	X	X	X	Freeman et al. (2007)
3 Stakeholder assessment group	-	-	X	Yang et al., 2009).
4 Decision making group	-	X	X	Mampaey, & Huisman, 2017
5 Action and evaluation group	-	-	X	Takim, 2009
6 Continuous support group	X	-	X	El-Gohary, 2006

Table 4.2 depicts that management support group as a CSF is common in both the three projects. However, an elements of stakeholder assessment group is not prevalent in Karbala and Darbanikhan dam construction projects which are mainly supervised by the government as

opposed to the private managed Empire Tower construction project. The same applies to action and evaluation groups which cannot be noted to be lacking in both Karbala airport and Darbanikhan dam construction projects. However, both Karbala airport and Empire Tower construction project projects have continuous support groups because of the nature of investment funds involved.

#### 4.4 The Current Level of Stakeholder Involvement in Public Construction Projects

The study sought to determine the current level of stakeholder involvement in PCPs in Northern Iraq. Based on the observations made from the case study, it was noted and agreed that there are a lot of stakeholders involved in PCPs in Northern Iraq. Stakeholders involved in PCPs activities in Northern Iraq are project managers, non-government organizations, the Northern Iraq government, project managers, constituents, members of parliament committee.

**Table 4.3:** Stakeholder descriptions and their effects on PCPs in Northern Iraq (Author, 2019)

No.	Type of stakeholders	Stakeholder description	Mosul airport	Darbanikhan dam	Empire tower
1	Internal stakeholders	Suppliers	No	No	No
2		Project managers	Yes	Yes	Yes
3		Contractors	Yes	Yes	Yes
4		Design engineers	Yes	Yes	Yes
5		Project end users	No	No	No
6		Public clients	No	No	No
7		Consultants	Yes	Yes	Yes
8	External stakeholders	Workers union	No	No	No
9		Local residents and neighbors	No	No	No
10		Urban planning authorities	No	No	No
11		Ministry of housing	Yes	Yes	Yes
12		Municipal representatives	No	No	No
13		Public project authorities	Yes	Yes	Yes
14		Media	No	No	No
15		Engineers	No	No	No



Despite having a high number of stakeholders in PCPs in Northern Iraq, there is a relatively low level of participation that is existing in PCPs. Table 4.2 shows that there is a relatively low level of both internal and external stakeholder involvement in both PCPs. Thus, it can be concluded that the level of involvement in PCPs is very low. In some cases, only stakeholder participation is high but both stakeholder participation and involvement in PCPs are always low.

Possible suggestions can be that stakeholders are often at times not completely informed about PCPs. This is because failure to inform stakeholders about PCP activities can translate into lack of concern and appreciation of the stakeholders' roles in PCPs (Bal et al., 2013). Other reasons behind low PCP involvement pertain to inequalities involved in the distribution of income and resources. A significant amount of resources both financial and non-financial are being devoted towards a number of private construction projects which are presumed to offer huge benefits as opposed to PCPs. Ineffectiveness and lack of competencies are some of the key issues that undermine PCP success, growth and development in Northern Iraq.

#### **4.5 The Influence of Stakeholder Involvement on Public Construction Projects**

Meredith, Jack and Mantel (2000) indicated that stakeholder management affects a key number of PCP activities. However, the notable influence of stakeholder influence is project completion time (David & Roland, 2006). That is, the time taken to complete the PCP and poor or lack of stakeholder management and engagement can trigger delays in the completion of PCPs. This is the number one problem among a lot of PCPs in Northern Iraq as they are lying incomplete with some have gone for several years without being completed.

In addition, stakeholder involvement has a strong influence on the opportunities that can be obtained from the implementation and completion of the PCPs. It can be noted that a lot of opportunities have been lost as a result of lack of stakeholder involvement in PCPs in Northern Iraq. This is because a number of stakeholders ended up withdrawing away their support and funds from PCPs in Northern Iraq. This has an effect of resulting in a decline in economic growth and development through reduced expenditure, employment, revenue inflow, social contributions etc.

Projects that have a lot of stakeholder involvement are considered to attract more and future funding and support from stakeholders (Bal et al., 2013). This is because of the high level of trust stakeholders place on PCPs that involve and engage them at all levels and costs. This is another possible reason why PCPs in Northern Iraq have not been growing and hence there is need to foster stakeholder trust so as to positively influence continued future funding and support from stakeholders.

It can be noted that the stakeholder involvement has an influence on PCPs in terms of completion time and successful completion. Hence, by involving a lot of stakeholders at all levels, PCPs in Northern Iraq can witness a huge growth and success in the future.

#### **4.6 Measures to Promote Stakeholder Involvement in Public Construction Companies**

If PCPs are to grow and yield economic and social positive effects, then there is a greater need to develop measures that will foster high stakeholder involvement. It can thus be argued that stakeholder involvement is the key to the development and growth of PCPs in Northern Iraq.

Based on the suggested measures, it can thus be noted that the key strategy needed to promote a high level of stakeholder involvement is in four distinct ways namely;

- Using plain communication to pass down information to stakeholders about the PCPs and related activities. This approach is essential in dealing with ambiguities and issues that can hinder effective communication between stakeholder and project managers.
- Resolve disputes proactively: Any dispute that would have arisen between the stakeholder and project managers needs to be resolved proactively. This requires a win-win approach to be used in most cases so that no stakeholder feels that he or she has been deprived of his or her interests.
- Greater understanding and alignment of stakeholder expectations is always needed at all costs. This is because doing this will help to ensure that all the stakeholders benefit amicably. That is, it creates a platform upon which stakeholder value can be promoted and enhanced.

- Focus should also be placed towards identifying and prioritizing key stakeholders and this is because key stakeholders play a vital role towards the financing, decision making and supporting activities of the CPPs. Hence, by identifying and aligning them, the PCPs will enjoy a lot from stakeholder involvement through increased financing, improved decision making and support.

## **CHAPTER 5**

### **CONCLUSIONS**

#### **5.1 Conclusions & Recommendations**

The main emphasis of the study was to examine the role of stakeholder management on the performance of public construction projects. The study also sought to determine if stakeholder management is effectively being used to influence the performance of public construction projects in Northern Iraq. The study was motivated by observations made which showed that PCPs in Northern Iraq are exhibiting poor and low project outcomes. In addition, low PCPs outcomes were further noted to be imposing huge challenges which undermine economic growth and social and development.

Meanwhile, PCPs in Northern Iraq can be said to be having a high number of stakeholders and this imposes effects on the entire stakeholder management process. The major problem is that these stakeholders are numerous and diverse and having a lot of different stakeholders requires a totally different approach. Moreover, observations have shown that this high number of different stakeholders which include the likes of the Northern Iraq government, project managers, constituents, members of parliament committee, project management committee, constituency development fund committee, non-government organizations, government departmental heads and the public at large. The other problem relates to the management and engagement of these stakeholders and conclusions can be made that they are not being managed and engaged effectively. Furthermore, the problem of stakeholder engagement is imposing huge challenges which are undermining the success of PCPs in Northern Iraq. This is because a lot of stakeholders are being engaged based on participation and not on involvement and or both.

With regards to the success of PCPs in Northern Iraq, it has been deduced that the success and or failure of PCPs is a function of CSFs which must be availed and put in place by the Northern Iraq government. As such, the Northern Iraq government has not been capable of effectively managing PCPs and this has not only affected PCP outcomes but has result in a decline in the development and growth of PCPs in Northern Iraq. Such a deduced idea is evident in poor and low PCPs

outcomes, a decline in the number of PCPs being carried out on an annual basis, and low participation and involvement of a numerous and key stakeholder in PCPs.

The involvement of stakeholders in PCPs can be said to be having huge effects on PCPs and such effects can be noted to be in terms of the completion time and the successful completion of the PCPs. PCPs in Northern Iraq have not been growing because of lack of stakeholder involvement and this ended up affecting a key number of economic and social indicators. This is because stakeholders are often reluctant to further commit funds, resources and support to activities which lack their involvement. Hence, by involving a lot of stakeholders at all levels, PCPs in Northern Iraq can witness a huge growth and success in the future.

With regards to measures that can be used to foster improved stakeholder involvement, four distinct ways are needed to be developed and implemented in PCPs. Foremost, there is a need to plainly engage the stakeholders into communicate using plains means so as to deal with ambiguities and issues that can hinder effective communication between stakeholder and project managers. Secondly, disputes need to be resolve proactively using a win-win approach to be used in most cases so that no stakeholder feels that he or she has been deprived of his or her interests. Thirdly, greater understanding and alignment of stakeholder expectations is always needed at all costs so that all the stakeholders benefit amicably. Lastly, focus should also be placed towards identifying and prioritizing key stakeholders and this is because key stakeholders play a vital role towards the financing, decision making and supporting activities of the CPPs. Hence, by identifying and aligning them, the PCPs will enjoy a lot from stakeholder involvement through increased financing, improved decision making and support.

## **5.2 Recommendations**

Based on observations that have been made, the following conclusions can be made;

- Observations made have shown that there are discrepancies in stakeholder engagement in PCPs in Northern Iraq based on participation and not on involvement and or both. As a result, there is a greater need to strike a balance in stakeholder engagement is needed based on both involvement and participation,

- The government must provide objective, consistent, accurate and only the most necessary information to all PCPs stakeholders,
- There is also a need to identify PCPs gaps that need to be bridged using gap analysis so as to enhance the value of PCPs,
- Greater knowledge of the context in which PCPs are being carried is lacking amongst most PCPs in Northern Iraq. Hence, there is a need to foster training and development among project managers together with the related stakeholders,
- In order to promote a high level of stakeholder involvement, there is a greater need to use plain communication to pass down information, resolve disputes proactively, have greater understanding and alignment of stakeholder expectations and identify and priorities key stakeholders

### **5.3 Suggestions for Future Studies**

During the course of the study, it was observed that stakeholder involvement is causing notable improvements in private sector projects whereas improvements in PCPs from stakeholder involvement remained low. As a result, comparisons must be made to establish differences in the effective use of stakeholder involvement between the private and public sectors.

Suggestions can be made for future studies that there is need to include the use of primary data either collected through the use of an interview or questionnaire. This is important because it helps to provides details on the opinions of stakeholders and project managers about the effects of stakeholder management on the performance of PCPs.

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