

Original article

ASSESSING FACTORS INFLUENCING STAKEHOLDER ENGAGEMENT ON CONSTRUCTION PROJECTS

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Abstract: Public housing projects in South Africa often face challenges, leading to community frustration and protests. This study aims to investigate the issue of insufficient stakeholder engagement in construction projects within a KwaZulu-Natal municipality. Through a quantitative approach involving descriptive research and probability sampling, this research uncovers factors that hinder stakeholder involvement. By examining the relationship between key stakeholders and project flexibility, we aim to identify strategies that enhance commitment and success in construction initiatives. The results of the study revealed a lack of transparent communication between the municipality and the public about projects due to weak stakeholder participation and consultation in the early stages of the project. These results contribute to existing knowledge and lead to practical recommendations. The study recommends that municipalities should improve current communication practices as involving the community at an early stage is a strong determinant for the project's success.

Keywords: Construction project; Municipality; Stakeholder engagement; South Africa.

1. INTRODUCTION

The construction sector is an important driver of economic growth across the world (Luo et al., 2022). Anyone who can affect, or who will be affected by a project's success or failure is a stakeholder. Stakeholder engagement describes the interaction between an organisation and its stakeholders that addresses information gaps. This engagement improves the understanding between managers and stakeholders, and assists leaders resolve ethical dilemmas that they face (Mitchell et al., 2022). It is prudent to manage and deliver infrastructure projects as agreed with clients, and avoid cost overruns (Mambwe et al., 2020). All factors affecting performance should be recognised and comprehended to increase the probability of successful delivery of infrastructure projects. Stakeholder engagement creates construction

sustainability, which results in improved performance of construction projects (Bahadorestani et al., 2020).

The end result of a project depends on the interests of the stakeholders involved, either directly or indirectly (Ika & Pinto, 2022; Raouf & Al-Ghamdi, 2019). According to Section 26 of the South African Constitution (1996), all citizens have the right to basic needs and services including adequate housing. It is the governments' legal responsibility through local municipalities, to provide and maintain these services with emphasis on servicing previously disadvantaged communities.

This study aimed to explore factors responsible for poor stakeholder engagement at a municipality in KwaZulu-Natal, South Africa and recommend improvements that can be made during stakeholder engagement to

improve the chances of successful execution of construction projects. Poor stakeholder engagement has caused delays and costs running over budget, wasting scarce state resources, and leaving many community members without shelters.

The study's outcomes focus on improving our understanding of stakeholder engagement in public sector construction projects. This research will help construction teams and municipal workers better identify stakeholders and coordinate with them as a project progresses.

2. LITERATURE REVIEW

Factors contributing to the lack stakeholder engagement

A project stakeholder is anyone involved with the project. Though internal stakeholders are the easiest to identify, they still require convincing on the value of the project and to become dedicated towards its objectives. In contrast, external stakeholders are more difficult to identify and will include any persons to be affected with the resulting objectives during or on completion of the projects (Wideman, 2022: pp. 32).

Communication challenges often arise in projects due to a lack of knowledge transfer among stakeholders, contributing to poor stakeholder engagement (Jonas et al., 2018: pp. 409). This increase the risk of total project failure as 87% of municipal housing projects in South Africa are estimated to fail (Williams et al., 2019). This issue is exacerbated when lower-level stakeholders only interact with others at the same hierarchical level. Jonas et al. (2018: pp. 410) further stated that stakeholders that are already familiar with each other are more likely to engage. Since building trust is linked to clear communication in large organisations, a breakdown in trust could result in stagnant progress or ineffective teamwork.

Stakeholder attitudes toward a construction project can be seen as the stakeholder's perception to the project, and whether these are supportive or non-supportive. The perspective and actions of these parties matter greatly (Nguyen et al., 2021) as poor stakeholder

analysis contributes to a lack of stakeholder engagement during municipal projects (Eja & Ramegowda, 2020). Previous studies show that the lack of community involvement when a project is initiated continues to be the casual factor for community dissatisfaction (e.g., small size, poor standard and lack of space to extend the house). The likelihood of community demonstrations owing to community unhappiness is reduced when the public or the community is involved in the construction process (Manouchehri & Burns, 2021; Ryu et al., 2020: pp. 12). By considering all stakeholders' views a sense of cohesion and acceptance will generate trust for the project (Pascaris et al., 2021). Asante Boadi et al., (2019: pp. 3) postulated that trust is the extent to which stakeholders can tolerate to be vulnerable to each other's actions. This can be conceptualised as local communities having confidence and good expectations with all stakeholders.

Construction projects which lacked stakeholder engagement during the procurement process were more likely to have cost overruns due to delays (Dacha & Juma, 2018). Mambwe et al. (2020) added that ineffective stakeholder engagement added to inaccurate drawing and planning. Stakeholder disengagement can raise the likelihood of fatalities and injuries during a construction project, which in turn can cause delays and cost more money. (Zhang et al., 2021). These two types of stakeholders may lead to project conflict due to their competing expectations. Both internal and external stakeholders will impact the project's deliverables and exert influence on the project team to satisfy their individual objectives (Dağlı, 2018). People are resistant to change as they are always more comfortable with what is known than unknown (Wideman, 2022: pp. 33). The initial lack of understanding along with personal perceptions can cause serious difficulty in project buy-in, yet these issues can simply be overlooked by the project team during construction. Problems can arise when stakeholder communication is not clear and broadcast in a manner that it reaches and is understood by all effected parties.

“Communication, conversation, consultation, and partnership” are the four pillars of

effective stakeholder involvement that Stocker et al. (2020: pp. 2072) emphasised. Each approach shares a greater commitment from both sides to spend time and resources, while increasing exposure to risk while pursuing collaboration. According to Luo et al., (2022) project success should not only be measured on traditional criterion such as time, cost and quality but needs to include both the direct and indirect stakeholders' interests. A qualitative study by Najib et al., (2022:10418) indicated that poor stakeholder manager significantly raises the risk of project failure.

Węgrzyn and Wojewnik-Filipkowska (2022: pp. 1570) identified four types of stakeholders: "(a) mixed blessing, (b) accommodative/obliging, (c) non-supportive, and (d) marginal stakeholders". These categories have varying levels of threat and cooperation for the project. Supportive stakeholders should be kept involved to increase the levels of cooperativeness. It is better to take a defensive stance when dealing with category (c) stakeholders, whereas the most effective way to handle category (a) stakeholders is through collaboration.

According to Nguyen et al. (2021), effective stakeholder management strategy comprises of three elements: It's important to have well-defined goals for a project, be flexible in the face of change, and have open communication lines. Projects with clear objectives and project managers that have a clear understanding of project objectives perform better. According to Pobi and Adinyira (2021: pp. 23) the clear understanding of the project's scope is regarded a critical success factor for stakeholder management, this includes issues on cost, schedule, and budget. Stakeholders that are informed regarding the scope of the project tend to have improved commitment.

A project's adaptability correlates well with the involvement of important stakeholders (Nguyen et al., 2021: pp. 104). Flexible methods rely on regular interactions with stakeholders by updating them and on goal setting during the project. Agile methods can be seen to be orientated on relationships and leadership which differs from the traditional approaches which are process driven. Project managers need to be good communicators to manage the expectations of

all stakeholders. To achieve effective communication, continuous feedback and open communication channels with stakeholders is required. Shakeri et al. (2021) concluded that over 90% of a project manager's role is spent communicating and continuous engagement of stakeholders increases the likelihood of the project manager achieving a positive project outcome.

3. UNDERPINNING THEORY – STAKEHOLDER THEORY

The current study is influenced by the theoretical framework developed by Ebekoziem et al., (2023). This framework shows the importance of understanding the issues that frustrate stakeholders and highlights the benefits of engagement. The basis of stakeholder theory is that the survival of an organizations is determined by the successful management of stakeholder interests. Drawing from Freeman et al. (2021), this theory is a part of the broader field of stakeholder engagement, and its goal is to foster productive and mutually beneficial relationships with various groups of interested parties. Stakeholder theory advocates for the involvement of all stakeholders for the duration of the project to increase the chances of its successful delivery.

4. RESEARCH METHODOLOGY

This study utilised a closed ended questionnaire (five-point Likert scale with answers that ranged from Strongly Agree to Strongly Disagree) to collect data, and this research instrument was adapted from previous research on similar studies (de Oliveira & Rabechini, 2019; Langrafe et al., 2020). The questionnaire. The chosen quantitative approach is appropriate for exploring the relationships between various factors and stakeholder engagement levels as it reduces the mental load on the respondent and increases comparability of the data (Barbour, 2019). This study adopted positivism as its philosophical framework, improving its capacity for objectively assessing the challenges in question.

The target population was members of the community from the studied municipality in KwaZulu-Natal, who reside close to the public sector project being constructed. The study

utilised probability sampling as this is regarded to being more precise and rigorous (Wang & Cheng, 2020). The target population consists of 24 238 people (Stats SA, 2019). The study approached a total of 100 respondents from the community within the participating municipality from KwaZulu Natal and 83 respondents agreed to participate in the study. Voluntary consent of all participants was obtained each participant was briefed on the purpose the study.

A pilot study was done with the population size of 20 respondents to ensure that the data collection instrument provided data that underpins the theoretical structure would be sound. This research only focused on a municipality in KwaZulu-Natal, South Africa and the results may not be generalizable municipalities in other provinces. Secondly, it is evident that there may be limitations in language fluency based on the wide range of answers received.

The received Likert scale responses were received from were captured in Microsoft EXCEL and this software was used to calculate the means or averages that are reported as percentages in the results and discussion below.

5. RESULTS AND DISCUSSION

The discussion that follows below is based on responses to statements contained in the questionnaire.

Statement 1: Stakeholders affected by public sector construction are consulted during design and construction.

Most respondents (49%) agree with the statement that stakeholders affected by public sector construction are consulted during project design and construction, whilst 20% remain undecided and 31% disagreed with the statement. This finding is similar to what, Bahadorestani et al., (2020) highlighted regarding the consequences of poor stakeholder engagement when a project is beginning.

Statement 2: Project Manager ensure knowledge is transferred to all stakeholders.

Most respondents (64%) disagree with this second statement, whilst only at 10% remain neutral and 26% agreed with the statement. In the South African context, Phago (2020) noted that local governments face numerous challenges, including service delivery, financial sustainability, and critical stakeholder relationships. Local governments should engage with different stakeholders to improve their understanding and support decisions on projects that directly or indirectly affected the public.

Statement 3: The community feels a sense of ownership to the construction project.

Most respondents (63%) disagree statement three while 13% remain neutral and 24% agreed with the statement. The large percentage of the respondents who disagree is concerning because it highlights the disconnection between the community and the municipality. Drawing from Ansu-Mensah et al., (2021), stakeholder engagement establishes stakeholders' commitment, provides the opportunity to build relationships and ownership of project outcomes.

Statement 4: The community is engaged during the procurement process.

Most 72% disagree with the statement that the community is engaged during the procurement process, whilst 10% remain neutral and 18% agreed with the statement. According to Basheka (2021), public procurement is the attainment of products and services needed for either local governments to fulfil their functional purposes such as service delivery. The author further opines that public procurement cannot be narrowed to just a procurement department as it requires collaboration internally across departments and externally with key stakeholders.

Statement 5: Stakeholder engagement requires more consistent communication.

72% of respondents' agreed that stakeholder engagement requires more consistent communication, whilst 8% remain undecided and 20% disagreed with the statement. Drawing from Shaukat, et al., (2022) stakeholder engagement and management

involves considering the different interests, power and values stakeholders possess and addressing them during the project life cycle. When communication about the scope of the project is unclear and inconsistent, it creates distrust with those affected by it.

Statement 6: Construction projects that affect you can be seen to create value.

Half of the respondents agree with the statement that construction projects that affect you can be seen to create value, whilst 37% remain undecided, 13% of respondents disagree with the statement. Willumsen, et al., (2019) found that how value was created through project management was significantly influenced by stakeholders' perceptions of value. The perceived importance of something to a stakeholder, like potential project outcomes, affects the value they place on a particular project management practice.

Statement 7: Stakeholders are communicated effectively during the project.

50% of respondents disagree with the statement that stakeholders are communicated effectively during the project, whilst 25% remain neutral and 25% agreed with the statement. Safapour and Kermanshachi (2019) suggested that effective communication accelerates a project's success, while ineffective communication disrupts its flow, hinders progress, and endangers its ultimate outcome.

Statement 8: Stakeholder engagement is related to project success.

Half the respondents agree with the statement that stakeholder engagement is related to project success, whilst 38% remain neutral and 12% disagreed with the statement. According to Saad et al. (2022), effective stakeholder communication, coupled with early stakeholder identification and analysis, directly impacts project success.

6. CONCLUSION AND RECOMMENDATIONS

This study investigated the factors responsible for the lack of stakeholder engagement in the KwaZulu-Natal municipality during the

delivery of a construction project. The study suggested using stakeholder theory as a lens to support the advantages of delivering value to all stakeholders through engagement in municipal construction projects. The theory asserts that an organization's survival depends on effectively managing stakeholder interests. However, this study addressed the research objective by employing a quantitative research methodology using a closed-ended questionnaire. The study argued that the success of municipal construction projects is often, but not always, determined by acceptance of the outcomes. The municipal construction project's stakeholder engagement framework should embrace community philosophy, life values, and adopt Ubuntu as its ontological foundation. The absence of early stakeholder engagement is seen as disrespectful, with community actors undervalued in project design and planning. Based on the factors identified in this study as influencing stakeholder engagement, recommendations for responding to their influence are provided below:

1. Stakeholder Engagement: Establish a structured and proactive stakeholder engagement process by identifying key stakeholders and assessing their interests, concerns, and expectations. Regularly communicate with stakeholders, involve them in decision-making processes, and address their input and feedback to ensure that their needs are considered throughout the project.
2. Transparent Communication: Maintain open and transparent communication channels with stakeholders by providing timely and accurate information about the project's status, progress, and potential impacts. Clearly communicate project objectives, timelines, and any changes that may occur to manage expectations and build trust.
3. Consultation and Participation: Involving stakeholders in the project planning and decision-making processes is vital. This can be achieved by conducting public consultations, workshops, and engagement sessions to gather input and involve stakeholders in shaping the project. This can help identify potential issues and find

collaborative solutions, while fostering a sense of ownership and inclusiveness.

4. **Conflict Resolution:** Conflicts and disagreements are common in large projects. Thus, it is important to develop a robust conflict-resolution mechanism to address stakeholder conflicts promptly and effectively. Establish a mediation or arbitration process to resolve disputes and ensure fair and equitable outcomes for all parties.
5. **Stakeholder Collaboration:** Foster collaboration among stakeholders by creating opportunities to work together. Encourage partnerships and collaboration between government authorities, contractors, suppliers, non-profit organizations, and communities to leverage their expertise, resources, and networks. This guarantees shared responsibilities, innovative ideas, and success.
6. **Social responsibility and sustainability:** Prioritize social responsibility and sustainability in the project. Consider the social, economic, and environmental impacts of the project and ensure that it aligns with the broader developmental goals. Engage with stakeholders, particularly non-profit organizations and civil society groups, to incorporate sustainability practices and address community concerns related to social and environmental aspects.
7. **Continuous Monitoring and Evaluation:** Regularly monitor and evaluate the project progress against established goals, timelines, and stakeholder expectations. This will help identify any deviations or potential issues early, allowing timely corrective actions.

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