

Assessment of Practices and Challenges of Project Stakeholder Management: Evidence from Mission for Community Development Program (MCDP) Projects, Addis Ababa, Ethiopia.

Tsegaye Zekarias Gurmu
MA, Project Consultant at Addis Ababa, Ethiopia

Ammen Diakon Debebe
MA, Lecturer at Wolaita Sodo University

Dechasa Seifu Ashenafi
MSc, Lecturer at Wolaita Sodo University

P.O.BOX-138, Wolaita Sodo, Ethiopia

Abstract

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

Keywords: MCDP, Challenges and Practices, Project Stakeholder Management

1.1. BACKGROUND OF THE STUDY

Running a successful project/program in the Non-Governmental Organization setup requires a high degree of stakeholder management; stakeholders are the people and or institutions who affect and are affected by the outputs or inputs of a project. Stakeholders in NGO programs and projects will need to be managed through every phase of the program/project. Stakeholder management involves process and control that must be planned and guided by underlying principles (Neil, 2011).

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

1.2. STATEMENT OF THE PROBLEM

According to Beringer et al. (2013), stakeholder management is considered, from both a professional and an academic standpoint, to be extremely important for achieving success in projects. For these authors, the

stakeholders have a dual relationship with the performance of the project, because their actions can influence the project, but, on the other hand, the results of the project may affect their interests. Stakeholder management in a project must also involve an understanding of the behavior of the stakeholders during the life cycle of the project, with the aim of performing actions that meet their expectations (Beringer et al. 2013).

Projects have always required planning, management and control to deliver the desired outcome, from the building of the pyramids in ancient Egypt to the implementation of new information and communication technology (ICT) systems in the modern world, satisfying key stakeholder requirements has been central to achieving a successful outcome (Bourne, 2006).

Today, many different types of organizations have embraced the concept of projects as a mechanism for delivering change and to find a way of involving stakeholders in planning and designing of projects. The particular problem in the projects stakeholder management is that limited commitment from stake holders, incentive expectations from stakeholders especially from government sectors (wants payment from stakeholder meeting), turn over in government office stakeholder members and not equal understanding level in stakeholder members. Also, the ability of these projects to effectively address the increasing and complex stakeholder management challenge is limited due to limited idea on the nature and trade-offs of stakeholders.

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

1.3. RESEARCH OBJECTIVES:

The overall objective of the study is to assess the practices and challenges of stakeholder management case of Mission for Community Development Program (MCDP) projects. The specific objectives of this research are:

- ✓ To identify the types, responsibilities and interests of stakeholders
- ✓ To assess the stakeholder management practices in MCDP
- ✓ To examine the challenges of stakeholder management in MCDP

1.4. REVIEW OF RELATED LITERATURE:

1.4.1. Concepts of “STAKEHOLDER”

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

1.4.2. The Role of Stakeholders

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

Attention to stakeholders is also needed to assess and enhance political feasibility, especially when it comes to articulating and achieving the common well (Bryson et al., 2002; Campbell and Marshall, 2002). Finally, attention to stakeholders is important to satisfy those involved or affected that requirement for procedural justice; procedural rationality and legitimacy have been met (Eden and Ackermann, 1998; Suchman, 1995; Alexander, 2000).

1.4.3. Stakeholder Identification

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

1.5.4. Stakeholder Analysis

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

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

frequently used during the preparation phase of a project to assess the attitudes of the stakeholders regarding the potential changes.

1.6. Stakeholder Management Challenges

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

Tuchman's account in her book, *The Match of folly* identifies some challenges in stakeholder management when she wrote that, ignoring the interests of, and information held by, key stakeholders and 'Three outstanding attitudes: obliviousness to the growing disaffection of constituents, primacy of self-aggrandizement, and the illusion of invulnerable status are persistent aspects of folly'. Nutt (2002) analyzed 400 strategic decisions and revealed that half of the decisions 'failed' -that is they were not implemented, only partially implemented or otherwise produced poor results -in large part because decision makers failed to attend to interests and information held by key stakeholders. Additional problems and uncertainty caused by stakeholders that contribute to project failure include poor communication, inadequate resources assigned to the project, changes in the scope of work, unfavorable news about the project in the press, and negative community reactions to the project (Kalsern, 2002). A study carried out by Karlsen (1998) revealed that stakeholders create both problems and uncertainty regarding project execution. From the research, such problems and uncertainties are caused by decisions that were not taken unexpected changes in specifications the client was too focused on details the stakeholder did not understand his or her role in the project political guidelines that were unexpected changed, and the end user did not know his or her needs.

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

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

1.7. RESEARCH METHODOLOGY

The research is carried by self-administered questionnaires to collect the response. The research design was a descriptive type which describing a particular practices and challenges on a particular project at one point in time. It also includes a background of what the study is about; this study is mainly a survey one that combined secondary data sources with primary data was collected from the field using structured and semi-structured questionnaire as well as focus group discussion and key resource persons discussion. The study was conducted on the employees and management body of the organization. According to the information gathered from the Administration and Finance head department of MCDP, there are 30 employees who are responsible to planning, implementing, coordinating, managing and supporting the overall projects implementation of the organization.

1.8. DATA ANALYSIS AND DISCUSSION

In conducting the study, 30 questionnaires were distributed out of which 30 were returned and answered. Therefore, the response rate was 100%.

1.8.1: Types of Stakeholders of the sector

Table 1: Range of Stakeholders of the sector

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

Source: computed from own survey data, 2017

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

Table 2 below shows that who becomes a stakeholder: who has a stakeholder or interest in a given project or activity as well as who has a responsibility towards the project activity and what is the level of relevance of the stakes?

Table 2: Stakeholders Interest, Responsibility and Level of Relevance

	Stakeholders	Stakeholders Interests	Responsibilities or Contribution	Level of relevance of the responsibilities
1	<i>Donors/project sponsors</i>	Enhance development in all aspects Efficient use of Funds Achieve project Goals	Funding of projects Technical service Monitoring and Evaluation	Very critical 30(100%)
2	<i>Traditional authorities</i>	Secure livelihood of their Community Development	Mobilize the local Community Mentoring the local Community	Very critical 30(100%)

3	Public authorities	Empowerment of their people Insure development, Secure livelihood of their people	Policy and info support Insure legality of the Projects	Very critical 30(100%)
4	Beneficiaries(Clients end users)	Achieve Project Deliverables	Taking ownership Implementation of the project plan	Very critical 30(100%)
5	Project community	Insure Development Support the project ideas	Implementation of the project plan	Very Critical 30(100%)
6	Project team	Flourish the image of their Organization Insure Development	Planning of the project Activities Implementation Execution and facilitation of different issues	Very Critical 25(83.33%) Critical 5(13.37%)
		Achieve project Goals		
7	Sister/line Projects	Experience Sharing Women Empowerment Development	Provide information Support in monitoring and evaluation process	Very Critical 23(76.67%) Critical 6(20%) Not Critical 1(3.33%)
8	Contractors/consultants	Development Achieve project Objectives	Expertise supports (technical, evaluation services, etc.)	Very critical 21(70%) Critical 7(23.33%) Not critical 2(6.67%)
9	Financial institutions	Maximize profit	Financial services Technical services	Very critical 15(50%) Critical 5(16.67%) Not critical 10(33.33%)
10	Media	Public education Profit Accountability	Publicity Public education Provide Information	Very critical 24(80%) Critical 2(6.67%) Not critical 4(13.33%)
11	Insurance Companies	Profit	Insurance Technical services	Very Critical 25(83.33%) Critical 3(10%) Not critical 2(6.67%)

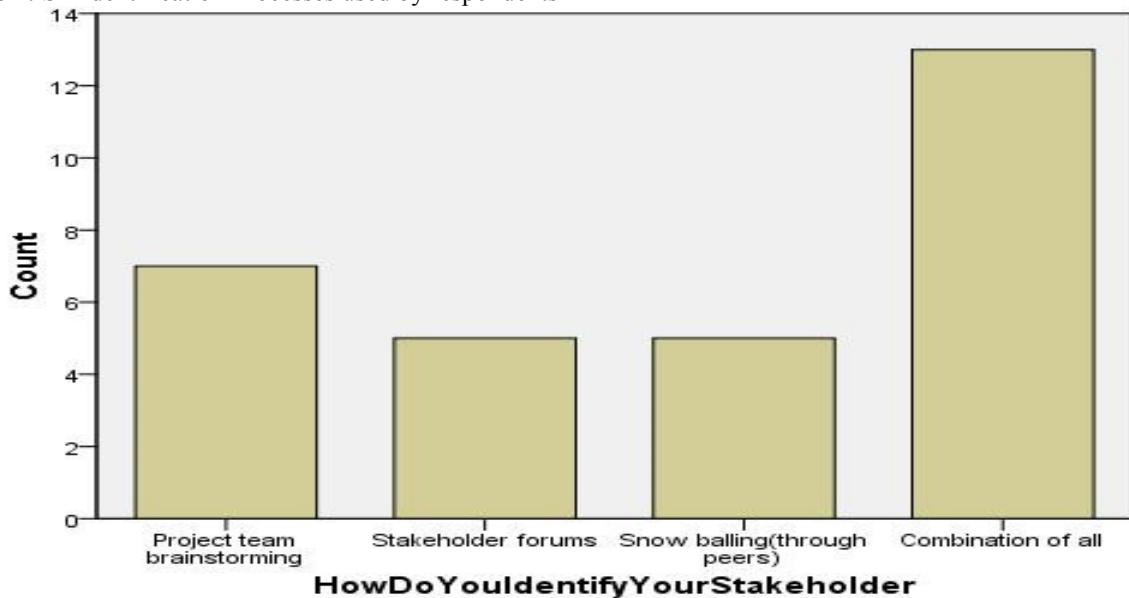
Source: computed from own survey data, 2017

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

of resources at the clearance of the projects and its effectiveness can be connected through effective stakeholder management.

As shown in the last column, the level of relevance of their contributions comes in levels ranging from very critical to not critical. It can be seen here that the level of relevance of most of the groups and institutions to the sector varied from project to project. There reason behind this fact may not be that relevant to project or an indication that there is no universality of relevance of some stakeholders to all projects. Some stakeholders like Donors, Beneficiaries, Public Authorities, Traditional Authorities and Project Community were generally seen to be very critical stakeholders by respondents. On the other hand, stakeholders like Media, Contractors/Consulates and Sister/Line organization were not seen as very critical stakeholders by many respondents.

Figure 1: SH identification Processes used by respondents



Source: computed from own survey data, 2017

Figure 1 above presents the stakeholder identification process. The options are: a) Project team brainstorming (to identify some core relevant duty bearers as they are alternatively called, usually at the project team level), b) Stakeholder Forums (the project problem and objectives are discussed, roles identified, resources are assessed and more duty bearers are identified and tentative action plans made), c) Snowballing/through peers (used to reach out to more stakeholders; in some cases, checklists are developed and used in identifying Stakeholders) and the last option is Combination of all (using all options above).

Figure 1 depicts that, 23.33% of the respondent use project team brainstorming, 16.67% of the respondents use stakeholder forums and 16.67% Of the respondents use snowballing. The rest 43.33% of the respondents use combination of all mentioned above.

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

1.8.2: STAKEHOLDERS MANAGEMENT PRACTICES

Institutionalization of Stakeholder Management

Table 3: Institutionalization of SHM, Who Takes Charge of SHM and Need for SHM unit

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

Source: computed from own survey data, 2017

Table 3 above proven clearly that there is no distinct functional unit in the organization to manage relationships and communications. At the same time, the level of Stakeholder institutionalization in the MCDP organization is zero (0%), even though there is general awareness and appreciation for the Stakeholder management function in the MCDP projects. Without even a desk put in charge of the critical role of Managing Stakeholders thereby leaving that function to either the all team members (50%), Project Managers (30%), Program mangers (13.33%) or CEO (6.67%) as shown in table 4.7.2 above, but this is against best practice requirements because, according to Peter (2007), whilst traditional Project managers focus on tools and templates that allow us to complete the creation of the products or services being delivered, the discipline of Stakeholder management focuses on human dynamics; managing relationships and communications.

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

1.9.3: STAKEHOLDER MANAGEMENT CHALLENGES

It is usual that managing the activity of stakeholders is indeed faced with several challenges as presented in table 4 below.

Table 4: Stakeholder Management Challenges

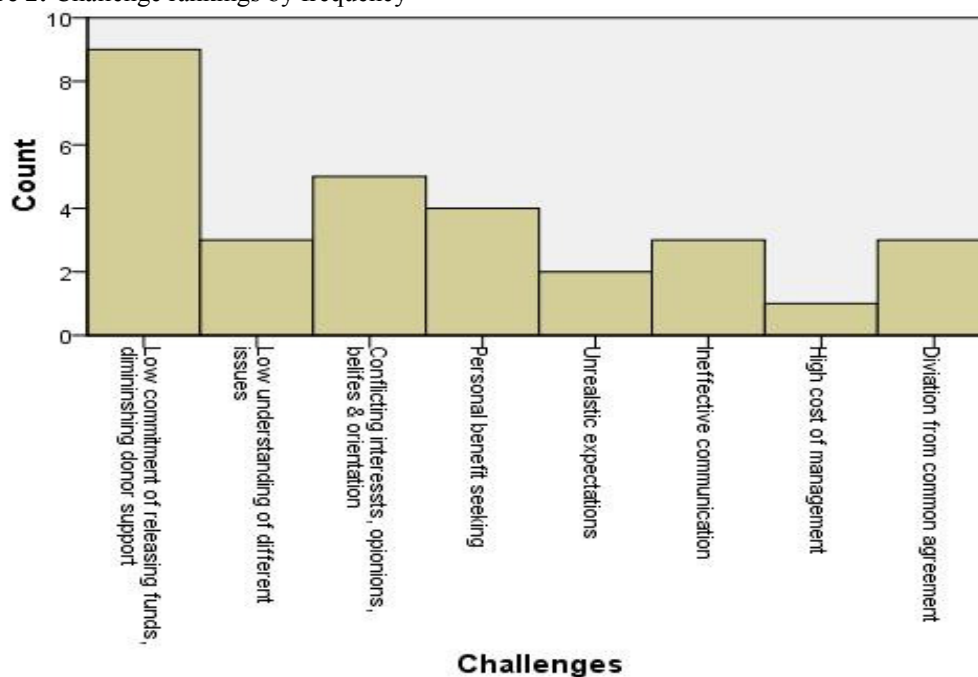
Challenges	Frequency	Challenge Source	Extent of effect (Frequency)		
			Mild	Moderate	Severe
1 Low commitment	9	Donors, Authorities, Beneficiaries, Public	1	6	2
2 Low understanding of different issues	3	Traditional Authorities, Public Authorities	1	2	
3 Conflicting interests, opinions, beliefs and orientation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

Source: computed from own survey data, 2017

Table 5 in the next page shows most popular and common challenges that in ascending order from top to bottom using frequency values for of the challenges.

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

Figure 2: Challenge rankings by frequency



Rankings of the Identified Challenges

Table 5: Challenge rankings by frequency

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

Source: computed from own survey data, 2017

1.10. CONCLUSION

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

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

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

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

1.11: RECOMMENDATIONS

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

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

expectations)

1.12 REFERENCES

- Alexander, E. (2000). 'Rationality Revisited: Planning Paradigms in a Post-modernist Perspective'. *Journal of Planning, Education and Research*, 19 pp24-2-56.
- Bryson, J. (1995) *Strategic Planning for Public and Nonprofit Organizations* (rev.edn), San Francisco, CA: Jossey-Bass.
- Bryson, J., Cunningham, G. and Lokkesmoe, K. (2002) 'what to Do When stakeholders Matter: The Case of Problem Formulation for the African American Men Project of Hennepin County Minnesota'. *Public Administration Review*, 62:5 pp568 -84.
- Campbell, H. and Marshall, R. (2002) 'Utilitarianism's Bad Breath? A Re-evaluation of the Public Interest Justification for Planning'. *Planning Theory*, 1:2 pp163-87.
- Eden, C. and Ackermann, F. (1998) *Making Strategy: The Journey of Strategic Management*, London: Sage Publications.
- Freeman, R. E. (1984) *Strategic Management: A Stakeholder Approach*, Boston, MA: Pinnan.
- IFC, (2007) *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets* (www.ifc.org)
- Kastner, R. (2010). Why Projects Succeed: Stakeholder Management Challenges Justification for Planning'. *Planning Theory*, 1:2 pp163 87.
- Moore, M. (1995) *Creating Public Value*, Cambridge, MA: Harvard University Press
- Neil, Walker A. (2011) *Managing Stakeholder Expectations*
- Nutt, P. and Backoff, R. (2002) *Strategic Management of Public and Third Sector Organizations: A Handbook for Leaders* San Francisco, CA: Jossey-Bas
- Peter, G. (2008). *Project Stakeholders*. (www.projectstakeholders.com) [Accessed: 10th September, 2011].
- Suchman, M. (1995). 'Managing Legitimacy: Strategic and Institutional Approaches'. *Academy of Management Review*, 20:3 pp571 -610.
- Turner, J. R., Kristoffer, V., and Thurloway, Eds. (2002). *The Project Manager as Change Agent*. London, McGraw-Hill Publishing Co.