The Role of Stakeholder Engagement in Project Procurement in the Kenyan Public Sector
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Abstract: The public sectors play an active role through its involvement in the execution and delivery of public projects in order to improve the quality of life of the citizens. The kind of procurement method used in securing a project is vital to the success of a given project. The stakeholder’s input should be taken in accordance with their particular concern on different project definition elements, so that their involvement reflects the degree of their importance and relevance to the project. This review sought to establish the role of stakeholder engagement in project procurement in the Kenyan public sector. The study found that stakeholders are vital to the ethical decision making in project procurement and ultimately the successful completion of a project because their unwillingness to continuously support the vision or objectives of the project leads many projects to fail. Therefore, there is a need to engage the stakeholder in the project as early as possible to determine the need and capture stakeholder inputs in such projects.

Keywords: Stakeholder engagement, project procurement, public sector projects, project governance.

INTRODUCTION

The public sectors play an active role through its involvement in the execution and delivery of public projects in order to improve the quality of life of the citizens.

However, there are many concerns about the difficulties in managing public sector projects due to conflict of interest that often takes center stage. Those involved in public procurement engage in decision making affecting the lives and well-being of many stakeholders in society. Purchasing and sourcing in a public context is increasingly regulated because of general concerns with the spending from the public coffers [1]. The public sector has undergone reform and much concern on performance improvement for the past two decades [2]. It has also been under pressure to satisfy stakeholders by demonstrating accountability and transparency while effectively implementing policy and adapting to change [3]. Whether it is strategy or policies that must be implemented, the vehicles for delivery generally take the form of projects and programs, and effective project management is promoted as improving the ability to achieve outcomes while providing traceability, transparency, and accountability. Developing and maintaining governance and delivery capability through projects and programs requires investment, and those responsible for project management implementation in organizations are regularly called upon to justify this investment leading to significant interest in providing evidence of the value organizations recognize when project management is appropriately implemented [4]. The government context is characterized by uncertainty, ambiguity, and stakeholder management issues that are multifaceted and complex [5]. This is also subject to political pressures, and issues of public scrutiny and accountability that provide points of differentiation from the private sector and place specific emphasis upon governance.

Project governance is a link between principles of corporate governance and project management. Project governance aims to ensure a consistent and predictable delivery of projects within the limitations set by corporate governance or the agreed-upon subsets of corporate governance in contracts with external partners [6]. It comprises the value system, responsibilities, processes, and policies that allow projects to achieve organizational objectives and foster implementation that is in the best interest of all the stakeholders, internal and external, and the corporation itself [7]. Ethical decision-making is increasingly becoming imperative as individuals in modern organizations encounter a plethora of ethical challenges that require them to engage in decision-making processes [8]. According to Carlson, Kacmar, and Wadsworth [9], ethical decision-making is the process by which individuals use their moral base to determine whether an issue is right or wrong. Many of the well-
known scandals have been traced back to ethical issues and questionable decision making by managers, enabled by lack of transparency emanating from the corporate governance structure [6]. Corporate governance encompasses all work done in an organization, and thus governs the work in traditional line organizations, plus the work done in temporary organizations, such as projects. Corporate governance, therefore, interfaces and overlaps with project management governance [10]. Project governance is a major influence for ethical decision making at the project level. The ways in which projects are governed by their related governance institutions (for instance, steering committees, program and portfolio managers, project management offices) have an impact on ethical decision making in projects. Decisions on ethical issues should therefore be understood within the context of project governance [7].

According to the Project Management Institute (PMI) Standards Committee [11] project stakeholders are individuals and organizations who are actively involved in the project or whose interests may be affected by the execution of the project or by successful project completion. Kivits [12] warns that stakeholder management should not be confused with stakeholder engagement. Management involves a business gesture for the benefit of the stakeholders without their inputs. Engagement on the other hand concerns how the firm relates with the stakeholders. Stakeholders may be categorized as primary or secondary: primary stakeholder, are the beneficiary of development, intervention or those directly affected by it whereas secondary stakeholders, are those who influence a development intervention or are indirectly affected by it [13]. By definition, a stakeholder has a stake in the project by virtue of interest in the outcome, legal or moral right, ownership or contribution in the form of knowledge support or advocacy [14]. The stakeholder’s input should thus be taken in accordance with their particular concern on different project definition elements, so that their involvement reflects the degree of their importance and relevance to the project.

According to Rashid et al., [15], project procurement has been described as an organized method or process and procedure for clients to obtain or acquire goods or services. The kind of procurement method used in securing a project is vital to the success of a given project. In considering the procurement method to adopt, the organization ought to have a clear understanding of project objectives and constraints, define the roles of the various contracting parties and consider the fair allocation of risks and obligations between the contracting parties. Procurement of public projects often constitutes the largest domestic market in developing countries. Depending on how it is managed, the public project procurement system can thus contribute to the economic development of these countries [16]. Indeed, public project procurement is the principal means through which governments meet developmental needs such as the provision of physical infrastructure and the supply of essential medicines [17]. It is also important to note that, in the past the quality of service delivery in Public entities was wanting. According to the World Bank Group’s [18] country assessment report, the quality of service in the Kenya Public Sector was very low due to inadequate accountability and responsibility, as well as poor governance. Poor management of the public assets in projects led to an almost total collapse of infrastructure, decline in productivity and an increase in poverty.

Public sector projects are undertaken as a means of implementing national policies and development plans. They are identified as part of national planning processes based on government’s broad political philosophies, agenda and development objectives [19]. In Kenya, long-term objectives are currently specified within the Vision 2030 framework, with rolling five-year medium term plans which identify the key policy actions and reforms as well as programmes and projects that the government intends to implement over the specified period [20]. This therefore calls for ensuring that public sector projects, like other projects in the private sector, are implemented and completed within the specified time frames if the goals identified in the national plans are to be achieved. Although the basic project management principles and processes are the same, public sector project managers face a number of challenges. There are environmental constraints that the projects must operate within, which include bureaucracy, budget rigidity, and stakeholder diversity. Bureaucracy, which is a tendency of government agencies [21], can produce some dysfunctional effects including inflexibility, red tape, indifference, insensitivity and blockage of information flow [22].

Government of Kenya has put in place provisions to ensure the realization of her long term objective of improving the quality of life of its citizens. Substantial resources have been committed towards improving service delivery in areas such as infrastructure development and maintenance, rural development, human development and governance, among others. In particular, it is noted that households do not only need income but also require adequate community infrastructure such as schools, health facilities, clean water, roads, energy, security, law and order. The implementation of these interventions would be incomplete without proper procurement and timely service delivery. It is against this background that the study sought to establish the influence of project governance on ethical decision making in project procurement in the Kenyan public sector.

**Statement of the Problem**

Project governance is difficult enough without context challenges. Project managers constantly encounter the classic trade-offs of time versus cost or of
time and cost, versus quality. They often must make decisions to act to prevent likely risks, or to ignore them. The difficulty increases with poor project planning, poor status tracking or change control, slow reporting of open issues, or failure to make essential decisions quickly. The tasks of keeping projects on track, within schedule, and strict adherence to budget to satisfy customers are increasing, despite technological breakthroughs [23]. For any country the project management has been a vital part for its development. The highly competitive business world has created tremendous pressure on the project managers to achieve success. The pressure is derived from survival and profit building in business organizations which compels the project managers to pursue unethical practices. As a result unethical activities in business projects can be found easily where situations or issues arise due to dubious business practice, high corruption, or absolute violation of the law.

Project professionals, particularly project managers, in various organizations understand the enormous challenges of ensuring that projects satisfy the customers. As a result, they are constantly under pressure from individuals within and outside of the projects to ensure that the projects are on target, within cost, and on time. With these challenges comes an increased risk of project failure occasioned by unethical decision making [24]. It is necessary that professionals in various project organizations understand and seek effective ways of enhancing quality project deliverables through increased effectiveness in project governance and ethical decision making in project procurement. Managing public sector projects in Kenya is a unique task. This is because of the governance issues that arise during the project procurement process which may ultimately impact on the quality, cost and time of the project itself. Therefore, it is critical to govern the project procurement processes, especially plan procurement, to ensure the accountability and transparency of the decision making process and ensure that potential ethical issues are avoided.

Currently in Kenya, there are weak oversights institutions, lack of transparency, poor linkages between procurements and expenditures, delays and inefficiencies, poor records management, bureaucracy, rampant corruption and political interests [25]. Bureaucracy has been identified as the leading factor contributing to time and cost overruns in projects in Kenya [26], limiting the latitude of public sector employees in making timely and relevant decisions on projects, which require much greater flexibility for the achievement of results. Previous research on project governance and project procurement is scanty and the extant literature was carried out in the context of developed countries. This study sought to fill the research gap by seeking to establish the influence of stakeholder management on project procurement in the Kenyan public sector.

Purpose of the Study

LITERATURE REVIEW

Theoretical Review

The Theory of Constraints (TOC) is an overall philosophy developed by Goldratt [27] usually applied to running and improving an organization. It is a methodology for identifying the most important limiting factor that stands in the way of achieving a goal and then systematically improving that constraint until it is no longer the limiting factor [28]. Simply put, TOC means identifying constraints and managing them, resulting in: on-Time In-Full (OTIF) delivery to customers, elimination of stock-outs across the supply chain, better control over operations and far less firefighting, reduced cycle times and therefore inventories, rapid response culture and fewer chronic conflicts between team members and exposing additional production capacity without any investment [29].

In order to achieve the goal, Goldratt [27] outlines a five-step process to applying the theory: identify the process’ constraints, decide how best to exploit the process constraints, subordinate everything else to the above decisions, evaluate the process constraint and remove the constraint and re-evaluate the process. The part of a system that constitutes its weakest link can be either physical or a policy. Goldratt [27] instructs the change agent to obtain as much capability as possible from a constraining component, without undergoing expensive changes or upgrades. The non-constraint components of the system must be adjusted to a “setting” that will enable the constraint to operate at maximum effectiveness. “Elevating” the constraint refers to taking whatever action is necessary to eliminate the constraint. This step is only considered if steps two and three have not been successful. Major changes to the existing system are considered at this step [28].

Project management is a mature area that has systemic problems similar to many found in manufacturing processes, and the theory of constraints works well when dealing with individual projects. The theory of constraints allows the project managers to focus on the constraints in the project [29]. It is a way to galvanize efforts and energies and to focus attention on a single aspect of the project with the intention of correcting a clear problem to arrive at a clear solution. In the context of this study, to solve the unethical decision making in project procurement, a project manager may look at stakeholder engagement and decide whether it is a limiting factor. This factor if strengthened or corrected will enhance ethical decision making in the project’s procurement.

Empirical Review

Bashir [30] sought to establish the relationship between stakeholder involvements, project Ethical Climate, Commitment to the Project and Performance
of Poverty Eradication Projects in Uganda. The results from the study revealed that there is a positive and significant relationship between stakeholder involvement and performance of poverty eradication projects, stakeholder involvement and commitment to the project, stakeholder involvement and project ethical climate, project ethical climate and performance of poverty eradication projects, project ethical climate and commitment to the project and between commitment to the project and performance of poverty eradication projects. In addition, stakeholder involvement was found to be a better predictor of performance of poverty eradication projects than project ethical climate and commitment to the project. A similar study by Temba [31] aimed at assessing the degree to which stakeholder participation in a project influences its sustainability. The main objective of the study was to assess the role of stakeholders’ participation in promoting sustainability of donor funded project. The study found that in order for stakeholders’ participation to be effective in promoting sustainability of donor funded projects it should be initiated from the beginning of the project. The study also found that the major role of stakeholders’ participation in donor funded projects was mainly in the form of Resource mobilization, Collaboration and partnership, Material contribution, and citizen control.

Shah and Naqvi [32] carried out a pragmatic study of 87 well reputed software houses of Lahore, were managing projects in portfolios investigated the effect of engagement of internal stakeholder’s engagement on project portfolio management success. They found that external stakeholder’s engagement had significant effect on the project portfolio management success. External stakeholder’s engagement had noteworthy effect with or without moderation of role clarity on the project portfolio triumph. A Nigerian study by Ekung, Okonkwo and Odesola [33] investigated factors influencing construction stakeholders’ engagement outcome. 32 factors generated individually and collectively from literature, interview and practice were ranked and analyzed using descriptive and inferential statistics. Gap between regulatory requirements and public expectations, location of projects, effect of cumulative development effects, poverty, and lack of information disclosure are some of the high ranking factors influencing engagement performance. A study by Einur [34] evaluated the impact of early stakeholder engagement and how it influences the innovation process in construction projects. Specifically, the study evaluated the potential of innovation through various procurement methods will be discussed. The relationship to early stakeholder engagement was also examined. The findings suggested that promoting early stakeholder engagement, regardless of the procurement system, is vital to avoid rework and unnecessary cost, enhance quality, overcome disputes throughout the construction process and overcome the problem of low productivity. Furthermore, long term procurement relationships, especially in collaborative procurement, need early stakeholder engagement as an effective way of developing trust among stakeholders, thus facilitating innovation.

Research Gap

The researcher came across a host of studies focusing on stakeholder engagement which unanimously agree that stakeholder engagement if well executed leads to good project success. However the researcher did not come across any study that has specifically looked at the role of stakeholder engagement in the area of procurement. Majority of available studies focus on project success and few have focused on the procurement process.

METHODOLOGY

Research Design

A descriptive cross-sectional survey design is best suited for this study. A cross-sectional survey collects data to make inferences about a population of interest (universe) at one point in time. Hall [35] describes cross-sectional surveys as snapshots of the populations about which they gather data. A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. In a descriptive survey research objectives are predetermined which allows data collection to be relevant and sufficient to the study problem. This research design was used successfully by Kinoti [36], Ochelle [37] and Nzamu [38].

Population

Population refers to an entire group of individuals, events or objects having common characteristics that can be observed and measured [39]. According to Sekaran and Boungie [40], population refers to the entire group of people, events or things of interest on which the researcher wishes to investigate. An ideal population for this study comprises of project managers and internal and external stakeholders.

Research Instrument

This study involves primary data. Primary research data collection describes when a researcher conducts his/her own research and controls the data [41]. One advantage of primary data is that it is gathered first hand, following careful operationalization of variables and using carefully chosen procedures. Unlike secondary research where the researcher may spend for information that is not needed, primary data collections’ focus on issues specific to the researcher improves the chances that research funds will be spent efficiently [42]. In this research, the researcher opts a questionnaire to collect data. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents [43]. The researcher opts for the questionnaire because the responses are gathered

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in a standardized way so questionnaires are more objective compared to other tools of data collection. It is also relatively quick to collect information using a questionnaire. Additionally, potential information can be collected from a large portion of a group.

Data Analysis
Descriptive methods and regression analysis are best suited to analyze data collected in this study. Descriptive methods such as frequency distribution and percentages are used to analyze quantitative data. The qualitative data are analyzed using thematic analysis. Regression analysis is used to use to help indicate if governance has a significant relationship with ethical decision-making in project procurement and to indicate the relative strength of different independent variables on the dependent. Regression was also used by Park and Blenkinsopp [44], Angokho et al., [45] and Asare and Prempeh [46]. The above tests are conducted using SPSS version 22 for windows. SPSS (Statistical Package for the Social Scientists) is a data management and statistical analysis tool which has a very versatile data processing capability.

CONCLUSION
The study concludes that stakeholders are vital to the ethical decision making in project procurement and ultimately the successful completion of a project because their unwillingness to continuously support the vision or objectives of the project leads many projects to fail. Neglecting to engage key stakeholders early on is one of the common points of failure in projects. Therefore, there is a need to engage the stakeholder in the project as early as possible to determine the need and capture stakeholder inputs in such projects. Effective stakeholder’s engagement benefits the project by eliminating conflicts and increase cooperation between the firm and the stakeholders.

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