

# **ROLE OF STAKEHOLDER MANAGEMENT ON THE PERFORMANCE OF PROJECTS FUNDED BY CONSTITUENCY DEVELOPMENT FUND IN KENYA**

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## **Abstract**

*Since the enactment of Constituency Development Fund Act in the year 2003 there have been several cases of wastage of the CDF money through malpractices in the tendering process which have been leading to stalled, abandoned and quality issues being raised for the on-going and completed projects. Several studies have been done in relation to use CDF in different constituencies in Kenya for which procurement in the constituencies has been put on the spot. However, no specific study has been specifically geared towards the role stakeholder management plays in determining the success or failure of projects funded by Constituency Development. This backdrop formed the research question “what is the role of stakeholder management on the performance of projects funded by Constituency Development Fund? The study adopted cross-sectional research design where the target population was all the projects funded by CDF in Machakos County constituencies. The study used stratified random sampling and the sample size was 450 projects. Questionnaires were used for collection of primary data. Qualitative and quantitative data was coded and entered in Statistical Package for Social*

*Sciences (SPSS) for analysis. Descriptive statistics were generated. To test the relationship between stakeholder management and performance of projects funded by CDF, correlation analysis was undertaken where there was a positive correlation. To test the significance of the model and test of hypothesis, logistic regression was used where the results showed that those projects where stakeholder management had been done were five times more likely to succeed than those where stakeholder management hadn't been done. The study recommended for establishment of a framework that cuts across to ensure stakeholder management is done for all the projects funded by Constituency Development Fund nationally.*

*Keywords: Stakeholder management, Constituency Development Fund, performance of projects, Kenya*

## **INTRODUCTION**

Walker and Rowlinson (2008) suggest that, the project procurement choice can be guided by the project typology and the degree of collaboration and integration between the supply chain parties and their relationships. The current process of procurement selection tends to be carried out in a rather unstructured manner, and this may give rise to the adoption of procurement system which could be beyond the deliberate choice (Luu & Chen, 2003). The result of employing an imprudently selected procurement method could be an impediment to the realization of certain anticipated benefits associated, and might eventually lead to project failure (Ambrose & Tucker, 1999). Inappropriate procurement strategies may lead to cost and time overruns claims and disputes on projects. Conversely, appropriate procurement strategies are needed to help achieve optimal solutions in terms of cost, time and quality. They can also contribute positively to other aspects of performance, such as meeting agreed targets (Jagger, 1995).

Public procurement is increasingly recognized as a profession that plays a key role in the successful management of public resources, and a number of countries have become increasingly aware of the significance of procurement as an area vulnerable to mismanagement and corruption and have thus made an effort to integrate procurement into a more strategic view of government efforts. As part of the efforts to adopt a long-term and strategic view of their procurement needs and management, most countries have resorted to using their annual procurement plans as a possible problem solver (Mahmood, 2010).

According to the Organization for Economic Co-operation and Development (OECD, 2007) benchmarks, public procurement accounts for about 16% of most countries GDP in

ordinary times. Further, Woolcock (2008) shows that among African countries such as Uganda and Tanzania, procurement accounts for about 10% of GDP and sometimes even up to 70% of total government expenditure. Moreover, apart from wealth generation, public procurement can be utilized in other activities such as environmental conservation and cultural cohesion. Overall, public procurement is important today than at any other time before. This is attributable to factors such as, market liberalization, globalization and technology which have played key roles in opening up local public procurement to the global business periphery.

Chandra (2010) defines a project as an investment activity that involves a current or future outlay of funds in the expectation of a stream of benefits extending far into the future. A public project is one where such an investment involves the use of public financial resources by a government body mandated to carry out certain specific missions to achieve specific objectives for the benefit of the greater public majority. As Brown and Hyer (2010) assert, a project is a temporary endeavor intended to solve a problem, utilize an opportunity, or respond to a mandate. All types of organizations engage in project activities: Families, Government agencies, small businesses and multinational corporations. Further they cite examples of public projects as, street lighting, street repair and public parking.

Although several developing countries have taken steps to reform their public procurement systems, the whole procurement system is still marred by corruption, secrecy, inefficiency, and unaccountability. In all these cases, huge amounts of public resources are wasted (Kamau & Odhiambo, 2003). In addition despite the existence of the devolved funds, internal inefficiencies in their management have made them not to achieve the desired results. For instance, Wanjiru (2008) documents that poverty levels have increased from 56% in 2002 to 60% in 2008, public service delivery has failed, inequalities in resource distribution prevails and funds meant for community use have been looted by corrupt civil servants and politicians. Of specific importance is the Community Development Fund that was meant to control imbalances in regional development and combat poverty at the grassroots (TISA, 2009).

In reference to CDF status report (2009), tendering and procurement procedures have become conduits through which some suppliers, contractors, Members of Parliament and their political allies fleece hundreds of millions of shillings from the constituency kitties through procurement processes. Common malpractices range from establishing ghost and briefcase companies which are awarded procurement tenders un-procedurally and use the opportunity to inflate prices of goods and services.

Further Citizen's Constituency Development Fund Report Card for Machakos county constituencies (2012), taxpayers' money had been wasted due to badly built complete and incomplete projects. These statistics are asserted by Rutere (2009) who revealed that

procurement is a cause of stalling of CDF projects (cited in Malala, 2011). Considering some of these studies and taking into considering that procurement is a process, studies and reports have generally not addressed the specifics of procurement that affect the performance of projects funded by CDF. This gap created the need to undertake a study to examine the role of stakeholder management on the performance of projects funded by constituency development fund in Kenya. A survey was carried out across Machakos county constituencies where Constituency Development project committee members were involved.

### **Research objective**

To examine the role of stakeholder management on the performance of projects funded by constituency development fund in Kenya

### **Research hypothesis**

H<sub>0</sub>. Stakeholder management has no significant role on the performance of projects funded by Constituency Development fund in Kenya.

## **LITERATURE REVIEW**

### **Stakeholder Theory**

The area of stakeholder management was pioneered by Freeman (1984) where he introduced the idea that corporations have stakeholders and outlined the basic features of the stakeholder concept. The stakeholder approach has been described as a powerful means of understanding the firm in its environment. Mitchell et al., (1997) argue that, this approach is intended to broaden the management's vision of its roles and responsibilities beyond the profit maximization function and stakeholders identified in input output models of the firm, to also include interests and claims of non-stockholding groups.

Donaldson and Preston (1995) elaborated that the stakeholder model entails that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no pre-set priority of one set of interests and benefits over another. Consequently, stakeholder theory argues that in addition to stockholders there are other external constituencies involved, including communities, community groups, trade unions, trade associations, environmental groups, governmental bodies, associated corporations, employees, customers, and the public that need to be taken into consideration. The basic idea of stakeholder theory is that the organization has relationships with many constituent groups and that it can engender and maintain the support of these groups by considering and balancing their relevant interests (Jones & Wicks, 1999).

Overall, a central and original purpose of stakeholder theory is to enable managers to understand stakeholders and strategically manage them (Freeman, 1999). The managerial importance of stakeholder management has been accentuated in various studies (Jawahar & McLaughlin, 2001; Mitchell *et al.*, 1997; Rowley & Moldoveanu, 2003) that demonstrate that just treatment of stakeholders is related to the long term survival of the organization.

Stakeholder theory has been applied to a number of fields, research management (Bunn, Savage & Holloway 2002; Elias, Cavana & Jackson 2002), water utilities (Ogden & Watson 1999), and construction project management (Bourne & Walker, 2005). Construction management, as a field of research, has tended to focus on planning and managing the complex array of activities required to deliver a construction project, such as a road or building (Morris, 1994). Being able to manage construction stakeholders expectations and concerns is a crucial skill for managers of construction projects (Vinten, 2000), as failure to address these has resulted in countless project failures (Bourne & Walker, 2005), primarily because construction stakeholders tend to have the resources and capability to stop construction projects (Lim *et al.*, 2005). Successful completion of construction projects is therefore dependant on meeting the expectation of stakeholders (Cleland, 1995).

Stakeholders, include clients, project managers, designers, subcontractors, suppliers, funding bodies, users, owners, employees and local communities (Newcombe, 2003). As a consequence a robust construction management literature has developed on how to identify and manage stakeholder interests and relationships. An adaptation of Freeman's (1984) original conceptualization of stakeholders to CDF works procurement include; Suppliers, Media, environmentalists, training organizations, public regulators, local community organizations, clients/owners, local and regional communities, construction firms, employees and other government departments.

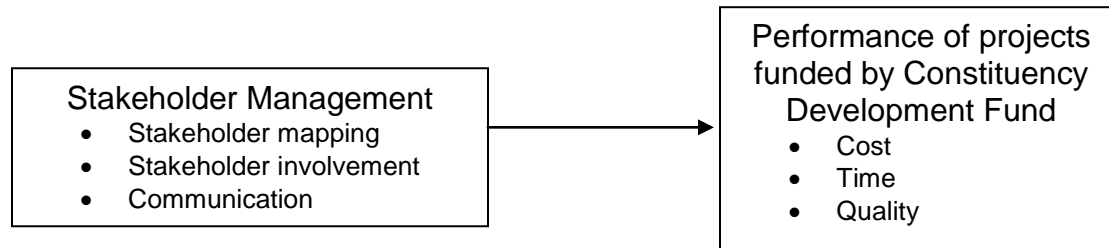
Mitchell *et al.*, (1997) argue that, a number of factors can affect the importance a certain stakeholder has in a particular project: Legitimacy - the moral or legal claim a stakeholder has to influence a particular project; Power - their capacity to influence the outcome of a given project; and Urgency - the degree to which their claims are urgent or compelling. Newcombe (2003) argues that, effective stakeholder management begins "with the identification of key stakeholder. Establishing the strategic importance of stakeholder groups then helps organizations determine what the nature of their stakeholder management strategies should be.

Various authors have attempted to operationalize this imperative through deployment of various static grids and matrices which assess the salience of various stakeholders on project outcomes based on their power, legitimacy and urgency. Karlsen (2008) argues that, the number of stakeholders interested or involved in the project can increase the complexity and

uncertainty of the situation. Each stakeholder usually has different interests and priorities that can place them in conflict or a disagreement with the project thus the way is to ignore them.

## Conceptual Framework

Figure 1. Conceptual Framework



### Stakeholder management

Mitchell and Chang (1997), considered stakeholders to possess the power to influence the organization either coercive, utilitarian or normative; the legitimacy of the relation with the organization either individual, organizational or societal based and the urgency of the stakeholders claim on the organization calling for immediate action; either time sensitive or critical to the stakeholder.

However Fassin (2009) criticizes earlier stakeholder conceptualizations and proposes that a distinction should be made between stakeholders, stakewatchers and stakekeepers. In his categorization stakeholders are those who have a concrete and real stake in a company. Stakewatchers do not really have a stake themselves but they protect the interests of real stakeholders. They include local and national unions and community lobby groups. Stakekeepers are the independent regulators who have no stake in the firm but have influence and control, they include government, regulatory agencies, authorities and certification organizations.

For projects funded by Constituency Development Fund, the key stakeholders include; Government, project manager, constituents, CDF parliament committee, District projects committee, contractors, Project Management Committee, Constituency Development Fund Committee, Non Governments Organizations, CDF board, government departmental heads and the public at large. The constituents should play a critical role in decision making because they are the beneficiaries of the projects (Flaman & Gallagher, 2001). The constituents should be involved at all stages of the project from initiation through planning, implementation and monitoring and evaluation be done at every of this stages.

According to Project Management Institute (2008), stakeholder management is the systematic identification, analysis and planning of actions to communicate with, negotiate and influence stakeholders. McElroy and Mills (2003) define project stakeholder management as the continuing development of relationships with stakeholders for the purpose of achieving a successful project. The idea of stakeholders was originally introduced to the mainstream general management by Freeman (1984) while Cleland (1986) brought stakeholder thinking into the project management paradigm. The role of stakeholder management is defined through stakeholders as the process of adapting the specifications, plans, and approaches to the different concerns and expectations of the various stakeholders (PMI, 2008).

The stakeholder approach has been described as a powerful means of understanding the firm in its environment. This approach is intended to broaden the management's vision of its roles and responsibilities beyond the profit maximization function and stakeholders identified in input-output models of the firm, to also include interests and claims of non-stockholding groups (Mitchell *et al.*, 1997). Donaldson and Preston (1995) elucidated that the stakeholder model entails that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no pre-set priority of one set of interests and benefits over another. Consequently, stakeholder theory argues that stakeholders who include communities, community groups, trade unions, trade associations, environmental groups, governmental bodies, associated corporations, prospective employees, prospective customers, and the public at large, need to be taken into consideration.

Considering Project Management Institute, (2008) views, managing a project includes adapting the specifications, plans and approaches to different concerns and expectations of the various stakeholders. The underlying assumption in project stakeholder literature is that efficient and effective execution of projects requires management to pay attention to stakeholders.

Considering (Artto & Kujala's, 2008; Söderlund, 2004), project research has recently been widening from the focus on traditional project management aspects, such as planning and organization of the single project, to the politics, stakeholders, environments, as well as relationships between different firms. The importance of project stakeholder management can be considered to be especially emphasized in the context of inter-firm projects that are temporary constellations of multiple business and non-business organizations with differing objectives and goals.

Kolltveit *et al.*, (2007) points out that, the stakeholder perspective highlights the effective management of relationships between a project and its key stakeholders in order to ensure project success. Stakeholders may be classified based on stakeholders' involvement in the project and the nature of their relationship with the project, the nature of stakeholders claim and

position towards the project, the stakeholders role in the project and the degree to which stakeholder's behavior can be expected.

Winch (2004) states that, internal stakeholders are the stakeholders who are formally members of the project coalition and hence usually support the project. Such stakeholders have a formal, official, or contractual relationship with the organization or are directly involved in an organization's decision making processes (Atkin & Skitmore, 2008). Internal stakeholders are clients, sponsors, contractors, and suppliers. External stakeholders are not formal members of the project coalition, but may affect or be affected by the project. Such groups are often referred to as non-business stakeholders or secondary stakeholders (Cova & Salle, 2005). Winch, (2004) further breaks down external stakeholders into private and public actors. Examples of private actors are local citizens, local landowners, environmentalist and conservationists; examples of public actors are regulatory agencies, local governments, county and national governments.

Stakeholder management activities can be divided into two; demonstrating and articulating the managerial importance of stakeholder management and examining the role and value of stakeholder management process (Bourne, 2005; Olander & Landin, 2005) the majority of the research on managerial behavior with regard to project stakeholders has adopted a practice-oriented view and focused on the conceptual development of different managerial frameworks, tools and processes to identify, categorize and manage project stakeholders.

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. They also facilitate understanding of stakeholders' expectations and finally monitors if the process is done effectively (Bourne & Weaver, 2010). Considering the views of (Bourne & Weaver, 2010; Olander & Atkin, 2010; Manowong & Ogunlana, 2010), the different terms in stakeholder management tools vary from stakeholder analysis; stakeholder mapping; stakeholder risk assessment; power-interest matrix; power-impact grid; influence-interest grid; impact-probability matrix; stakeholder impact index; vested interest index; stakeholder attribute value; stakeholder position value; stakeholder circle; relationship matrices; stakeholder ethical responsibility matrix; stakeholder-commitment matrix; to stakeholder review techniques.

Stakeholder management contributes and synergizes with proactive risk management as it anticipates and foresees possible social risks and relationship risks (Bourne, 2009; Bing *et al.*, 2005). Management of stakeholders can be conducted by means of traditional risk assessment methods, such as the impact probability-analysis. Conceived in a similar way,



according to (Leung, 2010), the power-interest graph constitutes the bespoke methodology for classifying stakeholders.

### **Performance of projects funded by Constituency Development Fund**

According to Pinto and Mantel (1990), project failures are caused by lack of efficiency and external effectiveness. A project is considered a failure “whenever a project does not meet the expectations of the stakeholders”. This has lots of impact to both the organization and all stakeholders to the project. They include cost and time overruns quality degradation, frustration and stress, sometimes resulting to people quitting, low corporate market value, low public opinion and negative media campaigns.

There are many times when project success measured in time and budget is not sufficient, especially over a longer period of time after the project is complete. “Quite often, what seemed to be a troubled project, with extensive delays and overruns, turned out later to be a great business success” (Shenhar *et al.*, 2001). Shenhar *et al.* (2001) cite the example of the Sydney Opera House. It took three times longer and five times the cost than anticipated. But it quickly became Australia’s most famous landmark, with few tourists wanting to leave Australia without seeing it (Shenhar *et al.*, 2001). With projects reported to be continually failing, Atkinson (1999) questioned this failure with respect to the criteria for success, particularly with respect to the commonly used ‘iron triangle’ time, cost and quality. He asserted that the reason for projects to be labeled as failed could be due to the criteria used for success.

Bienkoski (1989) asserts that project failures are caused by; inadequate resources leading to task taking longer than expected to complete, deadlines and milestones get missed, and project completion date comes into jeopardy; Poor risk management meaning that the project initiation stage is not properly planned and insufficient non-resources are not allocated to the project; for instance, it is not possible for a project to succeed if the right resources are made available for that project.

Some scholars and reports (Standish Group, 2009, Kutsch *et al.*, 2011; Sharma *et al.*, 2011) have acknowledged that projects are continuing to fail. For example (Flyvbjerg *et al.*, 2003) highlighted the Channel Tunnel project (1987-1994) whose estimated cost was £2,600 million but on completion the cost had blown out to £4,650 million a cost overrun of 80%. Further (Shore, 2008) highlighted the Airbus A380 project which was initiated in the year 2000 was disrupted in the year 2006 when the aircraft was in the assembly stage when a pre-assembled wiring harness produced in Germany failed to fit into the airframe which

led to halting of production and deliveries postponed for 2 years and costs escalated significantly.

According to Okungu (2008), 70% of the constituencies have reported mismanagement, theft, fraud and misappropriation and that CDF issues are of political nature. Ongoya and Lumallas, (2005) asserted that, CDF has the potential of being used by politicians to build their reputation in their constituencies and mobilize political support. The fund has no specific development agenda; hence, it stands out as a political tool (Gikonyo, 2008).

According to Radoli (2008), 60% of Members of Parliament who had billions of CDF money unspent in the CDF bank accounts, had incomplete and poor projects. Further Kairu (2014) in his study factors affecting effective implementation of CDF projects in Machakos Town Constituency reported that between 2006-2012, the National Tax Payers and Auditor General reports revealed irregularities in procurement procedures and systems led to embezzlement of millions of shillings by skewing resource allocation in the constituency.

Projects that are classified as challenged usually are completed and operational but over-budget, over the time estimates and offers fewer features and functions than originally specified. Projects that are considered to be impaired or failed are at some point during the development cycle cancelled. This method allows clear divide between the success and the partial successes that still get completed but not meeting all expectation. It also allows clear measurements to be taken against budgeted time and cost although the functionality is still relatively subjective (Standish, 2001).

## RESEARCH METHODOLOGY

### Research Design

A cross-sectional survey research design was adopted to determine the role of supplier appraisal on the performance of projects funded by CDF. The target population was the projects funded by CDF in Machakos County between 2008-2012 as listed in CDF website ([www.cdf.co.ke](http://www.cdf.co.ke), 2014).

### Sampling Design

The sample population was picked using the following formulae adapted from Kothari (2004)

Desired sample size (n)

$$n = \frac{Z^2 p \cdot q \cdot N}{e^2 (N-1) + Z^2 pq}$$

This resulted to a minimum of 290 projects been selected for the study. Further stratified random sampling was adopted. The sampling frame was broken into geographical areas

(constituencies) and a simple random sampling was done to get the sample size which was a minimum of 50 respondents per constituency.

### **Data Collection Instruments**

For this study, questionnaires were used to collect primary data. The questionnaire had both quantitative and qualitative questions which were coined after review of the literature. The qualitative questions were open ended with the essence of capturing factual information on the subject matter. Likert scale was adopted for the quantitative questions.

### **Data Collection Procedure**

The researcher first sought a permit from National Commission for Science, Technology and Innovation (NACOSTI) for the purpose of authorization to collect data from the public schools. Once the permit was granted the questionnaires were hand delivered to the respective respondents with the help of research assistants. The research assistants were first briefed in regard to the structure of the questionnaire for the purpose of ensuring they understood the subject matter for which they would make clarifications to the respondents if need be. In some schools, the response was instant while in other schools the questionnaires were dropped and picked after a day or so. Data collection was undertaken for the period between March-August 2016.

### **Validity and Reliability**

Validity indicates the degree to which an instrument measures what it is supposed to measure. It's the extent to which differences found with a measuring instrument reflect true differences among those being tested. The two main types of validity are content validity which is the extent to which a measuring instrument provides adequate coverage of the topic under study and criterion-related validity which relates to our ability to predict some outcome or estimate the existence of some current condition (Kothari, 2004). For this study, to test face validity of the research instrument, a pilot study was undertaken in Juja constituency for which twenty five respondents were involved. This led to the improvement of some questions in the questionnaire which were not very clear to the respondents and were not measuring the study constructs. The reliability of a scale which indicates how free it is from random error was measured using the statistic Cronbach's coefficient Alpha. This statistic provides an indication of the average correlation among all of the items that make up the scale. Nunnally (1978) recommends a minimum level of 0.7 Cronbach Alpha value. The results are presented in the table below;

Table 1. Reliability statistics

S/NO	Variable	No of items	Cronbach Alpha
1.	Stakeholder management	5	.931
2.	Performance of projects funded by Constituency Development Fund	6	.951

### Data Analysis

After data collection, both qualitative and quantitative data was coded and entered in Statistical Package for Social Sciences (SPSS) version 18. Descriptive statistics were analyzed for the purpose of determining the different views of the respondents in regard to stakeholder management. To establish the strength and direction of the relationship between stakeholder management and the performance of projects funded by Constituency Development Fund, Correlation analysis was undertaken. Logistic regression was used to determine the predictive role of stakeholder management and subsequently test of the hypothesis.  $H_0: \beta_i=0$  was rejected which meant that  $X_i$  ( $i=1$ ) was taken to be a significant predictor of  $Y$ . The corresponding  $t$ -values and  $p$ -values were used to arrive at a decision that is  $H_0$ : rejected whenever  $p$ -value  $< 5\%$ . The Logistic regression model used is illustrated below;

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where,

$Y = \text{Logit}(p)$ ,  $p$  being the probability that a project is successfully implemented (Performance of projects funded by CDF)

$\beta_0 =$  Constant

$X_1 =$  stakeholder management

$\beta_1 =$  Regression co-efficient

$\varepsilon =$  Error term

## FINDINGS AND DISCUSSION

### Descriptive statistics

Stakeholder management

The study sought to establish whether stakeholder management was done which eventually its role in project performance would be established. Five point Likert scale Statement questions were set for which the responses are presented in the table 2.

Table 2. Stakeholder management

S/N	Statement	N	Mean	Std. Deviation
1.	Stakeholder analysis was done before this project was initiated	295	4.00	.855
2.	Stakeholder analysis and management enabled timely completion of this project	299	3.74	1.093
3.	The project stalled due to community rebels and unacceptability	299	1.91	.860
4.	Political leaders interests, in the constituency were taken care of in awarding this project's procurement contracts	301	3.57	1.344
5.	Stakeholders with high power influence and high interests affected timely completion of this project	300	2.65	1.393
6.	Suppliers and contractors were informed on this project before it was initiated	301	3.69	1.159
7.	Project users were involved in development of procurement plan for this project	297	3.87	.978
8.	Early supplier involvement was done in preparation of the material specifications	301	3.62	1.142

From the table above, a ( $\bar{x} = 4$ ) of the respondents agreed that stakeholder analysis was done before the CDF funded projects were initiated. This clearly shows that there was clear understanding that projects performance is affected by different stakeholders and all the stakeholders are not equally important thus the need to undertake stakeholder analysis and put in place strategies to manage the different categories of stakeholders.

The study findings concur with Moodley et al., (2008) who found out that, external stakeholder groups; clients, contractors/suppliers and end users were significantly more important than the other stakeholder groups. Further Mahmoud et al., (2014), stated that, stakeholder segmentation was important to enable relevant managerial strategy to be employed. On the other hand a ( $\bar{x} = 1.91$ ) of the respondents agreed that projects funded by CDF stalled due to community rebels and unacceptability. This showed that in most of the projects funded by CDF, there was acceptability and involvement of stakeholders. However this finding gives a different scenario compared to Malala (2011) who found out that, most of the projects in Kikuyu Constituency were behind schedule as a result of lack of involvement of the local communities and political interference.

## Correlation analysis

To determine the strength and direction of the linear relationship between stakeholder management and performance of projects funded by Constituency Development Fund, Pearson Product Moment Correlation was used and the results obtained are summarized in the below;

Table 3. Pearson Product-Moment Correlations between stakeholder management and performance of projects funded by CDF

Variable		Performance	Stakeholder management
Performance	Pearson Correlation	1	.361**
	Sig. (2-tailed)		.000
	N	300	300
Stakeholder management	Pearson Correlation	.361**	1
	Sig. (2-tailed)	.000	
	N	300	301

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The correlation between stakeholder management and performance of projects funded by CDF was investigated using Pearson product-moment correlation coefficient for which there was positive correlation ( $r > 0.2$ ,  $p < .001$ ). The strength of the relationship between stakeholder management and performance of projects funded by CDF was medium ( $r = .361$ ). This finding concurred with (Macharia, 2013) who found out that, involving stakeholders in project implementation as a way to manage them had a positive strong relationship with project success.

## Regression results

Table 4. Logistic regression for Stakeholder management

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	39.434	1	.000
	Block	39.434	1	.000
	Model	39.434	1	.000
Model Summary				
Step		-2 Log likelihood	Cox & Snell R Square	Nagelkerke R <sup>2</sup>
1		284.131 <sup>a</sup>	.123	.187

Classification Table							
Observed		Predicted					
		Performance		Percentage			
		Below	Above	Correct			
		Average	Average				
Step 1	Performance	Below Average	16	53	23.2		
		Above Average	7	224	97.0		
Overall Percentage					80.0		
Variables in the equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 <sup>a</sup>	C1	1.625	.282	33.248	1	.000	5.080
	Constant	-4.086	.904	20.447	1	.000	.017

Direct logistic regression was performed to assess how well the model performed. The Omnibus Tests of Model Coefficients gives us an overall indication of how well the model performed. In this case, the model with stakeholder management as a predictor variable was found to be significant (chi-square value=39.434, df=1,  $p < .001$ ). Stakeholder management (X1) explained 12.3% of the variation in Y (Cox R square=.123) which is basically the probability of CDF project performance (success). In the classification table the predictor was able to achieve 80% of correct classification. The Variables in the Equation table gives information about the significance of the predictor variable which is used to test the hypothesis. The model is  $Y = \text{Logit}(p) = -4.086 + 1.625(X1)$ . Under the null hypothesis which is  $H_{01}: \beta_1 = 0$  versus  $H_1: \beta_1 \neq 0$ , we reject the null hypothesis ( $\beta_1 = 1.625$ , Wald=33.248 df=1  $p < .001$ ) The odds ratio revealed that those projects where stakeholder management had been done were five times more likely to succeed than those where stakeholder management hadn't been done (Exp (B) =5.080).

These findings are in line with (Moodley, 2008) who found out that, contractors(suppliers), end users, consultants and the general public were the most important external stakeholders and had a (91%) probability of determining project success. This implied that the projects where stakeholders were not involved had a (9%) chance of success. Further the results obtained from this study also concur with (Malala, 2011) who reported that, 90% of the projects were not successfully implemented in Kikuyu Constituency and one of the main reasons cited by the respondents was lack of stakeholder involvement and management. Stakeholders have the ability to determine the project outcome through their action or inaction; therefore, they are the major determinants of project performance (success/failure) (Bourne, 2010).

## CONCLUSION AND RECOMMENDATIONS

From the study findings it was eminent that project end users contractors and suppliers were closely involved in the execution of most of projects funded by Constituency Development Fund. This led to the conclusion that, involvement of suppliers/contractors from the initiation of the projects, preparation of material specifications was a clear indicator that the project procurement committee members were not in cognizant of the supply market hence highly relying on the suppliers/ contractors market knowledge. Further establishing close rapport with suppliers/contractors appeared to be maliciously driven as in cases where the projects funded by Constituency Development Fund had stalled, one of the reason given was the contractor wasn't in agreement with the project committee members. Although there was more emphasis on involving suppliers/contractors and end users in execution of the projects funded by CDF, the management of stakeholders should not be left to the discretion of project committee. Thus there should be a framework that cuts across to ensure stakeholder management is done for all the projects funded by Constituency Development Fund nationally.

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