

CHAPTER 126

Stakeholder Identification and Management in Small Scale Real-Estate Projects

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ABSTRACT

Objectives: The purpose of this study is to create a process for the identification and management of stakeholders in small-scale real-estate projects in India, where such mechanisms are often lacking. The absence of structured stakeholder engagement leads to increased project costs, extended durations, and reduced efficiency. By addressing this gap, this research aims to propose effective strategies to enhance stakeholder management and project outcomes. *Methodology:* The study employs an exploratory approach combining quantitative survey of selective stakeholders using standardized questionnaire and qualitative interviews of relevant stakeholders working in the construction sector. *Findings:* The research is expected to identify the stakeholder management approaches adopted for real estate projects in India. These findings will encompass the identification of stakeholders, their management and engagement strategies, along with their benefits. In specific, the study suggests advancements in several different features, i.e. cost, time optimization, improved processes, and efficient collaboration with diverse stakeholders across different levels. *Practical implications:* This study will be useful in providing insights for creating practical tools and guidelines that may be useful for the organizations towards managing stakeholders better in small-scale real-estate projects, this can further help the companies organize their projects in a better way. This study will contribute to the timely and successful completion of the projects, ultimately promoting economic growth and social development.

Keywords: Stakeholder management; Small scale; Real-estate; India.

1.0 Introduction

This research offers a theoretical basis for stakeholder management practices in small-scale real estate development projects and seeks to formulate strategies that improve the efficiency of the project and involve stakeholders. Stakeholder management is essential in real estate development as it helps in reducing conflicts, facilitating effective communication, and enhancing the success of the project.

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Effective stakeholder management not only assists in avoiding risks but also ensures timely project completion and cost-effectiveness. But small-scale real estate developments usually do not have formal stakeholder management strategies, resulting in communication failures, project delays, and cost inefficiencies. Successful stakeholder management entails the identification of critical stakeholders, their interests and power, and the formulation of systematic engagement strategies. Most studies emphasize that the lack of systematic stakeholder management leads to ineffective project coordination and more legal conflicts. This research aims to fill this gap by examining existing stakeholder management practices, determining the most critical challenges, and suggesting a systematic framework to enhance stakeholder engagement.

1.1 Objectives

- To assess the approaches employed to deal with stakeholders in small-scale real estate projects.
- To identify problems in the identification and engagement of stakeholders.
- To examine how stakeholder management influences the success of a project.
- Providing suggestions for improving the engagement of stakeholders in small-scale real estate projects.

1.2 Scope

This research aims to examine current practices, identifying challenges, and provide suggestions to enhance stakeholder engagement and management in small-scale real estate projects. Using a mixed-methodology approach, the research provides findings that can guide policymakers, developers, and project managers in applying better stakeholder initiatives. The scope of work includes the following elements:

- Focus on Small-Scale Real Estate Projects
- Importance of Stakeholder Identification and Management
- Recommendations for Enhanced Stakeholder Management
- Contribution to Research and Practice

1.3 Limitations

- The research focuses on small-scale real estate projects in a single geographic area, resulting in limited potential for extending the findings beyond that specific region, that is, the West Region.
- The quality and availability of data pertaining to small scale real-estate projects presented serious difficulties as there has been limited availability of data in the context of small-scale real-estate projects.
- Security concerns about data privacy led project-specific informants to refuse participating in the study.

- The time limitations of academic studies along with extended stakeholder involvement made it impossible to conduct long-term studies to evaluate research results.

2.0 Literature Review

Effective stakeholder management determines the success rate of construction projects specifically within the real estate context. Small-scale real estate projects have risen in complexity, which demands elaborate stakeholder engagement understandings. Many small-scale real estate companies operate without formal structures to identify stakeholders while also analyzing their needs and managing their expectations. The lack of structured research in stakeholder management demands new approaches to deal with small-scale real estate projects throughout India.

2.1 Stakeholder management in construction projects

Organizations experience challenges with implementing stakeholder management for project success because they lack clear guidelines and have inconsistent engagement strategies according to Jepsen & Eskerod (2009). Managers experience difficulties both in recognizing important stakeholders along with placing their needs in priority sequences resulting in compromised project performance. Major construction projects require strong relationships between internal and external stakeholders as per Mazur & Pisarski (2015). It also states that, to develop and maintain these relationships, significantly impacts project outcomes. The authors found three essential elements, which determine the effectiveness of stakeholder management, are Internal stakeholder relationship quality, stakeholder relationship development, and stakeholder relationship effectiveness. Large-scale infrastructure projects have multiple stakeholders with varying interests for this, Aaltonen and Kujala (2016) proposed a framework based on complexity, uncertainty and dynamism for stakeholder engagement strategies.

2.2 Stakeholder management in real estate projects

Real estate sector management requires exceptional stakeholder management because multiple groups possess opposing demands. Real Estate organisations should maintain equilibrium between what investors, employees, clients, vendors, and regulatory institutions want according to Norsa & Pedeliento (2010). Real estate projects operate with much dynamism than industrial and service-based companies because their project timelines and market conditions, alongside regulatory requirements, keep changing. Small-scale construction enterprises require effective stakeholder management practices according to Klaus-Rosińska & Iwko (2021). The study discovered large firms maintain special stakeholder management groups but small enterprises mostly utilize outdated practices which fail to satisfy stakeholders properly. It also states that small enterprises should develop ordered approaches for stakeholder communication to ensure project sustainability and financial success in the long run.

2.3 Stakeholder management in the Indian construction industry

The Indian construction market proves highly fragmented because small and medium-sized enterprises (SMEs) dominate its operations. Projects in India achieve successful completion through effective stakeholder management according to Ramakrishnan (2010) because of the intricate regulatory framework and diverse stakeholders involved. The Indian construction sector contains several essential stakeholder groups, including clients, investors, contractors, regulatory bodies, and local communities. Yang & Shen (2015) indicate that Indian construction firms operate without established stakeholder engagement frameworks, which produces higher project delays and expense growth and fights between project stakeholders. Multiple Indian firms face problems maintaining efficient stakeholder management because they experience dispersed communication channels and undefined stakeholder duties.

3.0 Methodology

The research conducted for the thesis was a Literature Review, which covers the topic of stakeholder identification & management on different levels. It focuses on Stakeholder Management in the context of small-scale real-estate projects. It also includes a mix of both, Quantitative Analysis & Qualitative Analysis. We have adopted a mix of two types, Purposive & Convenient Sampling.

3.1 Method of data collection for quantitative analysis

The data for the present study was collected through a survey of the relevant industry personnel. The survey was conducted through circulating a questionnaire designed to appropriately record the responses of the people and taking interviews of relevant stakeholders by incorporating the important indicators of their management criteria and the effect on the firm's performance.

3.2 Method of data collection for qualitative analysis

After this, we did interviews with some of the stakeholders from small-scale real-estate projects to find out the reason for the results that we found in the quantitative study. We took a total of 12 interviews, out of which 03 were not up to mark & hence we had to discard them. The questions we asked them are all present in the appendix 02.

3.3 Questionnaire design

We have adopted a mix of Purposive & Convenient Sampling. We have done so because we needed individuals only from the construction industry & that too from the small-scale real-estate sector & it was easier & more practical to approach our contacts working in the same sector. The standardized questionnaire was adopted from a paper (Klaus-Rosinka & Iwko, 2021). This study was done in Poland on small-scale companies to see whether Stakeholder

Management was understood by them & how important they thought it was. We thought that the same kind of study would be relevant in the Indian context, as Stakeholder Management is not very popular among small-scale companies & there is a need that they understand how important Stakeholder Management is & how significantly it can improve the performance of their projects. The research process included getting consent from the respondents to use their responses for research & letting them know their identity will be kept confidential. We approached nearly 10 different small-scale real-estate companies & asked different stakeholders within each to fill a particularly designed questionnaire. We received 60-65 responses & after rejection of the responses because insufficient data & the information provided, we have selected 50 responses that can be used for the study. The questionnaire consisted of 05 introductory questions that helped us confirm their sector of work, size of their company, revenue, etc. Whereas, in the second part of the questionnaire, the respondents answered 13 questions regarding their knowledge of stakeholder management & their company's behaviour & strategies about stakeholder management. The questionnaire was published in simple & standard English language which can be understood by everyone & avoid any type of ambiguity in the questions. The respondents answered 11 of those 13 questions in the second part of the questionnaire, using a 7-point Likert scale (ranging from 1-“definitely no”, 2-“almost no”, 3-“slightly”, 4-“to a moderate extent”, 5-“pretty much”, 6-“basically yes”& 7-“definitely yes”). All the questions of the questionnaire are presented in Appendix 1 & 2 at the end.

3.4 Sample profile

The questionnaire is designed to collect the organisational information of all the respondents, such as revenue generated, number of employees, and work experience in the industry. As each individual might have different perceptions about their organization's performance in the market based on their ESG initiatives, it becomes imperative to capture the responses from people of all age groups, gender, and years of work experience. A brief profile of respondents is listed in Table 1.

Table 1: Organisational Profile

Revenue	Number	%
Under 10 Cr	53	86.9
10 to 20 Cr	4	6.6
Above 20 Cr	4	6.6
No. of Employees		
Under 50	30	49.2
Between 50-250	22	36.1
Above 250	9	14.8
Operating Since		
Before 1990	6	9.8
After 1990	55	90.3

4.0 Analysis

A research investigation denotes stakeholder management stands as a vital element for small-scale real estate projects across India. Research findings demonstrate that small businesses lack systematized methods although stakeholder management remains essential even for them. Organizations tend to choose between nonexistence of stakeholder analysis and random methods instead of using established systematic approaches. The practice leads to communication problems, project scheduling problems, and operational inefficiency affecting final project success rates. By going through the data extracted from the questionnaire and the interviews, we identified various themes that were mentioned by almost every person we interacted with, based on which we identified the challenges in the Implementation of Stakeholder Management practices, and came up with some recommendations.

4.1 Key themes identified

4.1.1 Lack of communication & engagement

The successful implementation of projects requires effective communication, but organizations struggle predominantly with unclear information flow, together with inadequate stakeholder engagement, and a reactive approach to crises. When communication emerges spontaneously, there develop misunderstandings which create alignment challenges that result in stakeholder dissatisfaction, thus increasing project risks. Such communication weaknesses typically produce project delays alongside various issues such as expense growth and stakeholder disagreements. Organizations need to create formal communication plans combined with technology-based collaboration systems and periodic meetings with stakeholders to solve this issue. The implementation of proactive communication leads organizations to greater transparency and boosts stakeholder trust, thus producing project-wide success.

4.1.2 Absence of a formal stakeholder management framework

A standardized framework for stakeholder management within small and medium enterprises produces inadequate stakeholder interactions together with hasty decision-making and non-existent accountability. Standardized processes are absent, which leads stakeholders to go unidentified and engagement plans to be unclear while problems are addressed only after incidents happen. Project uncertainties arise with fewer opportunities for collaboration as well as ineffective conflict resolution. Organizations can reduce these issues by using a systematic approach for stakeholder management, and by appointing specific staff members for engagement and by conducting regular stakeholder evaluations. When organizations take proactive measures, their projects become more effective while reducing the potential risks and strengthening all their stakeholder connections.

4.1.3 Limited awareness & implementation of stakeholder management practices

Numerous businesses fail to prioritize long-term project viability since they devote excessive attention to short-term implementation without implementing stakeholder management practices. Projects that lack formal stakeholder analysis, together with risk evaluation, encounter unexpected challenges which lead to reduced accomplishment rates, besides intensifying regulatory uncertainties. Insufficient training related to stakeholder interaction results in missed alignment as well as decreased stakeholder satisfaction and negative effects on company reputation and future business chances. Organizations should deploy three main strategies to address such problems including the integration of stakeholder management during project planning phases and the establishment of training initiatives and the adoption of relationship-oriented procedures. When projects prioritize stakeholder needs in advance their results improve, and risk management becomes better which promotes long-lasting successful projects.

4.2. Challenges in implementation of stakeholders management practices

4.2.1 Lack of awareness & understanding of stakeholders management

Small scale real estate projects face major difficulties with stakeholder management because their stakeholders do not realize the importance of this process. Small-scale developers who operate in informal markets mainly concentrate on financial aspects to obtain capital and boost sales rather than consider essential stakeholders like contractors and regulatory bodies alongside residents. They commonly fail to identify conflicts and delays since they lack training in stakeholder engagement methodologies.

4.2.2 Resistance to change & preference for informal practices

Small real estate development companies decline to implement formal stakeholder management approaches because they depend heavily on casual engagement processes. Family-owned businesses generally opt for personal relationships rather than structured methodologies since stakeholder mapping together with other procedural methods appear too formal and time-intensive. Operating under conditions of openness may make investors and contractors anxious about receiving public scrutiny and being directly accountable. The handling of conflicts remains reactive in nature, although organizations should anticipate conflicts and take preventive measures instead.

4.2.3 Financial constraints and resource limitations

The process of effective stakeholder management demands funding that poses difficulties for small development companies working with constrained budgets. Project managers typically handle stakeholder engagement activities because most firms fail to dedicate funding for either dedicated personnel or project management software purchases. Project

developers who view stakeholder engagement as surplus costs do not recognize its value as an investment to simplify project completion.

4.2.4 Difficulty in managing conflicting stakeholder interests

Many parties that participate in real estate developments create challenging interests that make reaching consensus difficult. The investor leads with project speed and financial success, but customers seek both excellent construction and prompt delivery. Cost efficiency and workflow transparency remain essential to contractors, yet they may not match what investors alongside customers wants to see in the project. The inhabitants of the area frequently oppose development proposals that raise questions about environmental protection and fundamental infrastructure requirements, which developers must handle.

4.2.5 Inconsistent stakeholder engagement throughout the project lifecycle

Regular interaction among stakeholders becomes a major challenge in small-scale real estate development projects. The priority of developers includes obtaining both investor capital and customer acquisitions before communication with both groups end shortly after the project's launch. Regular stakeholder interaction failure during projects results in misunderstandings and both customer dissatisfaction and potential legal issues.

4.3 Recommendations for small scale real estate companies in India

4.3.1 Develop a standardized stakeholder management framework

Through a standardized stakeholder management structure small-scale real estate firms receive structured methods to recognize and relate with their stakeholders depending on their influence levels and stakeholder interests. Through the application of Power-Interest Grid and Stakeholders Analysis Matrices companies can properly identify key stakeholders as they focus on investors and regulators who have maximum power and interest while optimizing management of lower priority stakeholders. When stakeholders get formal management, their processes become more standardized while conflicts decrease, and decisions become stronger with better resource usage.

4.3.2 Enhancing communication & feedback mechanisms

The success of projects alongside stakeholder expectation management needs proper communication methods to be effective. Small-scale real estate firms must implement standard communication systems, including regular assemblies and official reporting, along with technological tools which incorporate CRM systems and tracking systems in real time. The systems promote openness while reducing misinterpretations, while keeping participants informed. Stakeholder feedback moves both ways as a system, which ensures project concerns get acknowledged for project planning, in addition to building long-term trust between stakeholders.

4.3.3 Investing in stakeholder training & awareness

The process of stakeholder interaction flows continuously since it requires ongoing learning and capacity development for both parties. The ability to handle conflicts and negotiate and build relationships requires proper training for small real estate organizations to deliver to their project teams. Smooth project execution occurs when major stakeholders receive project goal information because it leads them to collaborate and decreases potential conflicts.

5.0 Conclusion

Stakeholder identification and management proves essential to the success of small-scale real estate projects within the Indian market. Results demonstrate that small firms lack systematic practices, which cause communication problems together with delayed projects and operational inefficiencies, which reduce general project success. The research investigates several main problems linked to inadequate stakeholder interaction along with scarce organized stakeholder management structure and limited knowledge about best practices. Companies primarily use traditional and informal ways of engagement instead of formalized strategies which produces misalignment between stakeholder requirements and project performance issues. The solution involves small-scale real estate enterprises using standardized stakeholder management systems with enhanced communication and stakeholders should receive training about project best practices. Through careful implementation of proper stakeholder engagement strategies alongside conflict resolution tools and technological approaches small-scale firms will achieve major improvements in their relationships and project success. Small real estate firms reach long-term success through developing a stakeholder awareness culture and management, which leads to enhanced project efficiency together with reduced risks.

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Annexure

Annexure 1: Questionnaire

01. How many employees does your company employ?
02. Since when has your company been operating on the market?
03. Which sector are you working in?
04. What is the revenue of your company?
05. Which function do you perform in the organization (choose the closest one)?
06. Does your company identify (check) stakeholders and clients before starting projects?
07. Does your company plan to identify (check) stakeholders in the future?
08. What is used to identify stakeholders?
09. Is the identification of stakeholders continued during the project implementation?
10. Does your company perform stakeholder analysis in a formalized way before starting projects?
11. Does your company expect to conduct a formal stakeholder analysis before starting projects in the future?
12. What criteria are used in the stakeholder analysis?

13. Is an action and communication strategy developed for the group of the most important stakeholders selected during the analysis in a systematic manner?
14. Is systematic development of activities and communication towards stakeholders proposed in the near future?
15. Does the current way of communicating with the stakeholders before the project implementation sufficiently allow to get to know their needs, expectations and attitudes towards the project?
16. Does communication with stakeholders during project implementation sufficiently allow to identify possible evolution of their needs, expectations and attitudes towards the project?
17. Is there any significant modification to the way of contacting stakeholders during the project implementation planned in the near future?

Annexure 2: Interview

01. Why isn't your company identifying stakeholders at the initial stage?
02. Why is your company not assessing the stakeholders throughout the project?
03. Why isn't your company differentiating stakeholders on the basis of their importance?
04. Why is there no change in the way & frequency of communication with stakeholders at different stages of projects?
05. Why is the evolution in the need of stakeholders not identified during the execution of the project?
06. Why are stakeholders not informed about the progress of the project on a regular basis?
07. Why is there no mechanism to evaluate the effectiveness of your company's current stakeholder communication strategy?
08. Why is the stakeholders feedback not incorporated into changes in the project deliverables?