

CHAPTER 31

Impact of Stakeholder Relationship Management for Successful Delivery of Construction Projects

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ABSTRACT

This study explores how SRM can facilitate completing construction projects on time and successfully. Construction has been increasingly complex, and so have the individual stakes of those involved in the process. There is the potential for delays, legal issues, and increased costs associated with these factors. In light of this, the research examines how stakeholders are identified and understood, effective communication, and building trust and collaboration in the management of projects. This study uses both numbers and detailed information to get a full picture. The main data collection methods used are questionnaires, interviews, and on-site observation. Further information is gathered from existing case studies and published material. The numbers were analyzed with SPSS, and the detailed information was viewed through the themes on communication and stakeholder satisfaction and their influence on the performance of the project. The results indicate that clear communications, involving the stakeholders in decisions, monitoring their needs, and including ethical practices and social responsibility in SRM contribute to better project integration. This study provides helpful guidance for effective utilization of SRM in construction projects despite some limitations.

Keywords: Stakeholder relationship management, Construction projects, Sustainability, Project governance.

1.0 Introduction

The construction industry requires integrated participation from a wide array of stakeholders such as construction or project owners, contractors, consultants, subcontractors, suppliers, and construction stakeholders, including regulatory bodies and local communities.

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The construction sector has, over the years, seen a shift in what constitutes a successful construction or construction project. Contrary to linking the performance of constructions in terms of cost, time, or quality, today, a lot of emphasis has been laid on the extent to which relationships among different parties participating in constructions/ construction projects have been managed. In this context, the need for Stakeholder Relationship Management has arisen.

Construction projects may engage their operations in highly uncertain environments. The higher the project complexity, the higher the project stakeholder demands. In fact, poor project stakeholder management may result in project communication challenges, conflicting project objectives, contract disputes, project schedule and cost overruns. Successful project stakeholder management will therefore ensure project stakeholder trust building, project participant coordination, prevention of conflict, as well as project control.

In the traditional context, stakeholder management within the context of construction projects was mainly restricted to stakeholder identification and communicating project information to the stakeholders. Nonetheless, the contemporary nature of project setting demands greater emphasis on systematic stakeholder management, which places immense importance on stakeholder engagement, stakeholder interest alignment, transparency during the decision-making process, and building long-run stakeholder relationships. Employing systematic stakeholder analysis techniques and/or the utilization of the Critical Success Factor approach will help the project team determine the level of stakeholder influence, as well as effectively manage stakeholder concerns, on a proactive and timely basis. Empirical evidence has repeatedly shown significant relationships within the context of improved project outcomes, regarding stakeholder engagement, stakeholder communication, and stakeholder conflict management.

Recently, there has been a noticeable emphasis on “Corporate Social Responsibility (CSR), environmental, and ethical governance” that has widened the application area of SRM. SRM concepts have progressed from being associated mainly with project-related stakeholders within an organization, including external stakeholders such as local communities, government agencies, and public institutions. The integration of CSR in stakeholder management practices goes a long way in improving social acceptance and sustainability of projects in the construction industry.

In the Indian construction industry, the complexities involved and the rising concerns from the community add extra pressures on the project team and their stakeholder relationships. Although the intake for the importance of stakeholder relationship management has been well understood, many construction projects have yet to establish organized stakeholder relationship management, resulting in inefficient project performance and various project disruptions. In an attempt to address these issues, the goal of the current study is to

investigate the importance of stakeholder relationship management during successful construction project execution and focus on the important influencing parameters involved and the effective practices that may improve project performance and community stakeholder satisfaction.

1.1 Objectives

- To identify major stakeholders in construction projects and study their influence carefully. The objective also seeks to consider both project insiders and outsiders, their relative power, as well as the type of influence they exert on construction project planning and management.
- To analyze the construction project delivery practices of stakeholder communication. The purpose of this objective is to evaluate the communication techniques employed in the distribution of project information to various stakeholders in order to achieve alignment of expectations.
- To examine approaches adopted in establishing and maintaining effective stakeholder relationships. The objective here is to examine relationship management approaches which foster trust-building, cooperation, or partnerships in project-related activities with diverse stakeholders.
- In order to assess stakeholder engagement methods and the effectiveness thereof. This objective focuses on reviewing stakeholder engagement practices that aim at assessing how such practices affect project success measures, including time, cost, quality, and stakeholder satisfaction.
- To be able to identify the problems related to the management of relations between stakeholders. This objective will focus on finding common problems and limitations in the management of relationships with stakeholders of construction projects and provide solutions for overcoming these limitations.

2.0 Literature Review

Stakeholder Relationship Management (SRM) is seen as a key part of managing projects well in construction because the industry is complicated and involves many different people with an interest in the project. The conceptual foundations of a stakeholder-oriented approach in management have been found in Freeman's theory of stakeholders, which asserted that a firm needs to take into account not just shareholders but the interests of all stakeholders in order to be successful. This theoretical base has been widely utilized in construction project management. The actions and reactions of stakeholders have a direct impact on construction projects. Later literature has also allowed researchers and scholars to

conclude that the impact of stakeholders is not a static element but changes over various phases of a construction project.

There has been significant literature highlighting that communication and engagement are the key constituents of successful stakeholder management. Tools such as stakeholder circle analysis have been proposed in order to ensure that stakeholders are appropriately prioritized and their related engagement is managed. Empirical results have consistently highlighted that with active communication and information sharing strategies, there is a decrease in misunderstandings and resistance from the stakeholders. Additionally, early stakeholder involvement and communication strategies have been demonstrated to build trust and promote collaboration as well as making a positive contribution to project success.

The connection between how projects are managed and how stakeholders are handled is becoming more popular in academic studies. Findings by researchers interested in large-scale and public sector infrastructure projects indicate that poor governance structures, when complemented by poor engagement with stakeholders, tend to result in cost and schedule inefficiencies and a loss of accountability. Specifically, in relation to cost and schedule inefficiencies and a loss of accountability, stakeholder management is often viewed as a mediator or moderator that facilitates the efficiency of governance structures.

The theoretical underpinning for stakeholder-centric management as a theory traces its roots back to Freeman's stakeholder theory, which claimed that for any organization, success lies in addressing all stakeholders' interests instead of focusing only on shareholder interests. The same theory has been widely incorporated into construction project management. The actions and attitudes of stakeholders directly affect construction projects. Later research proved that instead of being fixed at a particular level for construction projects, stakeholders' impact varies at different points of a project's life cycle. Poor management of stakeholders' interests has been commonly identified as a reason for project failure.

In the meantime, the concept of CSR has become an integral element of how companies in construction projects practice their stakeholder relationship management. According to some authors, stakeholder relationship practices may vary significantly in their ethical orientation, ranging from rather inclusive practices up to more manipulative ones. More recent studies indicate that including elements from the field of CSR in stakeholder relationship management helps to create public acceptability and counteract social resistance in construction projects. Such studies also provide evidence for the increasing need for ethics in construction projects to ensure trust in the relationship management and implementation.

Scholars have also been trying to discover Critical Success Factors (CSFs) that are to be considered in successful SRM implementation. The crucial factors that are identified in SRM include systematic stakeholder identification, understanding stakeholder interest and power, targeting stakeholder engagement, and ongoing project stakeholder monitoring. Power

dynamics between stakeholders are found to play an important part in understanding where to concentrate stakeholder engagement activities. All these works together to prove that structured SRM practices are strongly related to positive project outcomes.

Although there has been extensive international literature regarding stakeholder management, relatively less literature exists on SRM in an Indian construction environment. Construction projects in India may also face constraints such as regulatory hindrances, difficulties regarding acquisition of lands, labor dependencies, and community sensitiveness to a greater degree. As has also been emphasized in existing literature, lack of coordination among stakeholders in such circumstances can hamper construction project success to a vast extent. Therefore, there remains an imperative need to conduct various empirical studies and analyses in this area.

There nevertheless exists a gap with regards to specific and pragmatic knowledge with regards to developing economies. The aim of this research is to add towards this body of knowledge with regards to studying stakeholder relationship management practices operating in the Indian construction industry.

3.0 Research Methodology

This study creates a clear and organized way to look at how Stakeholder Relationship Management (SRM) affects the success of construction projects. Construction projects take place in fast changing and connected environments where many different stakeholders are involved throughout the project's life. These interactions play an imperative role with regard to prominent factors such as meeting the schedules, keeping costs under control, maintaining the quality, safety, sustainability, and success of satisfying the stakeholders. Therefore, the research method used to study the topic of interest is developed with meticulous care for the purpose of comprehension of the implications of the practices of the stakeholders.

Descriptive part of this work will help in the examination of the application of SRM in the present period that can offer a better understanding of what is happening in this industry. Otherwise, the Analytical part of the work will focus on a discussion on the relationship of the management strategies with the indicators of successful construction projects. In this way, the combination of these two components will ensure that this study will go deeper than simple descriptions presented by other researches by showing how relationships between stakeholders affect the success of a construction project.

This implies that a combination research approach is adopted in order to address the multidisciplinary and behavioural aspects of handling the relationship with stakeholders. On the one hand, the quantitative approach provides numeric information on matters such as the practices, perceptions, and results of stakeholders, whose results may be analyzed using

statistics, allowing the researcher to compare the findings with the panel of participants. On the other hand, the research provides an opportunity to understand the aspects of the stakeholders' behavior, barriers of communication, conflict, power dynamics, and decision-making, which may not easily be addressed in a numeric method of research, considering that they must include the best of both worlds with the objective of ensuring the findings of the study are credible and accurate. The major study participants in this research comprise individuals who are currently working on construction projects, handling different groups of stakeholders in the field of construction. These people are good to include because they are the ones who will be involved in handling different groups of people, thus being able to give their own opinion on the issue from their own knowledge. A purposeful method of selecting the people to be involved is employed to ensure that the people chosen have adequate experience on handling their relationships with different groups of people in the construction sector. Different methods of gathering the information have been employed to make the information obtained more credible.

A structured questionnaire survey is used as the main quantitative tool. The questionnaire is designed following an extensive review of related literature in order to capture the main dimensions of SRM, including identification of stakeholders, communication effectiveness, mechanisms of engagement, practices of conflict management, participation in decision making, and satisfaction of the stakeholders. The questions use a Likert scale to make it easier to analyze the data statistically, while openended questions let respondents explain the challenges, risks, and ways to improve how stakeholders are managed.

These interviews assist in gathering information regarding challenges, how people interact without an communicate, and how they decide at the project level. existing system of coordination, governance issues, and other details which influence how stakeholders interact. These interviews assist in making the main points in consideration relevant to the research. Visiting the site and conducting an informal talk assist in learning about how stakeholders interact, how they

Secondary sources will be adopted to substantiate the results of the principal study and will help in forming a robust theory for this study. These include academic journals, books, conference proceedings, policy papers, guidelines, industry reports, and case studies concerning the management of stakeholders and the performance of construction projects. Completed project files are also analyzed for cases that highlight practical experiences with project stakeholders.

The data obtained from this questionnaire has been analyzed using statistical software such as SPSS. Descriptive statistics such as frequency, percentage, average, and standard deviation are used to summarize the information about the respondents and the responses they

gave. Under reliability checks, consistency in research tools is established. Inferential statistics involving correlation and regression analysis are used to investigate relationships between stakeholder management success and project success and also between good stakeholder management and project success in general.

An analysis of the data collected in the interviews utilizes thematic analysis. This enables the identification of major patterns, key themes, or specific issues related to communication problems, trust development, power dimension, laws, and conflict resolution discussed among the key stakeholders concerning the most important issues.

4.0 Data Analysis

To identify and analyze the existing practices on stakeholder relationship management, descriptive statistical methods such as frequency distribution and percentage analyses have been utilized. The findings of this study have established that effective communication, use of structured planning tools, review processes, and increased use of digital platforms are important factors for enhancing a high degree of stakeholder coordination to facilitate successful delivery of construction projects.

Profile of the Respondents- Job Role Analysis : The respondents were a very diversified group of professionals who were directly involved in the execution and management of construction projects. These designations included Site Engineers, Junior Engineers, Project Managers, Project Coordinators, Assistant Managers, Project Execution Engineers, Project Heads, Contract Managers, and Consultants. Having a diverse mix within the respondent group has proven to be beneficial as it would ensure that all the day-to-day activity at the site and the high-level activity involving the management of the site development would come within the realm of the research. A number of the designations are directly involved with the handling and executing of the construction projects, which would have provided extremely valuable insights.

Role Category	Number of Individuals	Proportion of Sample(%)
Site Engineering Roles	14	23
Junior-Level Engineering	8	13
Project Management	7	12
Project Coordination	6	10
Assistant Managerial Role	5	8
Project Execution	5	8
Project Leadership	4	7
Contracts Function	4	7
Consultancy	4	7
Overall Sample Size	60	100

Source: Created by authors

Interpretation: From the profile of the respondent it is clear that the questionnaire had successfully collected knowledge from professionals at various levels of execution and managing construction projects. Over a substantial number of respondents have been involved in site level execution and coordination helps to ensure that the results are to a great extent based on experiences related to site-level work, including coordination experiences. The addition of participants on the level of the 'heads' of organizations does not affect the nature of the process of projects, contract managers, and consultants with the aim of further enhancing the robustness of the analysis provided in this study. Since such degrees of responsibility necessarily imply negotiation, regulatory interaction, and high-level stakeholder interaction, it ensures that the answers provided in relation to an accurate understanding of the policy level of the approaches to SRM

Strategies Used to Build Trust and Transparency with Stakeholders: I was asked to identify the best strategies employed in the development of trust and transparency with the company's stakeholders. It was clear that frequent meetings with the company's stakeholders, accompanied by a culture of transparency, were among the most popular strategies employed. Other strategies included technology used in relation to the sharing of information, as well as the development and implementation of sound ethics in decision-making.

Strategy Adopted	No. of Respondents	Proportion (%)
Frequent, structured interaction through meetings	18	30
Open and straightforward communication practices	14	23
Digital channels used for project-related updates	12	20
Commitment to honest, empathetic, and ethical behaviour	9	15
Regular site progress communication	7	12
Grand Total	60	100

Source: Created by authors

Interpretation: From the results, it is clear that organizing meetings with stakeholders is perceived to be the most effective method of creating trust and transparency. Interactive communication helps in learning about the concerns of stakeholders and addresses any issues that may have arisen in a very early stage. In addition to that, it has been identified that transparent communication is one of the most important factors creating trust and transparency. Trustworthiness, trust, and honesty in decision-making practices have also been revealed as important constructs in the creation of trust with stakeholders, showing the importance of not only technological trustworthiness but also honest behavior in this field of building trustworthiness in the construction field in general. The-emerging findings generally show the creation of trust in construction projects as an elaborate process involving technology.

Strategies for Stakeholder Scope, Cost, and Time Expectations Management: Another focus of the research was on the strategies used to date in addressing stakeholders' scope, budget, and timeline expectations. The findings of this research indicated that communication with a scope-closure objective is one of the strategies adopted by many. Some of the strategies adopted include planning and control tools, project scheduling software, earned value measuring, key performance indicator measurement, and review sessions.

Strategy Employed	Respondent Count	Proportion (%)
Consistent communication and defined project scope	16	27
Scheduling support via tools like MSP	13	22
Planning of capable labour teams and equipment resources	11	18
Use of KPIs and earned value techniques for monitoring	10	17
Digital tools to support coordination and collaboration	6	10
Weekly review-based monitoring	4	6
Grand Total	60	100

Source: Created by authors

Interpretation: These findings point to the fact that, in managing stakeholder expectations regarding scope, cost, and time, there is a strong emphasis in these contexts on continuous communication supported by formal planning and control tools. Communication, scope definition, and clarification are reported as being employed most, firstly emphasizing that scope management begins from the early phases of projects.

The adoption of project scheduling tools such as Microsoft Project shows that there is a reliance on systematic planning for the administration of time and resources. The use of Earned Value Analysis and Key Performance Indicators further shows that there exists a performance-based approach to the administration of projects. The planning of qualified human resources and the use of machinery further shows that there exists an approach to ensuring the needs of the stakeholders with regard to productivity and improved efficiencies are met. Although there is slightly less usage of digital collaboration tools and weekly review meetings, their existence indicates that there has been a gradual shift towards more integrated forms of coordination.

5.0 Findings / Results

The results have proved that well-managed relationships among stakeholders positively impact the overall performance in projects. The execution efficiency and results in construction projects done through proper and methodical stakeholder relationship management are always better.

Those projects that were identified for their stakeholders from the outset, well-established roles and responsibilities, and regular stakeholder engagement practices were noted for fewer disputes and easier progress for various phases during the project's life cycle.

The factor that had the greatest positive impact on stakeholder relationships is communication. Activities including coordination meetings, provision of information, and reporting progress were some of the essential elements that influenced this factor.

Effective communication practices were shown to mitigate issues pertaining to project scope, cost, and schedule. Effective communication practices were thus seen to impact project success directly.

It comes to light that trust and transparency are basic to ensuring successful collaboration among stakeholders. Trust can be ensured through ethical conduct, transparency during decision-making processes, and communicating news related to the project on time.

The transparent and ethical practices in projects found support for helping in the operations of the project as well as having a conducive working environment during the period of a project.

The employment of structured planning & monitoring approaches such as project scheduling software, performance measures, and meetings further had a positive influence on controlling project time & costs.

These tools help in identifying divergence at an early stage, which enables project members to take corrective measures, thus preventing large scale setbacks in project timelines or costs. The above findings also justify the importance of digital collaboration platforms for construction purposes. Digital collaboration platforms can provide effective means of real-time communication and coordination of multiple stakeholders for a construction project.

In general, it can be said that the outcomes affirm that projects where importance was given to structured SRM practices have achieved higher levels of coordination, conflict, satisfaction, and reliability of outcomes.

6.0 Conclusion

Such factors as transparency and communication in relation to stakeholders were identified as being of most important concern in helping in the management of a project. The necessity of a planned and structured process in involving stakeholders has been noted.

The goal behind the incorporation of a project schedule system, a performance measurement tool, and reviews is to improve transparency, building upon an increased level of confidence regarding a project's management.

In general terms, it is obvious that when focus is placed on relationship development among construction project-related parties, more efficiency and satisfaction can be obtained.

It is imperative that SRM is recognized as an elemental aspect of project management and not as a supplementary process. It can be greatly beneficial when an attempt is made towards enhancing project outcomes, and this can be done simply by recognizing the incorporation of SRM. This particular study, while suffering from a limited sample size which might prevent the results from being so broadly applicable, remains an important work nonetheless. It clearly illustrates the need for the incorporation of relationship management as an essential factor for the success of construction projects. Indeed, the use of relationship management in the construction field has never been more relevant.

7.0 Recommendation

Relationship Management System: Construct a relationship management system in order to set up the formal interaction of the above elements in the construction industry. The entities should be integrated in the formal risk management and the formal project management. This means identifying the risk stakeholders in the projects.

Enhance Communication and Information Exchange Practices Mechanism to ensure effective communication and information exchange: Meetings to discuss reports and aligning them with expectations regarding scope, cost, and time of the project should be created. Uniformity should be established regarding reports.

Encourage integrity in trusting and transparent project behavior, and ensure that: Project management team's efforts should be focused towards team member ethics, transparency in the making of project decisions, and the distribution of information related to projects. All these are essential in creating trusting partnerships between the different project constituents. Project Management Institute, 2007 use digital technology for collaboration and tracking: The use of communication technology in collaborative activities like video conferencing, storing shared project documents, and project tracking should be encouraged. This is done in order to simplify collaborative activities among team members. The information is also available, and the use of collaborative communication helps in reaching the stakeholders.

Enhance planning and control-related processes: There should be periodic utilization of project management tools for schedule creation, review of critical KPIs, or review meetings. It enables tracking of projects, addressing project expectations from stakeholders, and completion of projects in a proper way.

Improve stakeholder management skills within project teams: Construction companies should provide necessary training and development programs to project managers/personnel at construction sites to enhance the communication, negotiation, and conflict resolution skills. These will help to liaise with stakeholders more efficiently and

deliver successful projects accordingly. **taskId: Added Establish formal system for stakeholder's relationship management:** There should be organized SRM systems in the construction organizations that are integrated into their project management. It involves early stakeholder identification, categorization, and planning of stakeholder engagement.

Improve communication and information dissemination: There should be proper communication channels through regular meetings and the availability of structured reports to make the stakeholders aware about the objectives, budgets, and timeframes related to the project.

Gain trust through good project ethics: The project team shall evoke a sense of trust by divulging a truthfully open decision process and sharing the information on the project with the stakeholders.

Leverage technology to facilitate collaboration as well as record-keeping: Emphasize the use of technology in collaboration, sharing, as well as tracking efforts to ensure timely coordination, as well as enhanced levels of engagement among project teams, with numerous project-related stakeholders.

Develop the skills in managing the stakeholder relationship in the project team: Organizational bodies have to invest in the proper training of the project managers in the skills required to effectively manage the relationship in the site teams.

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