



STAKEHOLDER ENGAGEMENT PROCESS AND PERFORMANCE OF REAL ESTATE PROJECTS IN NAIROBI CITY COUNTY, KENYA

¹ Too Alfred Cheruiyot, ² Dr. Noor Ismail Shale-Phd

¹ Degree of Master of Science in Project Management, Jomo Kenyatta University of Agriculture and Technology

² Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

Stakeholder engagement is a process by which an organization involves relevant stakeholders who may be affected by the decisions it makes or can influence the implementation of its decisions for a purpose to achieve accepted outcomes. Real estate development, serves as an important contributor to a Nation's economic growth. It also supports the attainment of society's essential needs. The real estate companies in Kenya have also experienced problems with late project completion, subpar quality of completed projects, misuse of client funds, and legal challenges with their clients. The general objective of the study was to establish the effect of stakeholder engagement process and performance of real estate projects in Nairobi City County, Kenya. The specific objectives were to examine effect of plan stakeholder engagement monitor and evaluate stakeholder engagement on performance of real estate projects in Nairobi City County, Kenya. The study adopted a descriptive research design. The unit of analysis was 55 property development companies in Nairobi County. The unit of observation was the project managers, project supervisors, maintenance managers, and the leasing/renting managers, sales managers hence a total of 275 respondents. A sample of 162 respondents was determined using Yamane 1967 formula. The study used stratified random sampling technique. The study used questionnaires to collect data. A pilot study was carried out with 16 management staff. Content and construct validity were used to validate the instruments. To test reliability of the instrument, the researcher used Cronbach alpha. Data was analyzed using descriptive (frequency, percentage, mean, standard deviation) and inferential statistics (correlation, regression) using SPSS Version 28. According to findings; a strong significant relationship between plan stakeholder engagement and project performance ($r=0.933$, $p=0.000$), and a strong significant relationship between monitor and evaluate stakeholder engagement and project performance ($r=0.805$, $p=0.000$). The recommendations are that; the project managers should ensure that all identified stakeholders are registered data well captured into the stakeholder registry. The firms should make efforts to employ skilled monitoring and evaluation staff. This will ensure that there is effective monitoring and evaluation of stakeholder engagement.

Key Words: Stakeholder Engagement Process, Plan Stakeholder Engagement, Monitor and Evaluate Stakeholder Engagement, Performance, Real Estate Projects

Background of the Study

Stakeholder engagement is the process by which an organization involves relevant stakeholders who may be affected by its decisions or can influence the implementation of those decisions, with the primary goal of achieving mutually accepted outcomes. It encompasses the systematic identification, analysis, planning, and implementation of actions designed to manage and influence stakeholders in ways that enhance project performance (Gupta, Crilly, & Greckhamer, 2020). Stakeholder engagement can occur at any or all phases of a project's life cycle, across various societal levels, and in multiple forms. Effective stakeholder engagement incorporates stakeholders' perspectives into project decisions, which not only improves organizational performance but also fosters greater commitment and support from those involved (Bahadorestani, Naderpajouh, & Sadiq, 2020).

The involvement of stakeholders plays a crucial role in maintaining stakeholder interest and achieving project success. Stakeholders have a vested right to be informed about project progress, corrective actions being taken, and lessons learned from monitoring and evaluation efforts. By participating in these processes, stakeholders can directly assess the relevance, performance, and success of a project. This inclusive approach ensures that stakeholder feedback is actively considered, helping organizations align their activities with stakeholder needs and expectations (Klaus-Rosinka & Iwko, 2021). Incorporating stakeholder views not only enhances decision-making processes but also builds trust and accountability, which are essential for long-term project sustainability.

Moreover, stakeholder engagement is critical for identifying and addressing potential risks early, facilitating smoother project implementation and enhancing overall outcomes. The active involvement of stakeholders can improve project transparency, encourage collaborative problem-solving, and ensure that the project remains aligned with the goals and expectations of all parties involved (Sedmak, 2021). For organizations, engaging stakeholders effectively means taking into account the concerns and inputs of individuals and groups that can influence or be influenced by project decisions, thereby ensuring that the organization's goals are achieved in a socially responsible and sustainable manner.

Stakeholders encompass a broad range of individuals, groups, and organizations that may influence or be influenced by a project or program. These stakeholders can include customers, project managers, developers, subcontractors, vendors, financing agencies, staff, local communities, and regulatory bodies (Khan, 2021). Each stakeholder brings unique perspectives and interests that can significantly impact the trajectory of a project. Therefore, effective stakeholder engagement is not just about managing relationships but about strategically aligning these diverse interests with the overall objectives of the project to achieve optimal outcomes (Hwang & Ng, 2021).

Statement of the Problem

Real estate development, serves as an important contributor to a Nation's economic growth. It also supports the attainment of society's essential needs. The real estate sector plays a great role in economic development in Kenya. The real estate sector contributed to 15.4% to the total GDP in Q2'2023 (Cytonn Investments, 2023). In the residential sector, developers targeting the high end clientele are having a hard time selling/renting out properties due to a saturation of that market (The Cytonn Q1'2021). The NCA (2019) report shows that poor workmanship contributes to the highest percentage of collapsed buildings at 35%, use of substandard construction materials stood at 28%, and unprofessional and unethical conduct of contractors at 34%. The real estate companies in Kenya have also experienced problems with late project completion, subpar quality of completed projects, misuse of client funds, and legal challenges with their clients (Kamau, 2019). The Ministry of Housing, Land and Urban Development (2021) further reported that 48% of real estate projects in Nairobi County are still

incomplete and 10% have completely stalled. According to Estate Agents Registration Board (EARB, 2023), several real estate companies have been associated with scandals with famous investment projects that sunk with investors billions of Kenyan Shillings. Bishop Gakuyo was accused of swindling over 50,000 unsuspecting members of the public over Sh1 billion in a real estate fiasco. A director of Lesedi Developers, was also charged with 12 counts of obtaining money by false pretenses from individuals by pretending he was in a position to sell them parcels of land

There are various on stakeholder engagement; Magassaouba et al., (2019) study on influence of stakeholder engagement on development project performance in Guinea and established that stakeholders' engagement through identification, planning, implementation, monitoring and control contribute in a very great extent to project success. Aupe and Sagwa (2020) on influence of stakeholders in project monitoring and evaluation on sustainability of water projects in Kwanza Sub-county found a significant correlation between stakeholder participation in monitoring and evaluation and sustainability of water projects. Luhombo (2022) on effect of stakeholder management process on sustainability of Corporate Social Responsibility Projects in technical and vocational institutions in Western Kenya concluded that stakeholder identification and stakeholder engagement affected affect sustainability of CSR. However, there study limitation on stakeholder engagement process and performance of real estate projects in Nairobi City County, Kenya. This sought to fill the research gap by examining the effect of stakeholder engagement process and performance of real estate projects in Nairobi City County, Kenya.

Objectives of the Study

The general objective of the study was to establish the effect of stakeholder engagement process and performance of real estate projects in Nairobi City County, Kenya.

The study was guided by the following specific objectives;

- i. To assess the effect of plan stakeholder engagement on performance of real estate projects in Nairobi City County, Kenya.
- ii. To examine the effect of monitor and evaluate stakeholder engagement on performance of real estate projects in Nairobi City County, Kenya

LITERATURE REVIEW

Theoretical Review

Theory of Trans active Planning

The Theory of Transactive Planning was introduced by John Friedmann in 1973. Friedmann's theory posits that effective planning emerges from dialogue and interaction between planners and stakeholders, rather than being a top-down, expert-driven process. The theory emphasizes the transformative nature of planning, where knowledge is shared and developed collaboratively between planners and the community, ultimately leading to better outcomes. Friedmann argued that planning should be seen as an ongoing process of communication, learning, and mutual adjustment between the planner and the affected parties (Friedmann, 1973).

The Theory of Transactive Planning has been supported by various scholars who see dialogue as crucial to the planning process. Innes and Booher (2010) argued that transactive planning fosters more democratic and inclusive decision-making processes, which can lead to more innovative and acceptable solutions. The theory has been applied in various fields, including urban planning, environmental management, and community development, where stakeholder engagement is critical. It has been particularly effective in contexts where projects impact diverse stakeholder groups with differing needs and expectations.

However, the theory has not been without criticism. Critics argue that the emphasis on dialogue and personal interactions can lead to inefficiencies, especially in large-scale projects with numerous stakeholders. Hostovsky (2007) criticized the theory for being overly optimistic about the ability of planners and stakeholders to engage constructively, noting that power imbalances often skew the dialogue process. Furthermore, not all stakeholders are equally capable of participating, which can lead to an unequal distribution of influence. Despite these critiques, the theory remains suitable for this study as it underscores the importance of continuous stakeholder engagement, which is vital for adapting project plans to emerging challenges.

The Theory of Transactive Planning is closely linked to the study variable "Plan Stakeholder Engagement." It emphasizes the importance of establishing communication channels between project teams and stakeholders to foster mutual understanding and collaboration. By planning stakeholder engagement as an interactive process, project teams can better align their strategies with stakeholder expectations, leading to more effective and adaptive project implementation.

Theory of Project Implementation

The Theory of Project Implementation was developed by Paul Nutt in 1986. Nutt's theory focuses on the steps organizations take to execute planned changes effectively, emphasizing the importance of a structured approach to implementation. According to the theory, successful project implementation involves a series of actions, including planning, coordinating, monitoring, and adapting, to ensure that changes are integrated smoothly into the organization. Nutt argued that project success depends on the ability to manage stakeholder expectations, address resistance, and maintain engagement throughout the implementation process (Nutt, 1986).

The Theory of Project Implementation has been supported by other scholars who stress the importance of structured and adaptive approaches to project management. Pinto and Slevin (1987) expanded on Nutt's ideas, highlighting the critical role of stakeholder communication and feedback loops in maintaining project alignment with stakeholder expectations. They argued that effective implementation requires continuous monitoring and evaluation to identify potential issues and make necessary adjustments. The theory has been applied widely in project management, construction, and change management, where the focus is on ensuring that planned initiatives are executed effectively.

Despite its strengths, the Theory of Project Implementation has been critiqued for being overly procedural and not sufficiently accounting for the dynamic nature of stakeholder relationships. Critics argue that the theory's structured approach may not be flexible enough to handle the unpredictable changes and conflicts that can arise during project implementation. Kotter (1996) critiqued the theory for not fully addressing the emotional and behavioral aspects of change, which are often critical in managing stakeholder engagement. Nevertheless, the theory remains suitable for the current study because it emphasizes the need for systematic monitoring and adaptation, which are essential for managing stakeholder engagement in complex projects.

The Theory of Project Implementation is directly linked to the study variable "Monitor and Evaluate Stakeholder Engagement." It provides a framework for understanding how continuous monitoring and evaluation can help project managers maintain effective stakeholder relationships, address emerging issues, and ensure that the project remains on track. By applying this theory, project managers can develop robust strategies for engaging stakeholders, tracking their involvement, and adjusting engagement efforts as needed to achieve desired project outcomes.

Conceptual Framework

A conceptual framework is a structured model that outlines the expected relationships between key variables in a study, providing a visual and logical guide for research. It connects

theoretical insights with empirical evidence, helping to clarify how the study's independent variables—Plan Stakeholder Engagement, and Monitor and Evaluate Stakeholder Engagement—interact to influence the dependent variable, Project Performance (Miles & Huberman, 1994; Jabareen, 2009). Figure 2.1 presents the conceptual framework for this study.

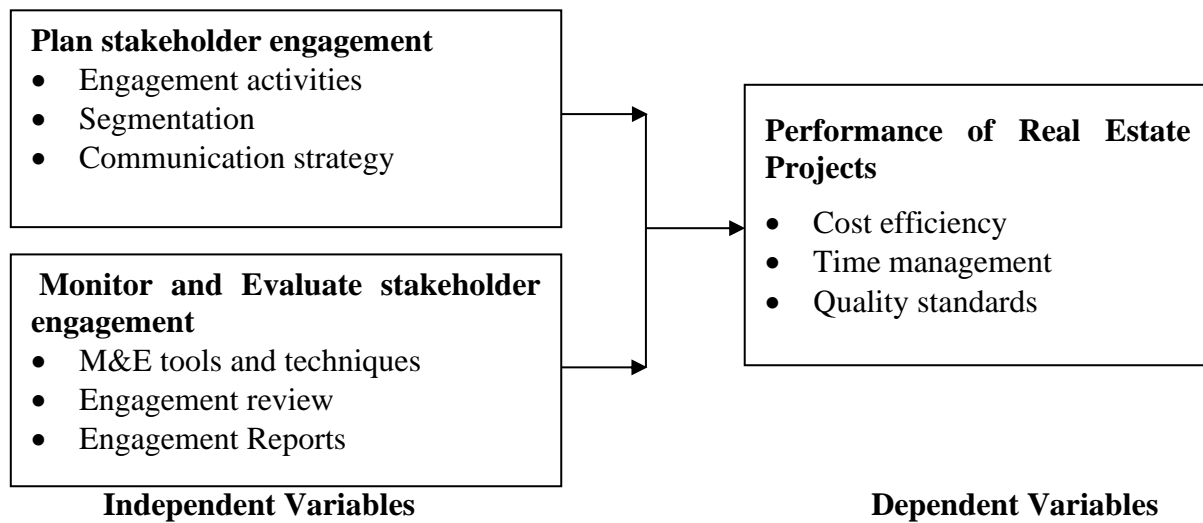


Figure 2. 1: Conceptual Framework

Plan Stakeholder Engagement

Planning stakeholder engagement is a critical phase in project management that involves structured participatory decision-making, consultation, knowledge sharing, and approvals to ensure that all relevant stakeholders are effectively involved throughout the project lifecycle. The primary objective of a Stakeholder Engagement Plan (SEP) is to define a systematic approach for engaging stakeholders, including public information disclosure and consultation, to foster meaningful interactions between project teams and stakeholders (Khan, 2021). An SEP outlines how communication will be conducted, specifying the channels, frequency, and content of communication with each stakeholder group. This ensures that stakeholders are kept informed, their concerns are addressed promptly, and they remain engaged throughout the project.

According to the World Bank's Stakeholder Engagement Plan study (2018), the goal of planning stakeholder engagement is to enhance decision-making by creating an environment of mutual understanding and respect, where stakeholders, including project-affected individuals, have ample opportunities to voice their opinions and concerns. This process not only empowers stakeholders by actively involving them in decision-making but also helps to identify potential issues early in the project cycle, allowing for proactive management of stakeholder expectations. By giving stakeholders a platform to express their views, the SEP helps to mitigate risks associated with stakeholder dissatisfaction and builds a foundation for long-term project success.

The stakeholder engagement planning process involves identifying, tracking, and prioritizing stakeholders to determine the most efficient communication and engagement strategies. This involves assessing the influence, interest, and needs of each stakeholder group to tailor engagement approaches that maximize resource use and address specific concerns (Sedmak, 2021). Effective planning ensures that the right stakeholders are engaged at the right time with the appropriate level of involvement, enhancing the overall efficiency of the engagement process. For example, high-priority stakeholders who have significant influence over project outcomes may require more frequent and detailed communications, while other stakeholders may be adequately engaged through periodic updates.

A well-crafted stakeholder engagement plan fosters transparency, trust, and collaboration between the project team and stakeholders, which are crucial for gaining stakeholder buy-in and confidence in the project. Sedmak (2021) emphasizes that strategic stakeholder engagement planning enables organizations to anticipate the needs and expectations of stakeholders, thus reducing potential conflicts and ensuring smoother project implementation. This proactive approach helps build strong relationships with stakeholders, enhancing their commitment to the project and increasing the likelihood of project success.

Additionally, planning stakeholder engagement contributes to effective risk management by identifying potential sources of stakeholder conflict early and developing strategies to address them. This aspect of planning ensures that stakeholder concerns do not escalate into major issues that could derail the project. By integrating stakeholder feedback into the planning process, project managers can make informed decisions that reflect the needs and preferences of stakeholders, ultimately leading to more robust and resilient project outcomes.

Stakeholder engagement planning is not just a procedural task but a strategic component of project management that plays a pivotal role in aligning project objectives with stakeholder expectations. By creating a comprehensive SEP, project managers can guide the project team in managing communications, building trust, and fostering a collaborative environment that enhances decision-making and project performance. This approach underscores the importance of planning as a foundation for effective stakeholder engagement, ensuring that projects are implemented with the full support and cooperation of all involved stakeholders.

Monitor and Evaluate Stakeholder Engagement

Stakeholder engagement monitoring refers to the part of the engagement process the project managers keep track of stakeholders, how they are engaged in the project and any results of engagement. Evaluation refers to regularly assessing satisfaction with the project through surveys or feedback mechanisms. This helps to gauge stakeholder sentiment, identify areas for improvement, and ensure that their needs and expectations are being met effectively (Bammer, 2021). Monitor and Evaluate stakeholder engagement process entails monitoring the status of stakeholder relationships, as well as adapting and changing the stakeholder engagement strategies and plans as needed. The key benefit of this process is that it maintains or increases the efficiency and effectiveness of stakeholder engagement activities as the project evolves and its environment changes (Sachs & Kujala, 2021b). Stakeholder needs are dynamic and demand regular updating of all associated documentation.

Monitoring stakeholder engagement is not a one-time activity, but a continuous process of learning and improvement. A project manager should regularly review and update objectives, methods, data, and actions based on the changing context and stakeholder needs and expectations (Bammer, 2021). It is imperative to undertake regular monitoring and review of the engagement process. Organizations must carry out up to date comparison of the actual engagement outcomes against the set goals and objectives. Hence, adjustments can be made to what is not working well. Monitoring and review could provide feedbacks that can influence ongoing and future efforts (Keen & Mahanty, 2021).

The monitoring of stakeholder engagement is essential for all projects to make sure they move forward, all stakeholders remain supportive, and sponsors and financiers are held to account. This monitoring process should start immediately at the project's inception and carry on until it is finalized. This is especially vital for larger projects, as they require extra attention to ensure they succeed. Project managers must ensure that stakeholders remain actively engaged to help garner a successful project outcome (Okazaki, Plangger, & Menendez, 2021). According to Rogers (2019), monitoring is instrumental in keeping management and primary stakeholders of a development intervention abreast of their progress towards the attainment of objectives and allocation of resources. Monitoring provides critical data for analysis. Evaluation, on the

other hand, is the methodical and objective appraisal of ideas, plans of action, and outcomes. Giving timely assessments of the projects' applicability, efficacy, efficiency, impact, and sustainability is the aim.

Performance of Real Estate Projects

Performance in real estate projects refers to the ability of a project to achieve its intended objectives, particularly in terms of time, cost, quality, and stakeholder satisfaction. High levels of performance are critical as they determine the overall success of the project and its impact on all stakeholders involved. Key Performance Indicators (KPIs) often used to measure performance include adherence to project timelines, effective budget management, quality of construction, and the satisfaction of stakeholders, including developers, investors, and end-users (Ramezani, Khosravi, & Ghaderi, 2021).

Time performance is a crucial aspect of real estate project success, as delays can lead to increased costs, legal disputes, and dissatisfaction among stakeholders. Timely project completion is often linked to early and continuous stakeholder engagement, which helps identify potential risks and resolve conflicts quickly. Nguyen et al. (2021) emphasize that involving stakeholders from the beginning can streamline decision-making, facilitate prompt approvals, and ensure that project milestones are met as scheduled, thereby minimizing time overruns.

Cost performance is another critical dimension, reflecting the project's ability to stay within its financial constraints. Effective stakeholder engagement plays a significant role in managing costs by fostering clear communication and aligning expectations among all parties. El-Sawalhi and Shehatto (2022) suggest that when stakeholders are actively involved during planning and budgeting phases, it results in more accurate cost estimations and reduces the likelihood of unexpected expenses. Moreover, proactive engagement helps manage changes during construction, thereby minimizing cost overruns and financial risks.

Quality performance in real estate projects refers to meeting the standards and specifications set out during the planning stage, which is directly tied to stakeholder satisfaction. Quality is a key determinant of how well the final product meets the expectations of investors, developers, and end-users. Tang, Shen, and Cheng (2020) argue that continuous stakeholder feedback throughout the project lifecycle is essential for maintaining quality standards. By engaging stakeholders such as contractors, architects, and regulators, the project team can ensure that high-quality materials and workmanship are prioritized, resulting in superior project outcomes.

Stakeholder satisfaction is a comprehensive measure of project performance that encompasses the experiences and perceptions of all involved parties. Effective engagement strategies that keep stakeholders informed, involved, and aligned with project objectives tend to enhance satisfaction levels. Karlson, Græe, and Massie (2022) note that trust and transparency between project teams and stakeholders are critical to maintaining positive relationships, which in turn leads to higher levels of satisfaction and better project outcomes. Engaging stakeholders in meaningful ways throughout the project lifecycle ensures that their needs and concerns are addressed, fostering a sense of ownership and commitment to the project.

Effective stakeholder engagement also contributes significantly to risk management in real estate projects. The ability to identify and mitigate risks early is enhanced when stakeholders are involved in risk assessment and planning activities. Zou et al. (2021) highlight that engaging stakeholders such as investors, contractors, and local communities helps to uncover unforeseen risks and develop strategies to manage them proactively. This collaborative approach not only improves project resilience but also ensures that risks are shared and managed collectively, enhancing overall project performance.

Innovation and sustainability are increasingly important factors in the performance of real estate projects. Engaging stakeholders in discussions about sustainability and innovative design

solutions can lead to the adoption of cutting-edge technologies that improve project efficiency and reduce environmental impact. Hwang, Shan, and Looi (2019) argue that stakeholder-driven innovation, particularly in the areas of energy efficiency and sustainable construction, helps projects align with broader social and environmental goals, which enhances long-term success and market competitiveness.

Despite the numerous benefits of stakeholder engagement, real estate projects often face challenges that can undermine performance. Miscommunication, conflicting interests, and inadequate engagement strategies can result in disputes, project delays, and financial losses. Pal et al. (2023) observe that a common issue in real estate projects is the misalignment of stakeholder expectations with actual project deliverables, which can lead to dissatisfaction and negative perceptions of the project. These challenges highlight the need for effective stakeholder management strategies that prioritize clear communication, alignment of goals, and continuous engagement.

The integration of digital tools and technology is transforming how stakeholder engagement is conducted in real estate projects, thereby enhancing performance outcomes. Technologies such as Building Information Modeling (BIM), virtual reality, and project management software facilitate real-time communication and feedback among stakeholders, reducing the likelihood of misunderstandings and project delays. Li, Chen, and Liu (2021) found that technology-enabled engagement allows stakeholders to visualize project progress and participate more actively in decision-making processes, ultimately contributing to better project performance.

The performance of real estate projects is intricately linked to the effectiveness of stakeholder engagement throughout the project lifecycle. Identifying, planning, managing, and continuously monitoring stakeholder interactions enable project teams to align their actions with stakeholder expectations, reduce risks, and enhance overall satisfaction. Literature strongly supports that stakeholder engagement is not merely a supplementary activity but a fundamental aspect of project management that drives efficiency, fosters collaboration, and leads to successful project outcomes.

Empirical Review

Plan Stakeholder Engagement

Klaus-Rosinka and Iwko (2021) assessed the role of stakeholder management in project success and sustainability within construction companies in Poland. The study employed a qualitative research design with 50 participants, including project managers and contractors. Data was collected through semi-structured interviews, and thematic analysis was used to analyze the findings. The study found a low level of maturity in handling project stakeholders and a lack of formal stakeholder management plans, which hindered project success. The study recommended the adoption of formal stakeholder engagement plans to enhance project performance and sustainability.

Lesesa (2020) investigated the influence of stakeholder management on project success in Eskom NCOU, South Africa. The study used semi-structured interviews to collect data from project managers and stakeholders. A total of 30 interviews were conducted, and the data were analyzed using content analysis. Findings revealed that stakeholder management plays a pivotal role in project success, with participants highlighting the importance of comprehensive stakeholder management plans. The study concluded that projects that actively plan stakeholder engagement are more likely to meet their goals, as stakeholder input enhances decision-making processes.

Kihuha (2018) examined the impact of monitoring practices and stakeholder involvement in the planning process on the performance of Global Environment Facility projects in Kenya. The study used an exploratory research design and collected data through questionnaires administered to 100 project staff members. Findings indicated that involving stakeholders in

planning significantly enhanced project performance, particularly in fund allocation and decision-making processes. The study recommended continuous stakeholder engagement in the planning stages to ensure successful project execution.

Matu, Kyalo, Mbugua, and Mulwa (2020) explored the influence of stakeholder participation in project planning on the completion of urban road transport infrastructure projects in Kenya. The study employed descriptive and correlational research designs with a target population of 1,593 stakeholders. A sample size of 309 was selected using purposive and random sampling techniques. Data were collected through surveys and analyzed using regression models. The study concluded that stakeholder participation in planning significantly influenced project completion rates, with a statistically significant positive correlation coefficient of 0.72.

Ofori, Obeng, and Adjei (2021) analyzed the effects of stakeholder engagement planning on the success of public housing projects in Ghana. The study used a case study approach and targeted project managers, contractors, and community representatives. Data were collected through focus group discussions and interviews with 80 participants. The study found that comprehensive stakeholder engagement plans improved communication, reduced project delays, and increased stakeholder satisfaction. The study recommended the integration of stakeholder feedback mechanisms into project planning to enhance project success.

Monitor and Evaluate Stakeholder Engagement

Zaman, Ford, and Zagt (2023) examined stakeholder participation in monitoring and evaluation (M&E) and its impact on the performance of water supply projects in Australia. The study adopted a descriptive research design targeting 250 stakeholders involved in the Cotter Dam project, with 220 respondents sampled. Data were collected using questionnaires and analyzed through regression analysis. Results indicated that active stakeholder involvement in M&E led to improved decision-making, transparency, and accountability, enhancing project performance by 35%. The study recommended that future projects adopt inclusive and collaborative M&E approaches.

Chirau et al. (2020) investigated stakeholders' perceptions of the development of a national evaluation system in Africa. The study used questionnaires to collect data from 100 stakeholders across different sectors. Findings showed that stakeholder involvement in M&E strengthens evaluation systems by delegating roles and responsibilities, which enhances implementation effectiveness. The study concluded that comprehensive stakeholder engagement in M&E processes is essential for robust evaluation systems.

Ogbe (2023) assessed stakeholder engagement practices on the performance of Prime Cement Ltd in Rwanda. The study employed a mixed-method research design targeting employees and external stakeholders, including contractors and customers. Findings showed a strong positive correlation ($r=0.70$) between stakeholder engagement in project monitoring and overall project performance. The study recommended integrating stakeholder feedback into the M&E framework to enhance project success.

Matyoko (2019) evaluated the effectiveness of M&E systems on the sustainability of NGO projects in Tanzania. The study used a descriptive research design with data collected from 80 respondents through questionnaires. Results indicated a positive relationship between stakeholder participation in M&E and project sustainability, with a correlation coefficient of 0.62. The study recommended that NGOs engage stakeholders early in M&E processes to improve project outcomes and ensure long-term sustainability.

Ahmed and Mutundu (2023) explored the role of M&E systems in shaping public school infrastructure development in Wajir County, Kenya. The study used workshops and training sessions to gather data from 150 stakeholders, including teachers, parents, and government officials. Findings indicated that stakeholder participation in M&E activities improved their understanding of procedures and enabled more effective contributions, leading to better

infrastructure outcomes. The study recommended increased stakeholder involvement in M&E to ensure that community perspectives are incorporated into project decisions.

RESEARCH METHODOLOGY

The study adopted a descriptive research design. For this study, the target population comprised real estate projects within the private sector in Nairobi City County, Kenya. According to the Kenya Property Developers Association (KPKDA, 2024), there are 55 registered property development companies in Nairobi City County, which constituted the study's unit of analysis. The units of observation included project managers, project supervisors, maintenance managers, leasing/renting managers, and sales managers, representing key roles directly involved in the execution and management of real estate projects. The total number of respondents targeted in this study was 275, ensuring a comprehensive representation of the critical decision-makers and operational personnel within the sector. The sample size for this study was determined using Yamane's formula (1967). Therefore, the sample study was 162 respondents. The study employed a stratified random sampling technique, a method that enhances the representativeness of the sample by dividing the population into distinct subgroups or strata (Kothari, 2014). In this study, the population was stratified into five categories: project managers, project supervisors, maintenance managers, leasing/renting managers, and sales managers. The study used questionnaires as the primary data collection instrument. After data collection, it was sorted and coded for analysis using Statistical Package for Social Sciences (SPSS) version 28. Data was analyzed using descriptive (percentage, mean, and standard deviation) and inferential statistics (correlation, regression) and presented in tables. All the tests significance level was tested at 95% confidence level.

RESEARCH FINDINGS AND DISCUSSIONS

The sample size of study was 162 respondents. The pilot test was conducted with 16 respondents representing 10% of the sample size. The pilot respondents were not included in the actual study hence 146 questionnaires were administered out of which 122 were answered successfully. The response rate was 83%. Kothari (2012) recommended that an adequate response rate is one that is greater than 50%, while an exceptional response rate is typically one that is greater than 70%.

Plan Stakeholder Engagement

The first objective aimed at assessing the effect of plan stakeholder engagement on performance of real estate projects in Nairobi City County, Kenya. Respondents were asked to tick on the extent to which they agree/disagree with statements related to plan stakeholder engagement. Findings are shown in Table 1.

Table 1: Plan Stakeholder Engagement

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD	D	N	A	SA	M	Std.
	%	%	%	%	%		
The project manager assesses the project scope and stakeholder impact	1.6	20.5	7.4	53.3	17.2	3.36	1.045
The firm conducts detailed stakeholder analysis	1.6	3.3	6.6	61.5	27.0	4.09	0.782
Stakeholders are segmented for targeted engagement	3.3	4.9	4.1	24.6	63.1	4.39	1.009
The firm has developed a holistic engagement framework	0.8	14.9	3.3	17.0	63.9	4.48	0.845
Stakeholder engagement activities are well designed	5.7	0.8	8.2	19.7	65.6	3.61	1.071
All the stakeholders have been given clear roles and responsibilities in the projects.	52.3	28.7	3.3	5.7	10.0	2.39	1.064
The firm has well elaborated plans on stakeholders' communication	27.0	54.9	8.2	9.0	0.8	1.98	0.891
The firm has clear plans on how the interests of the various stakeholders are met	1.6	8.2	3.3	63.9	23.0	4.02	0.862
Average						3.54	0.946

N=122

Findings show that majority of the respondents strongly agreed that the firms have developed a holistic engagement framework (M=4.48, Std.=0.845), and stakeholders are segmented for targeted engagement (M=4.39, Std.=1.009). Respondents also agreed that; the firm conducts detailed stakeholder analysis (M=4.09, Std.=0.782), have clear plans on how the interests of the various stakeholders are met (M=4.02, Std.=0.862), stakeholder engagement activities are well designed (M=3.61, Std.=1.071), and the project manager assess the project scope and stakeholder impact (M=3.36, Std.=1.045). Respondents disagreed that all stakeholders have been given clear roles and responsibilities in the projects (M=2.39, Std.=1.064), and the firms have well elaborated plans on stakeholders' communication (M=1.98, Std.=0.891).

The findings indicate that the real estate development firms have developed a holistic engagement framework. There is also a detailed stakeholder analysis to allocate the roles and responsibilities of the stakeholders. The stakeholder engagement activities are well designed and the firms segment stakeholders accordingly. The firms also plan on how to meet the needs of the stakeholders since the stakeholders may have different expectations based on their level of interest in the project. The roles and responsibilities of the stakeholders are not clear and there may be conflict in stakeholder engagement. The firms also lack elaborate plans on stakeholder communication which could be a challenge in stakeholder engagement. Findings are in agreement with Klaus- Rosinka and Iwko (2021) that applying stakeholder management plans aid in the success of the project.

Monitor and Evaluate Stakeholder Engagement

The second objective examined the effect of monitor and evaluate stakeholder engagement on performance of real estate projects in Nairobi City County, Kenya. Respondents were asked to tick on the extent to which they agree/disagree with statements related to monitor and evaluate stakeholder engagement. Findings are shown in Table 2.

Table 2: Monitor and Evaluate Stakeholder

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD	D	N	A	SA	M	Std.
	%	%	%	%	%		
Conflicts are monitored at stakeholder level	6.3	3.3	13.4	27.0	50.0	3.72	1.479
Project Manager take every opportunity to walk the stakeholders among the teams when they are at the project site	3.0	7.7	13.1	25.2	51.0	4.07	0.985
Stakeholder contributions are acknowledged and rewarded	4.9	4.9	9.8	59.8	20.5	3.75	0.819
Project managers frequently review the items from stakeholder engagement plan	8.2	9.8	5.7	71.3	4.9	3.55	1.021
The management check in with stakeholders regularly through constant communication	11.5	16.4	6.6	59.8	5.7	3.32	1.166
The tools and techniques for stakeholder monitoring and evaluation are suitable	48.4	28.7	4.9	16.4	1.6	1.98	0.782
Project Manager share the evaluation reports with stakeholder	4.1	2.5	1.6	30.8	61.0	4.25	0.914
Stakeholder monitoring and evaluation helps to improve stakeholder engagement	0	0.8	1.6	24.1	73.4	4.77	0.478
Average						3.67	0.955

N=122

Findings show that majority of the respondents strongly agreed that stakeholder monitoring and evaluation helps to improve stakeholder engagement (M=4.77, Std.=0.478), and project managers share the evaluation reports with stakeholder (M=4.25, Std.=0.914). Findings also show that the respondents agreed that; project Manager take every opportunity to walk the stakeholders among the teams when they are at the project site (M=4.07, Std.=0.985), stakeholder contributions are acknowledged and rewarded (M=3.75, Std.=0.819), conflicts are monitored at stakeholder level (M=3.72, Std.=1.479), project managers frequently review the items from stakeholder engagement plan (M=3.55, Std.=1.021), and the management check in with stakeholders regularly through constant communication (M=3.32, Std.=1.166). Respondents disagreed that the tools and techniques for stakeholder monitoring and evaluation are suitable (M=1.98, Std.=0.782).

Results show that the firms make great efforts to monitor and evaluate stakeholder engagement. Stakeholder engagement is frequently monitored and evaluated and the reports shared with the stakeholders. Stakeholders' area also involved in monitoring the progress of the projects to check on the quality of the projects under implementation and as well check whether the projects are implemented according to their expectations. The firms also make efforts to manage the conflicts among stakeholders and also constantly communicate with stakeholders. Findings concur with Chirau, Mapitsa, Amisi, Masilela, and Dlakavu (2020) that involvement of stakeholder in monitoring and evaluation enhances effective implementation of monitoring and evaluation system

Project Performance

The managers were asked to tick on the extent to which they agree/disagree with statements related to performance of real estate projects. Findings are shown in Table 3.

Table 3: Performance of Real Estate Projects

Statements	SD %	D %	N %	A %	SA %	M	Std.
Project financiers are satisfied with projects	3.3	2.5	2.5	26.2	65.6	3.52	0.920
Project are completed within set budgets	59.7	17.9	5.8	15.8	0.8	1.35	0.629
Project resources are adequate	20.5	59.8	1.6	5.7	12.3	1.22	0.755
Project are of high quality	0	3.3	2.5	8.2	86.0	4.35	1.105
Beneficiaries are satisfied with projects	0	4.9	8.2	77.9	9.0	3.91	0.603
Average						2.87	0.802

Findings show that the respondents strongly agreed that project are of high quality (m=4.35, std.=1.105). Respondents also agreed that; beneficiaries are satisfied with projects (m=3.91, std.=0.603), and project financiers are satisfied with projects (m=3.52, std.=0.920). The study respondents disagreed that the projects are completed within set budgets (m=1.35 std.=0.629), and project resources are adequate (m=1.22, std.=0.755). The findings imply that the real estate projects are of high quality. The project beneficiaries as well as financiers are satisfied with the project outcomes. However, the project resources are inadequate which implies that majority of the projects face budget overruns. Results concur with Kamau (2019) that the real estate companies in Kenya have experienced problems with late project completion, subpar quality of completed projects, misuse of client funds, and legal challenges with their clients. The Ministry of Housing, Land and Urban Development (2021) also reported that 48% of real estate projects in Nairobi County are still incomplete and 10% have completely stalled.

Correlation Analysis

The study used Pearson Correlation in order to measure the strength and the relationship between project communications and sustainability of affordable housing projects. A correlation value of ± 0.5 shows a strong correlation, ± 0.30 to ± 0.49 moderate correlation while ± 0.29 is a weak correlation. Significance is less than $\alpha=0.05$. Correlation findings are presented in Table 3.

Table 3: Coefficient of Correlation

Variables		Project performance	plan stakeholder engagement	monitor and evaluate stakeholder engagement
Project performance	Pearson Correlation	1		
	Sig. (2-tailed)			
Plan stakeholder engagement	Pearson Correlation	.933**	1	
	Sig. (2-tailed)	.000		
Monitor and evaluate stakeholder engagement	Pearson Correlation	.805**	.742	1
	Sig. (2-tailed)	.000	.000	

** . Correlation is significant at the 0.05 level (2-tailed).

The study also reveals a strong significant relationship between planning stakeholder engagement and project performance (r = 0.933, p = 0.000). This suggests that projects with well-structured stakeholder engagement plans are more likely to achieve their performance targets. These findings align with the research by Matu, Kyalo, Mbugua, and Mulwa (2020), who demonstrated that stakeholder participation in project planning significantly influences the timely completion of urban road transport-infrastructure projects. Effective planning of

stakeholder engagement allows project managers to anticipate and address stakeholder concerns early in the project lifecycle, thereby enhancing coordination, minimizing delays, and improving overall project efficiency. This strong correlation highlights the critical importance of thorough and strategic planning in stakeholder engagement to drive project success.

Finally, the study finds a strong significant relationship between monitoring and evaluating stakeholder engagement and project performance ($r = 0.805$, $p = 0.000$). This relationship highlights the importance of continuously assessing stakeholder engagement activities to ensure they are effective and aligned with project objectives. These findings support the work of Matyoko (2019), who observed a positive correlation between stakeholder engagement in monitoring and evaluation processes and the sustainability of projects. Monitoring and evaluating stakeholder engagement provide critical feedback that allows project managers to make informed adjustments, ensuring that stakeholder needs are continuously met and that project risks are identified and managed proactively. The strong correlation underscores the value of integrating robust monitoring and evaluation mechanisms into stakeholder engagement strategies to enhance overall project performance and sustainability.

Regression Analysis

Regression analysis was conducted to understand how a unit change in the independent variable may cause a change in the dependent variable. The coefficient of determination shows how a statistical model is expected to predict future results. Table 4 presents the

Table 4: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	.755	149		5.068	.000
Plan stakeholder engagement	.436	.054	.508	8.150	.000
Monitor and evaluate stakeholder engagement	.359	.045	.357	8.075	.000

As per the SPSS generated in Table 4,

Project Performance = $0.755 + 0.436$ (plan stakeholder engagement) $+0.359$ (monitor and evaluate stakeholder engagement).

Planning stakeholder engagement is also statistically significant to the performance of real estate projects, with a coefficient of $\beta = 0.436$, $t = 8.150$, and $P = 0.000$. This substantial coefficient indicates that a unit increase in planning stakeholder engagement results in a notable improvement in project performance. Effective planning of stakeholder engagement involves creating detailed strategies for communication, conflict resolution, and collaboration throughout the project lifecycle. Matu, Kyalo, Mbugua, and Mulwa (2020) emphasize that planning significantly influences project success, as it allows project managers to anticipate stakeholder needs, allocate resources appropriately, and establish clear roles and responsibilities. This structured approach not only improves project efficiency but also builds stakeholder trust and commitment, which are vital for achieving project objectives.

Monitoring and evaluating stakeholder engagement is shown to be highly significant to project performance, with a coefficient of $\beta = 0.359$, $t = 8.075$, and $P = 0.000$. This indicates that a unit increase in monitoring and evaluating stakeholder engagement can substantially boost the performance of real estate projects. Monitoring and evaluation processes involve regularly assessing stakeholder engagement activities to ensure they are effective and making necessary adjustments based on feedback. This continuous improvement loop ensures that stakeholder needs are met, and potential issues are identified early. Matyoko (2019) found that integrating

stakeholders into monitoring and evaluation processes enhances project sustainability by promoting transparency and accountability, which are critical for long-term success. The findings further align with the broader literature, such as Magassaouba et al. (2019), who asserted that comprehensive stakeholder engagement, including identification, planning, implementation, and monitoring, significantly contributes to project success.

Conclusion

Planning stakeholder engagement affect project performance. The firms have a stakeholder engagement framework that guides on stakeholder engagement. There are clear plans on how the interest of the different sets of stakeholders are met. The project managers also ensure that the stakeholder engagement activities are well designed. There is however a challenge in delegation of roles and responsibilities to the stakeholders. In addition, majority of the firms lack suitable communication mechanisms with the stakeholders.

Monitoring and evaluating stakeholder engagement affect project performance. This exercise enables the project managers to help stakeholder engagement as they are able to identify the challenges in stakeholder engagement. Stakeholders' engagement is evaluated and the reports are shared with stakeholders. The project managers also take the stakeholders to the sites to check on the progress of the projects. The project managers try to manage conflicts among stakeholders to create a conducive environment for stakeholder engagement. The items in the stakeholder engagement plans are reviewed to check if the engagement is carried out as planned. The tools and techniques for monitoring and evaluation are however not suitable and this may have an effect on the frequency of stakeholder monitoring as well as the evaluation reports.

Recommendations

It is crucial to map stakeholders and classify them according to their levels of influence and interest to facilitate effective planning of stakeholder management. Project managers should clearly define the roles and responsibilities of each stakeholder to avoid ambiguities and manage potential conflicts. Assigning specific roles ensures that stakeholders are well-informed about their contributions and level of engagement in the project, enhancing accountability and minimizing misunderstandings. Moreover, firms should develop a robust communication plan that delivers consistent, transparent messages to stakeholders, sensitizing them about the project's progress and objectives. A well-structured communication strategy will foster stakeholder confidence and maintain engagement throughout the project.

Firms should prioritize employing skilled monitoring and evaluation (M&E) staff who are capable of effectively assessing stakeholder engagement processes. The M&E personnel should use appropriate tools and techniques, such as interviews, focus group discussions, and participant observations, to gather accurate data on stakeholder involvement and satisfaction. Utilizing these methods will ensure that project management receives reliable evaluation results, which can be used to enhance stakeholder engagement strategies. Effective monitoring and evaluation not only improve stakeholder engagement but also provide critical insights that can be used to refine project implementation and ensure continuous alignment with stakeholder expectations.

Areas for Further Study

This study focused on real estate development projects in Nairobi County. A similar study should hence be conducted in another county in Kenya to determine if the stakeholder engagement process affects performance of real estate development projects in other counties.

A study on effect of stakeholder engagement on performance of other projects in the public sector since the current study focused on private real estate projects.

REFERENCES

- Ahmed, A., & Mutundu, J. (2023). The role of M&E systems in shaping public school infrastructure development in Wajir County, Kenya. *Journal of Public Administration and Policy Research*, 15(2), 78-88.
- Akbari, R., Khanzadi, M., & Gholamian, M. R. (2018). The impact of key performance indicators on project success from the stakeholders' perspectives.
- Aupe, G., & Sagwa, E. (2020). Influence of stakeholders in project monitoring and evaluation on sustainability of water projects in Kwanza Sub-county.
- Bahadorestani, A., Naderpajouh, N., & Sadiq, R. (2020). Stakeholder engagement in sustainability and resilience of infrastructure systems: A comprehensive review. *Journal of Cleaner Production*, 271, 122195.
- Bammer, G. (2021). Monitoring and evaluating stakeholder engagement: Insights for improving project outcomes. *Project Management Review*, 12(4), 145-158.
- Chirau, T., Mapitsa, C., Amisi, M., Masilela, B., & Dlakavu, K. (2020). Stakeholders' perceptions on the development of a national evaluation system in Africa. *African Evaluation Journal*, 8(1), 45-59.
- Cytonn Investments. (2023). Real estate sector contribution to Kenya's GDP.
- Estate Agents Registration Board (EARB). (2023). Report on real estate scandals in Kenya.
- Friedmann, J. (1973). *Retracking America: A theory of transactive planning*. Anchor Press.
- Gupta, A., Crilly, D., & Greckhamer, T. (2020). Stakeholder engagement strategies: Patterns and impact on project success. *Academy of Management Journal*, 63(1), 123-145.
- Hostovsky, C. (2007). The paradox of the rationality of environmental planning: A critique. *Environmental Management*, 39, 229-248.
- Hwang, B. G., Shan, M., & Looi, K. Y. (2019). Sustainable and green project management: Stakeholders' involvement in construction. *Engineering, Construction and Architectural Management*, 26(8), 1783-1803.
- Hwang, S., & Ng, K. (2021). Effective stakeholder engagement: Strategies for enhancing project performance. *Journal of Project Management*, 19(2), 134-149.
- Innes, J. E., & Booher, D. E. (2010). *Planning with complexity: An introduction to collaborative rationality for public policy*. Routledge.
- Kamau, J. (2019). Challenges facing the real estate sector in Kenya. *Kenya Journal of Property Management*, 4(1), 12-25.
- Karlsen, J. T., Græe, K., & Massie, D. (2022). Trust and transparency in stakeholder engagement: Impacts on project success. *International Journal of Project Management*, 40(2), 167-177.
- Keen, M., & Mahanty, S. (2021). The role of continuous monitoring and review in stakeholder engagement. *Stakeholder Management Journal*, 10(3), 201-214.
- Kenya Property Developers Association (KPPDA). (2024). Registered property development companies in Nairobi City County.
- Khan, S. (2021). Stakeholder engagement planning and decision-making in large-scale construction projects. *Construction Management and Economics*, 39(5), 389-402.
- Kihuha, M. (2018). Impact of monitoring practices and stakeholder involvement on performance of Global Environment Facility projects in Kenya. *Environmental Project Management Review*, 7(1), 22-35.
- Klaus-Rosinka, M., & Iwko, R. (2021). The role of stakeholder management in project success and sustainability in construction companies. *International Journal of Sustainable Development and Planning*, 16(7), 1324-1336.
- Kotter, J. P. (1996). *Leading change*. Harvard Business School Press.
- Kothari, C. R. (2014). *Research methodology: Methods and techniques* (3rd ed.). New Age International Publishers.
- Kothari, C. R. (2012). The significance of response rates in survey research. *Journal of Social Science Research*, 18(2), 45-55.

- Li, H., Chen, Y., & Liu, Z. (2021). The impact of digital tools on stakeholder engagement in real estate projects. *Journal of Digital Innovation in Construction*, 8(4), 225-240.
- Li, Y., Ng, S. T., & Skitmore, M. (2013). Stakeholder management in construction: A critical review. *Construction Management and Economics*, 31(2), 89-103.
- Luhombo, B. (2022). Effect of stakeholder management process on sustainability of CSR Projects in technical and vocational institutions in Western Kenya. *Journal of Corporate Social Responsibility and Environmental Management*, 29(5), 311-325.
- Magassaouba, M., Kaba, I., & Kamara, A. (2019). Influence of stakeholder engagement on development project performance in Guinea. *Journal of Project Management*, 9(3), 210-223.
- Matyoko, P. (2019). Effectiveness of monitoring and evaluation systems on the sustainability of projects in Tanzania. *African Journal of Project Management*, 9(3), 210-223.
- Matu, M., Kyalo, D., Mbugua, J., & Mulwa, S. (2020). Influence of stakeholder participation in project planning on completion of urban road infrastructure projects in Kenya. *International Journal of Project Planning*, 11(1), 55-70.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook* (2nd ed.). SAGE Publications.
- Ministry of Housing, Land and Urban Development. (2021). Report on the performance of real estate projects in Nairobi County.
- Monghasemi, S., Nikoo, M. R., Fasaee, M. A. K., & Adamowski, J. (2015). A novel multi-criteria decision-making model for optimizing time-cost-quality trade-off problems in construction projects. *Journal of Civil Engineering and Management*, 21(7), 845-855.
- Mukundane, G. (2019). Stakeholder management and the decentralization of government projects in Uganda. *Public Administration Review*, 15(2), 123-138.
- Nguyen, H., et al. (2021). The influence of early stakeholder engagement on project time performance. *Journal of Construction Engineering and Management*, 147(6), 04021057.
- Nutt, P. C. (1986). The Theory of Project Implementation. *Journal of Management Studies*, 23(6), 631-654.
- Okazaki, S., Plangger, K., & Menendez, H. (2021). The influence of monitoring stakeholder engagement on large-scale project outcomes. *Journal of Strategic Project Management*, 29(3), 312-329.
- Pal, R., Singh, K., & Mittal, A. (2023). Challenges in managing stakeholder expectations in real estate projects. *Real Estate Management Journal*, 22(1), 50-65.
- Pinto, J. K., & Slevin, D. P. (1987). Critical success factors in effective project implementation. *IEEE Transactions on Engineering Management*, EM-34(1), 22-27.
- Ramezani, A., Khosravi, A., & Ghaderi, A. (2021). Measuring project performance in real estate: Time, cost, quality, and stakeholder satisfaction. *International Journal of Real Estate Studies*, 20(3), 189-201.
- Rogers, P. J. (2019). The role of monitoring in project performance and sustainability. *Evaluation and Program Planning*, 75, 13-25.
- Sachs, S., & Kujala, J. (2021). Stakeholder engagement strategies in complex projects. *Business & Society*, 60(2), 305-336.
- Sedmak, A. (2021). Effective stakeholder engagement planning: Building trust and communication in project management. *Project Leadership Review*, 9(2), 112-125.
- Sibiya, M. M., Aigbavboa, C. O., & Thwala, W. D. (2015). Construction project performance and stakeholder engagement: A review. *Procedia Engineering*, 123, 72-78.
- Talapatra, S., et al. (2019). Stakeholder engagement in Tanzania's public service delivery framework. *Journal of Public Administration and Policy Research*, 11(3), 54-67.
- Tang, L., Shen, Q., & Cheng, E. (2020). Engaging stakeholders for sustainable project delivery in construction. *Journal of Cleaner Production*, 256, 120345.

- World Bank. (2018). *Stakeholder Engagement Plan study: Enhancing decision-making through stakeholder involvement*. World Bank Publications.
- Zaman, S., Ford, M., & Zagt, D. (2023). Stakeholder participation in monitoring and evaluation and its impact on water supply project performance in Australia. *Water Resources Management*, 37(2), 210-228.
- Zou, P. X. W., Zhang, G., & Wang, J. (2021). Managing risks in complex real estate projects: The role of stakeholder engagement. *Journal of Construction Engineering and Management*, 147(4), 04021023.