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# Stakeholder Identification and Performance of World Bank Funded Projects in Kenya

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## Abstract

The study sought to investigate the influence of stakeholder identification on the performance of World Bank funded projects in Kenya and to examine the moderating effect of project environment on this relationship. The purpose was grounded in the context of infrastructure development's crucial role in determining a country's overall productivity and economic development. However, performance issues in World Bank funded projects in Kenya, due to delays and limited stakeholder consultation, necessitated this investigation. The study adopted a positivism philosophy and employed a cross-sectional survey design, focusing on all 62 World Bank funded projects completed between 2016 and 2021. The target population consisted of 310 individuals, including project managers, coordinators, supervisors, monitoring and evaluation officials, and representatives from the National Treasury. Simple random sampling was used to select respondents, and primary data was collected through a self-administered questionnaire, supplemented by secondary data. Descriptive statistics, such as frequency, percentages, mean, and standard deviation, described the characteristics of the variables. Multiple regression models established relationships between the variables, and qualitative data underwent content analysis. The research instruments were validated through a pilot study. The findings revealed that stakeholder identification significantly influences the performance of World Bank funded projects in Kenya, rejecting the null hypothesis (H01). The coefficient of determination (R Square) of 0.679 indicates that stakeholder identification accounts for approximately 67.9% of the variance in project performance, highlighting its substantial impact. The ANOVA results further support this relationship, with a highly significant F-statistic of 247.318 ($p < 0.001$), indicating that the model incorporating stakeholder identification is a good fit for explaining project performance. Model coefficients revealed a strong positive relationship between stakeholder identification and project performance, with a standardized coefficient (beta) of 0.824, indicating a significant influence. The study concludes that stakeholder identification plays a critical role in the performance of World Bank funded projects in Kenya. The study recommends enhancing stakeholder identification practices and considering the project environment to improve the effectiveness of these projects.

***Key words:*** *Stakeholder identification, Project Environment, Project Implementation, World Bank funded projects, Performance.*

### 1.1 Introduction

Stakeholder management has gained substantial attention and become a critical area in project management (Huemann & Zuchi, 2018). Nearly all projects occur in contexts where stakeholders play a major role in task accomplishment (Umumararungu & Mulyungi, 2018). Project stakeholders are individuals and organizations actively involved in the project or whose interests may be positively or negatively affected by project execution or completion. They may also exert influence over the project and its results. In construction projects, stakeholders include government agencies, project designers, contractors, and the community benefiting from the project.

In infrastructure projects, especially those funded by the World Bank, the government is the main client, and the community constitutes the beneficiaries. According to Nthenge (2014), stakeholders' roles are critical for project sustainability, which cannot be achieved without their involvement and support. Ngacho (2019) highlights that stakeholders' interests include consultants' norms for measuring success, such as a satisfied client, satisfactory quality of the architectural product, and acceptance of the design fee, among others. Understanding and addressing these interests are crucial for the successful completion of projects.

The successful completion of any construction process is influenced by how well project stakeholders collaborate (Karanja, 2014). It depends on aligning their objectives and recognizing that their achievements are interdependent. For example, a contractor's work relies on the subcontractors' contributions. The International Finance Corporation, the World Bank's private arm, has found that only half of its African projects succeed (Chauvet et al., 2016). World Bank projects often fail to achieve their goals due to managerial and organizational problems, such as imperfect project design, poor stakeholder management, delays between project identification and start-up, delays during project implementation, cost overruns, and coordination failures (Kwak, 2015).

Around $3.5 trillion has been channeled to developing nations since 1970, with the World Bank acting as the primary actor and heavily invested in determining the quality of projects, from peer reviews to processes aimed at enhancing quality. However, after assessment, almost a quarter of World Bank-funded projects are deemed unsatisfactory in terms of quality at entry and exit. Furthermore, there are problems of delayed implementation, with lags of nearly six to seven quarters within the first disbursement and constant gaps between real and scheduled disbursement afterward (World Bank, 2014).

### 1.2 Statement of the Problem

The World Bank has supported Kenya since the financial year 1960/61, with total World Bank commitments to Kenya amounting to about $4.2 billion between 1960 and 2013 (World Bank, 2015). However, projects in Kenya have been poorly rated on completion by the Operations Evaluation Department (OED) of the World Bank compared to other East African countries. Kenya attained an overall rating of 49 percent on the completion of public projects funded during the period 2008 to 2011, compared to Uganda's and Tanzania's ratings of 59.5 percent and 70.1 percent, respectively. Beyond East Africa, Ghana had a rating of 64.7 percent in the same period (World Bank, 2015). This shows that among the three East African countries rated by OED, Kenya was rated the poorest in public project completion.

World Bank projects remain the instruments of choice for policymakers in international development (World Bank, 2015). The performance of World Bank funded projects in Kenya is a matter of great concern to stakeholders, as most construction projects have experienced delays and cost overruns, adversely affecting their performance. These projects should deliver value to Kenyans as initially intended and meet the financier's expectations. Yet, paradoxically, the poor performance of the projects and the disappointment of project stakeholders and beneficiaries seem to have become the rule rather than the exception (World Bank, 2017; Ika, Dallo & Thuiller, 2012). It is worth noting that project performance is crucial for any future funding of projects by the World Bank (World Bank, 2015). Despite the enormous investment by the World Bank in financing projects in developing countries, numerous challenges are encountered. A study by the Independent Evaluation Group (IEG) of the World Bank found that in 2014 alone, nearly 40% of all World Bank projects were unsuccessful, and in Africa alone, the failure rate was over 50% in Kenya (IEG, 2015). Similarly, a report by Mars Group (2017) reveals that projects initiated between 2013 and 2019 amounting to over $22 billion by the World Bank in Kenya, most of them collapsed or are yet to be completed. Consequently, the projects did not meet the stakeholders' needs. In Kenya, among the World Bank-funded projects which suffered delays were infrastructure projects behind schedule by three and a half years, including the Kakamega-Webuye Road Project (Ogweno, Muturi, & Rambo, 2016)

Maina and Kimutai (2018) on investigating the influence of Stakeholder Management and Project Performance of Open-Air Market Projects in Nyeri County, Kenya established that there is the need to look at ways of strengthening engagement with project target groups to enhance their involvement in the implementation of the donor-funded projects. According to Moulid, Muchelule& Wechuli (2021), the project team failed to identify and involve key stakeholders in the initiation stage of the project life cycle, which necessitated redesigning the project later hence leading to time and cost overrun. As evidenced from the studies above, there exists a knowledge gap as limited studies have been carried out on stakeholder identification and performance of World Bank funded projects in Kenya. Therefore, this study seeks to fill the knowledge gap by looking at stakeholder identification and performance of World Bank funded projects in Kenya.

### 1.3 Specific Objectives

i). To investigate the influence of stakeholder identification on performance of World Bank funded projects in Kenya

ii). To establish the moderating effect of project environment on the relationship between stakeholder identification and performance of World Bank funded projects in Kenya.

### 1.4 Research Hypotheses

i). $H_{01}$: Stakeholder identification does not have significant influence on the performance of World Bank funded projects in Kenya.

ii). $H_{02}$: Moderating effect of project environment does not significantly influence the relationship between stakeholder identification and performance of World Bank funded projects in Kenya.

### 2.1 Theoretical framework

Stakeholder theory, as identified by Freeman (2004), models the groups which are stakeholders of a corporation and recommends methods by which management can address the interests of these groups. Patton (2008) explains that the stakeholder model suggests that all persons or groups with legitimate interests in an enterprise engage to obtain benefits, with no predefined priority of one set of interests over another. This theory highlights the importance of the relationship between top management and stakeholders, emphasizing that project success can be greatly influenced by stakeholder engagement, which depends on the relationship with top management rather than junior staff.

Additionally, the study was anchored on Control theory, developed by Ouchi (1979) and Eisenhardt (1985), which uses modes of control to ensure individuals act consistently with organizational goals (Kirsch, 1997). This research applied control theory to examine modes of control in different phases of construction project implementation, linking it to the objective of how the project environment influences the performance of World Bank funded projects.

### 2.2 Empirical review

Studies by Atiibo (2012) and Menoka (2014) show that stakeholder management and engagement significantly impact project performance, with Atiibo revealing the role of stakeholder management in resolving challenges in advocacy and empowerment in Ghana, and Menoka finding that stakeholder engagement enhances sustainability in community-related projects for poverty alleviation. Furthermore, Adan (2012) demonstrated that stakeholders' roles significantly influence the success of Constituencies' Development Fund projects. Despite the critical role of stakeholder identification in the performance of World Bank funded projects, studies specifically focusing on Kenya remain scarce. This gap motivated the current study to address inconsistencies in existing literature and theories, particularly the lack of emphasis on stakeholder management practices in World Bank funded projects in Kenya. The study aimed to provide a Kenyan perspective, as previous research has not sufficiently explored the influence of stakeholder identification on the performance of these projects in Kenya.

### 2.3 Conceptual framework

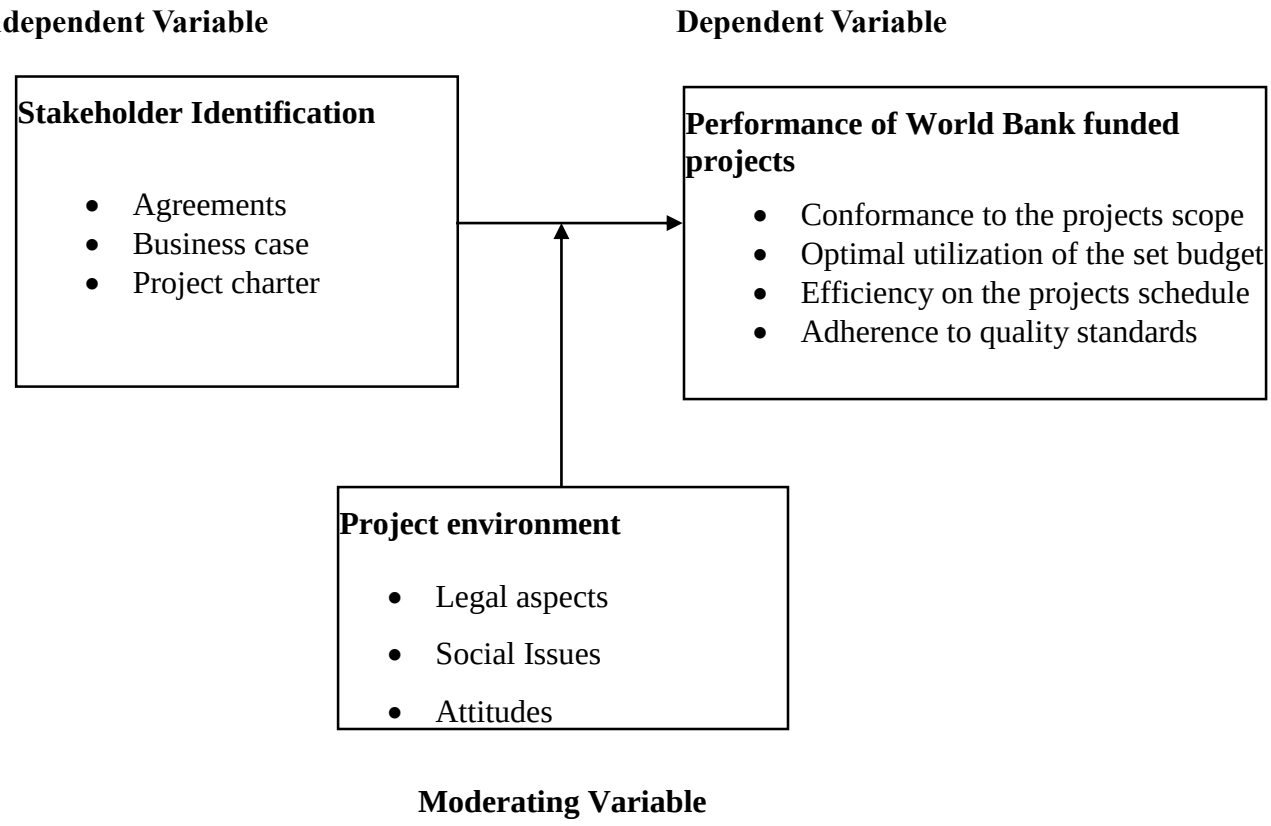


**Figure 1: Conceptual Framework**

### 3.0 Research Methodology

The study adopted a cross sectional survey design in examining the influence of stakeholder identification and performance of World Bank funded projects in Kenya. The research applied a mixed-method research approach, employing a Positivism Philosophy which depended on quantifiable observations that lead to statistical analysis. The target population for the study were project managers, project coordinators, project supervisors, project monitoring and evaluation officials from implementing organizations as well as officials from the National Treasury for each of the project involved in the World Bank funded projects in Kenya, totaling 310 individuals, with a sample size of 155 where probability sampling design was adopted for this study. Reliability was assessed through a pilot test, utilizing Cronbach's Alpha, and statistical techniques were employed for data analysis, including descriptive statistics, multiple regression analysis, and statistical tests such as ANOVA. The study tested hypotheses related to the influence of stakeholder identification on the performance of World Bank funded projects and the Moderating effect of the relationship between stakeholder identification and performance of World Bank funded projects. Ethical considerations incorporated obtaining consent, ensuring confidentiality, and treating respondents with respect. These statistical methods provided a robust framework for analyzing the relationship between stakeholder identification and performance of World Bank funded projects in Kenya.

## 4.0 Research Results And Discussion

The purpose of the study was to examine the influence of stakeholder identification on performance of World Bank funded projects in Kenya.

### 4.1 Descriptive statistics

#### 4.1.1 Stakeholder Identification

Stakeholder identification is a critical phase in project management, involving the identification and analysis of individuals, groups, or organizations with a direct or indirect interest in the project that can affect its outcome. The majority of respondent organizations (48.7%) adopt a comprehensive approach to stakeholder identification by considering both stakeholders' experience and level of education. This method likely involves analyzing stakeholders' expertise, knowledge, and past involvement in similar projects, as well as their educational qualifications and relevant skills. A smaller proportion of organizations (10.9%) rely solely on stakeholders' experience to identify key individuals or groups for engagement during project execution, while 2.5% of organizations base their stakeholder identification solely on the level of education. Notably, 37.8% reported that they do not use any specific criteria or methods to identify stakeholders for World Bank funded projects.

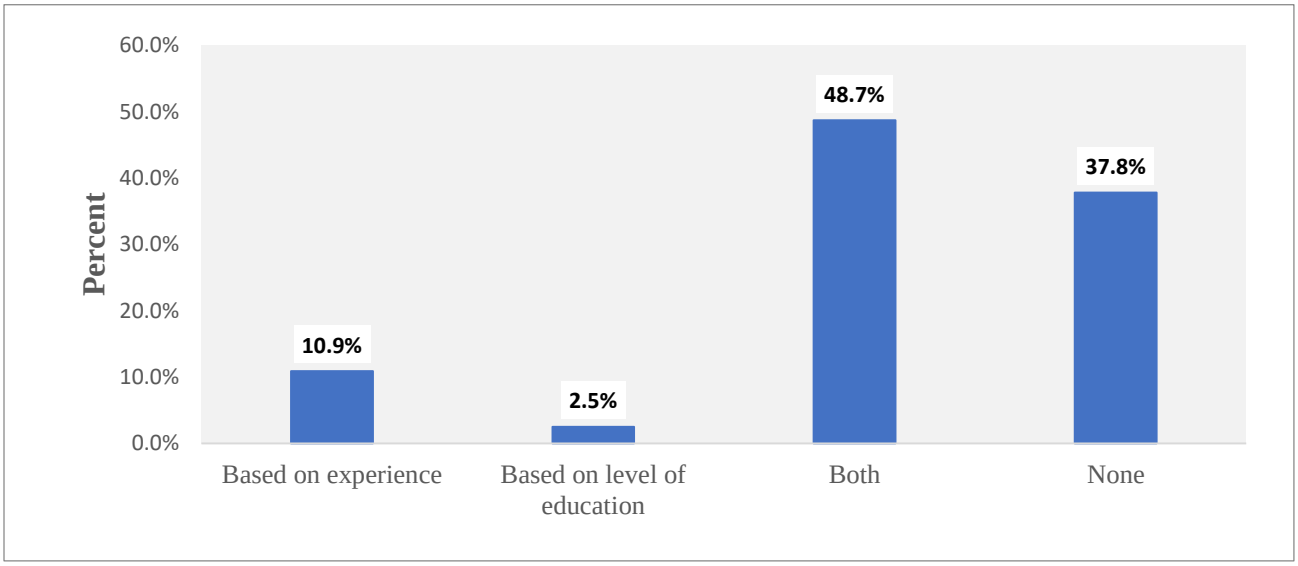


**Figure 2: Stakeholder Identification**

These findings imply that a comprehensive approach to stakeholder identification, considering various factors such as experience and education, can lead to better engagement, improved decision-making, and enhanced project outcomes (Buertey, Amofa, & Atsrim, 2016). The fact that a significant proportion of organizations (37.8%) do not use any specific methods for stakeholder identification is a concern (Carley, 2016). This gap in project management practices can hinder effective stakeholder engagement and lead to project challenges (Mitchell, Agle, & Wood, 2017). The descriptive results highlight that among the identified factors, the business case and stakeholder power have the highest mean scores of 3.595 and 3.557, respectively, indicating a moderate to great extent of influence on stakeholder identification. Increased stakeholder

involvement, with a mean score of 4.115, has a very significant impact on stakeholder identification.

The data also shows that stakeholder plans significantly influence stakeholder identification, with a mean score of 3.881. The project charter's effectiveness on stakeholder identification has a moderate influence, as shown by a mean score of 3.444. Overall, the average mean score for all factors related to stakeholder identification is 3.772, reflecting a moderate to high level of perceived impact on stakeholder identification. These insights underscore the importance of a structured approach to stakeholder identification in enhancing project success. The relatively low standard deviation of 0.909 indicates that the responses are relatively consistent across the surveyed organizations. As shown in the table 1 below.

**Table 1: Descriptive Results**

| Statement | No extent | Less extent | Moderate extent | Great extent | Very great extent | Mean | Standard deviation |
|---|---|---|---|---|---|---|---|
| a) Effectiveness of project charter on stakeholder identification | 5.1 | 0.0 | 48.7 | 37.8 | 8.4 | 3.444 | 0.849 |
| b) Influence of business case on performance of projects | 0.0 | 7.6 | 34.5 | 48.7 | 9.2 | 3.595 | 0.760 |
| c) Level of stakeholder's power on performance of projects | 4.7 | 10.5 | 21.8 | 50.4 | 12.6 | 3.557 | 0.995 |
| d) Project managers & other stakeholders meet for decision making | 2.9 | 3.0 | 10.9 | 48.7 | 34.5 | 4.089 | 0.909 |
| e) Effect of agreements stakeholders on performance of projects | 5.0 | 1.7 | 30.3 | 42.0 | 21.0 | 3.723 | 0.977 |
| f) Increased stakeholder involvement on performance | 1.3 | 3.4 | 19.3 | 34.5 | 41.5 | 4.115 | 0.921 |
| g) Effect of stakeholder plans on stakeholder identification | 4.2 | 3.4 | 16.8 | 51.3 | 24.3 | 3.881 | 0.954 |
| **Average** | **3.3** | **4.2** | **26.0** | **44.8** | **21.6** | **3.772** | **0.909** |

These findings suggest that factors such as the business case, stakeholder power, increased stakeholder involvement, and stakeholder plans significantly influence stakeholder identification in World Bank funded projects in Kenya. The mean and standard deviation values illustrate critical aspects of project management perceptions, with the business case (mean score of 3.595) and stakeholder power (mean score of 3.557) showing considerable influence (Mugenda & Mugenda, 2014). Increased stakeholder involvement (mean score of 4.115) plays a pivotal role throughout the project lifecycle (Ngugi & Wanyonyi, 2018), while stakeholder plans (mean score of 3.881) highlight the importance of robust strategies for effective management (Sekaran & Bougie, 2009). Although the project charter's impact is moderate (mean score of 3.444), opportunities for enhancement exist (Soham & Rajiv, 2013). These insights underscore the need for proactive

engagement strategies from project initiation, promoting better communication and collaboration for project success (Kothari, 2011). Leveraging these factors can help project managers enhance stakeholder identification practices, fostering stronger relationships and support throughout project implementation.

### 4.1.2 Project Environment

The project environment includes elements such as political, economic, social, legal, and technological factors, among others, that may affect project planning, implementation, and overall success. Understanding the project environment is essential for project managers and teams to adapt to changes, anticipate challenges, and leverage opportunities that may arise during the project lifecycle. The descriptive statistics indicate that Requirements by the law have a role between stakeholder identification and performance of World Bank funded projects (Mean 3.904, S. D 0.915). Social Issues of the neighboring environment have effect to the performance of the project (Mean 3.832, S.D 0.853). Communities' Social cultures have an effect on relationship between the stakeholder identification and performance of World Bank funded projects (Mean 3.973, S.D 0.969). Environmental Attitudes have a moderating effect between project stakeholder management and performance of World Bank funded projects (Mean 3.350, S.D 0.918). The projects external environment has an effect between the project stakeholder management and performance of World Bank funded projects (Mean 3.189, S.D 0.893). The findings are shown in the table 2 below.

**Table 2: Project Environment**

| Statement | Not at all | Small extent | Moderate extent | Large extent | Very large extent | Mean | Standard deviation |
|---|---|---|---|---|---|---|---|
| a) Requirements by the law have a role between project stakeholder management and performance of World Bank funded projects | 4.2 | 0.8 | 18.5 | 52.9 | 23.5 | 3.904 | 0.915 |
| b) Social Issues of the neighboring environment have effect to the performance of the project | 0.0 | 4.2 | 21.0 | 58.0 | 16.8 | 3.832 | 0.853 |
| c) Communities Social culture have effect on relationship between the project stakeholder management and performance of World Bank funded projects | 4.2 | 1.7 | 21.0 | 42.9 | 30.3 | 3.937 | 0.969 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| d) Environmental Attitudes have a moderating effect between project stakeholder management and performance of World Bank funded projects | 9.2 | 4.2 | 42.0 | 36.1 | 8.4 | 3.350 | 0.918 |
| e) The projects external environment has an effect between the project stakeholder management and performance of World Bank funded projects | 4.2 | 12.6 | 51.3 | 24.4 | 7.6 | 3.189 | 0.893 |
| **Average** | **4.4** | **4.7** | **30.8** | **42.9** | **17.3** | **3.642** | **0.910** |

The average mean score of 3.642 suggests that organizations in Kenya acknowledge the importance of understanding and adapting to external factors influencing project success. Legal requirements are perceived to have the most considerable influence, with 23.5% of respondents indicating a very large extent, underscoring the role of compliance in smooth project execution and risk mitigation. Additionally, social issues in the neighboring environment significantly impact stakeholder management, with 58.0% of respondents recognizing their influence, highlighting the necessity of addressing social issues to maintain positive relationships with communities and stakeholders. The social culture of the communities involved is also seen as crucial, with 72.2% of respondents reporting a moderate to large extent of effect, emphasizing the importance of understanding cultural norms for effective engagement.

Furthermore, the broader external environment, including economic, political, and technological conditions, is perceived to have a moderate extent of effect on stakeholder management and project performance, as indicated by 75.7% of respondents. This suggests that organizations must proactively adapt their strategies to address external challenges and opportunities. The findings reveal that the project environment, encompassing legal requirements, social issues, community culture, and the external environment, plays a critical role in shaping stakeholder management practices and project outcomes in World Bank funded projects in Kenya. Understanding and adapting to these factors are crucial for smooth project execution and maintaining positive stakeholder relationships. Legal compliance emerges as a key driver, while addressing social issues and community culture fosters trust and effective engagement. Organizations must also navigate the broader external environment to ensure project success (PMI, 2018; Ngugi & Wanyonyi, 2018; Saunders, Lewis, & Thornhill, 2012).

### 4.1.3 Project Performance

Project performance is a critical aspect of successful project management, and it encompasses various dimensions, including adherence to timelines, budgets, and project objectives. Evaluating project performance provides valuable insights into the effectiveness and efficiency of project execution, allowing project managers and organizations to identify strengths, weaknesses, and areas for improvement.

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**Table 3: Average Number of Donors Funded Projects Were Carried Out from Year 2016 to 2021 and Delivered on Time**

| Year | Projects Completed Before Time | Projects Completed on Time | Projects Delayed | Projects Accepted with Variations | Total | Average |
|---|---|---|---|---|---|---|
| 2016 | 5 | 13 | 6 | 2 | 26 | 6.5 |
| 2017 | 6 | 7 | 5 | 1 | 19 | 4.8 |
| 2018 | 11 | 12 | 12 | 3 | 38 | 9.5 |
| 2019 | 21 | 17 | 10 | 2 | 50 | 12.5 |
| 2020 | 17 | 13 | 11 | 2 | 43 | 10.8 |
| 2021 | 14 | 10 | 9 | 1 | 34 | 8.5 |
| **Total** | **74** | **72** | **53** | **11** | **210** | **52.5** |
| **Average** | **12.3** | **12.0** | **8.8** | **1.8** | **35.0** | **8.8** |

The data provided in the table 3 above indicate that projects completed before time were 74 an average of 12.3, 72 projects were completed on time an average of 12.0, projects delayed were 53 an average of 8.8 and projects accepted with variations were 11 an average of 1.8. This indicates that a significant proportion of World Bank funded projects were completed within the scheduled timeframe, reflecting efficient project management practices and adherence to project timelines. Generally, the average total of completed projects across the six years is 35.0, signifying a considerable number of successfully delivered projects. This indicates that the majority of World Bank funded projects in Kenya were completed either before time or within the planned schedule. The data reveals a positive outlook on the performance of World Bank funded projects in Kenya in terms of timely completion. These insights underscore the importance of effective project management practices and highlight the need for continuous efforts to address challenges and optimize project execution.

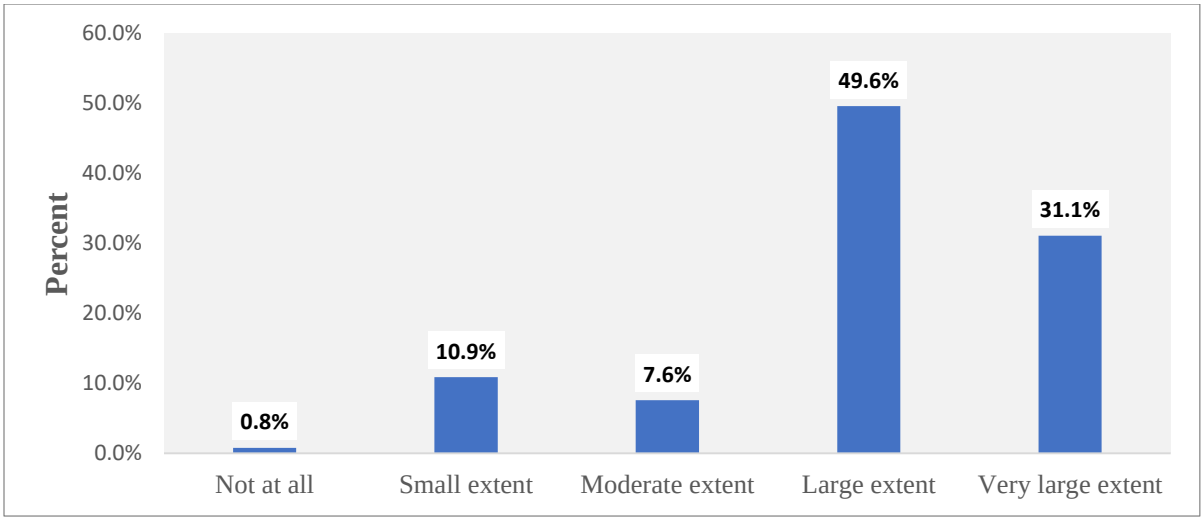


**Figure 3: Respondents' Rating on The Performance of The Projects in Relation to Achieving the Set Objective**

Figure 3 shows the respondents' rating on the performance of the projects in relation to achieving the set objective. From the findings 0.8% indicated that projects did not meet the set objectives at

all, 7.6% moderate extent, 10.9% small extent, 31% very large extent and 49.6% large extent. This finding suggests that a significant portion of World Bank funded projects in Kenya have been effective in accomplishing their intended outcomes, delivering on expected results, and contributing to the desired impact. Although a small proportion, this group of projects may have encountered hurdles or setbacks that impacted their overall performance. These findings indicate an encouraging level of project success, with a significant majority of respondents reporting favorable ratings. The positive perceptions expressed by the respondents underscore the importance of effective project management practices, strategic decision-making, and the dedication of project teams.

### 4.2 Inferential Statistics

The objective for this study was to investigate the influence of stakeholder identification on performance of World Bank funded projects in Kenya as well as to establish the moderating effect of project environment on the relationship between stakeholder identification and performance of World Bank funded projects in Kenya. To achieve these objectives, coefficient of determination ($R^2$), Change in $R^2$, analysis of variance (ANOVA) as well as model coefficients were generated.

#### 4.2.1 Influence of Stakeholder Identification on Performance World Bank funded projects in Kenya

The null hypothesis was stated as follows:

***$H_{01}$:*** *Stakeholder identification does not have significant influence on the performance of World Bank funded projects in Kenya.*

**Table 4: Model Summary**

| R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|
| .824[a] | .679 | .676 | .355 | 1.848 |

a. Predictors: (Constant), Stakeholder identification
b. Dependent Variable: Performance of World Bank funded projects

Table 4 the coefficient of determination (R Square) is 0.679, indicating that approximately 67.9% of the variation in project performance can be explained by stakeholder identification. The Durbin-Watson statistic of 1.848 falls close to two, suggesting that there is no significant autocorrelation in the model, enhancing the reliability of the results. These findings underscore the importance of effectively identifying stakeholders and managing their interests to improve the performance of World Bank funded projects in Kenya.

**Table 5: ANOVA**

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 31.221 | 1 | 31.221 | 247.318 | .000[b] |
| Residual | 14.770 | 117 | .126 | | |
| Total | 45.991 | 118 | | | |

a. Dependent Variable: Performance of World Bank funded projects

https://doi.org/10.53819/81018102t7015

b. Predictors: (Constant), Stakeholder identification

Results in Table 5 show the regression sum of squares is 31.221, with 1 degree of freedom, resulting in a mean square of 31.221. The F-statistic of 247.318 is highly significant at $p < 0.001$, indicating that the model is a good fit and the effect of stakeholder identification on project performance is strong. The residual sum of squares is 14.770, with 117 degrees of freedom, yielding a mean square of 0.126. The total sum of squares is 45.991, with 118 degrees of freedom. These findings provide robust evidence that effective stakeholder identification significantly contributes to the performance of World Bank funded projects in Kenya

**Table 6: Regression Coefficients**

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | **B** | **Std. Error** | **Beta** | **T** | **Sig.** |
| (Constant) | .707 | .196 | | 3.597 | .000 |
| Stakeholder identification | .822 | .052 | .824 | 15.726 | .000 |

a. Dependent Variable: Performance of World Bank funded projects

As indicated in Table 6, the unstandardized coefficients show that the constant term is 0.707 with a standard error of 0.196, yielding a t-value of 3.597 and a significant p-value of 0.000. The coefficient for stakeholder identification is 0.822 with a standard error of 0.052, resulting in a high-standardized coefficient (beta) of 0.824. The t-value for stakeholder identification is 15.726, and the p-value is highly significant at 0.000.

The model $Y = \beta_0 + \beta_1 X + e$ can therefore be estimated as:

$\boldsymbol{Y = 0.707 + 0.822X}$ Where: Y = Performance of World Bank funded projects;

X = Stakeholder Identification

The findings indicate that stakeholder identification has a substantial positive influence on project performance in World Bank funded projects in Kenya, with the relationship being statistically significant. The analysis confirms that stakeholder identification accounts for approximately 67.9% of the variance in project performance, as indicated by a coefficient of determination (R Square) of 0.679. The ANOVA results, with a highly significant F-statistic of 247.318 ($p < 0.001$), support the model's fit in explaining project performance. The strong positive relationship is further evidenced by a standardized coefficient (beta) of 0.824. These findings underscore the critical role of effective stakeholder identification in driving successful project outcomes.

This study aligns with Stakeholder Theory and is consistent with prior research by Buertey, Amofa, and Atsrim (2016) in Ghana, Umumararungu and Mulyungi (2018) in Rwanda, and Wamugu and Ogollah (2017) in Kenya, all of whom emphasize the importance of understanding and strategically managing stakeholders for successful project outcomes. The results suggest that projects with better stakeholder identification exhibit higher performance levels. This study provides empirical evidence supporting the essential role of stakeholder identification in determining the performance of World Bank funded projects in Kenya, reinforcing both theoretical concepts and existing research findings.

### 4.2.2 Moderating effect of Project Environment on the Relationship between Stakeholders Identification and Performance.

The null hypothesis was stated as:

*$H0_2$: Moderating effect of project environment does not significantly influence the relationship between stake holder identification and performance of World Bank funded projects in Kenya.*

**Table 7: R-Square for Moderating Effect of Project Environment**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .824a | 0.679 | 0.676 | 0.355 | 0.679 | 247.318 | 1 | 117 | 0.000 |
| 2 | .824b | 0.679 | 0.673 | 0.357 | 0.000 | 0.005 | 1 | 116 | 0.941 |
| 3 | .836c | 0.700 | 0.692 | 0.347 | 0.021 | 7.946 | 1 | 115 | 0.006 |

a Predictors: (Constant), Stakeholder identification

b Predictors: (Constant), Stakeholder identification, Project environment

c Predictors: (Constant), Stakeholder identification, Project environment, Stakeholders Identification_Project Environment

Table 7 presents the results of a regression analysis examining the moderating effect of the project environment on the relationship between stakeholder identification and performance in World Bank funded projects in Kenya. In the first model, which includes only stakeholder identification as a predictor, the R Square value is 0.679, indicating that stakeholder identification accounts for approximately 67.9% of the variance in project performance, suggesting a strong relationship between the two variables.

The second model introduces the project environment as an additional predictor alongside stakeholder identification. However, the R Square Change is 0.000, and the F Change is not significant (p = 0.941), indicating that the project environment does not significantly improve the

explanation of project performance beyond stakeholder identification alone. In the third model, which includes an interaction term between stakeholder identification and the project environment, the R Square Change is 0.021, and the F Change is significant (p = 0.006). This demonstrates that the interaction between stakeholder identification and the project environment significantly contributes to explaining project performance, supporting the moderating effect of the project environment and rejecting the null hypothesis.

**Table 8: ANOVA for Moderating Effect of Project Environment**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 31.221 | 1 | 31.221 | 247.318 | .000b |
| | Residual | 14.77 | 117 | 0.126 | | |
| | Total | 45.991 | 118 | | | |
| 2 | Regression | 31.222 | 2 | 15.611 | 122.611 | .000c |
| | Residual | 14.769 | 116 | 0.127 | | |
| | Total | 45.991 | 118 | | | |
| 3 | Regression | 32.177 | 3 | 10.726 | 89.284 | .000d |
| | Residual | 13.815 | 115 | 0.120 | | |
| | Total | 45.991 | 118 | | | |

a Dependent Variable: Performance of World Bank funded projects
b Predictors: (Constant), Stakeholder identification
c Predictors: (Constant), Stakeholder identification, Project environment
d Predictors: (Constant), Stakeholder identification, Project environment, Stakeholders Identification_Project Environment

Table 8 presents the ANOVA results for the moderating effect of the project environment on the relationship between stakeholder identification and the performance of World Bank funded projects in Kenya. In the first model, which includes only stakeholder identification as a predictor, the regression sum of squares is 31.221, with 1 degree of freedom, resulting in a mean square of 31.221. The F-statistic is 247.318, with a p-value less than 0.001 (p = .000), indicating that stakeholder identification significantly predicts project performance.

In the second model, where the project environment is added as an additional predictor alongside stakeholder identification, the regression sum of squares increases slightly to 31.222 with 2 degrees of freedom. The F-statistic remains highly significant (F = 122.611, p < .001), indicating that including the project environment significantly improves the prediction of project performance. In the third model, which includes an interaction term between stakeholder identification and the project environment, the regression sum of squares further increases to 32.177 with 3 degrees of freedom. The F-statistic remains significant (F = 89.284, p < .001), indicating that the interaction between stakeholder identification and the project environment significantly contributes to explaining project performance beyond the main effects. These results support the notion that the

project environment moderates the relationship between stakeholder identification and project performance in World Bank funded projects in Kenya.

**Table 9: Model Coefficients for Moderating Effect of Project Environment**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.707 | 0.196 | | 3.597 | 0.000 |
| | Stakeholder identification | 0.822 | 0.052 | 0.824 | 15.726 | 0.000 |
| 2 | (Constant) | 0.692 | 0.276 | | 2.507 | 0.014 |
| | Stakeholder identification | 0.822 | 0.053 | 0.824 | 15.649 | 0.000 |
| | Project environment | 0.004 | 0.050 | 0.004 | 0.074 | 0.941 |
| 3 | (Constant) | 4.372 | 1.333 | | 3.281 | 0.001 |
| | Stakeholder identification | -0.175 | 0.357 | -0.175 | -0.489 | 0.626 |
| | Project environment | -0.970 | 0.349 | -1.017 | -2.781 | 0.006 |
| | Stakeholders Identification Project Environment | 0.264 | 0.094 | 1.406 | 2.819 | 0.006 |

a Dependent Variable: Performance of World Bank funded projects

Table 9 presents the model coefficients for the moderating effect of the project environment on the relationship between stakeholder identification and the performance of World Bank funded projects in Kenya. In the first model, the constant term (intercept) is 0.707, indicating that when stakeholder identification is zero, the expected value of project performance is 0.707. The coefficient for stakeholder identification is 0.822, indicating that for every one-unit increase in stakeholder identification, project performance is expected to increase by 0.822 units. This coefficient is highly significant ($t = 15.726$, $p < 0.001$), demonstrating a strong positive relationship between stakeholder identification and project performance.

In the second model, which adds project environment as an additional predictor alongside stakeholder identification, the coefficients for both stakeholder identification and project environment remain unchanged. The coefficient for the project environment is 0.004, which is not significant ($t = 0.074$, $p = 0.941$), indicating that the project environment alone does not significantly predict project performance. In the third model, which includes an interaction term between stakeholder identification and the project environment, the coefficients change. The coefficient for stakeholder identification is now -0.175, which is not significant ($t = -0.489$, $p = 0.626$), suggesting that its relationship with project performance becomes non-significant when considering the interaction effect.

However, the coefficient for the project environment is -0.970, indicating that for every one-unit increase in the project environment, project performance is expected to decrease by 0.970 units. This coefficient is significant (t = -2.781, p = 0.006), indicating a significant negative effect of the project environment on project performance. Additionally, the coefficient for the interaction term (Stakeholder Identification * Project Environment) is 0.264, indicating that the interaction between stakeholder identification and the project environment positively influences project performance. This coefficient is also significant (t = 2.819, p = 0.006), suggesting that the interaction effect is important in explaining project performance.

## 5.0 Conclusion

The study concludes that stakeholder identification is a fundamental aspect of project management and a critical factor influencing the performance of World Bank funded projects in Kenya. Early and comprehensive stakeholder identification is essential for project success. Understanding the diverse array of stakeholders, including their interests, influence, and potential impact on the project, enables project managers to develop tailored engagement strategies that foster collaboration and mitigate conflicts. By identifying key stakeholders at the outset of the project, project managers can proactively address their needs and concerns, build trust, and cultivate strong relationships throughout the project lifecycle. Moreover, effective stakeholder identification sets the foundation for robust stakeholder planning and monitoring processes, ensuring that project objectives align with stakeholder expectations and contribute to sustainable development outcomes. Thus, stakeholder identification serves as a cornerstone of successful project management, facilitating effective communication, decision-making, and stakeholder engagement strategies that drive project success.

## 6.0 Recommendations

The study recommends that project managers prioritize stakeholder identification efforts through comprehensive analyses. By categorizing stakeholders based on their interests, influence, and potential impact on the project, managers can gain valuable insights into stakeholders' needs and concerns. This facilitates the development of tailored engagement strategies that address specific stakeholder requirements and enhance overall project performance. A detailed understanding of stakeholder dynamics ensures that potential issues are identified early and proactive measures are taken to maintain positive relationships and support for the project.

Additionally, the study recommends that leaders embrace adaptive approaches to stakeholder management to address emerging challenges. The findings provide empirical evidence of the significant relationship between stakeholder management practices and project performance, highlighting the necessity for agile and responsive project teams. By continuously monitoring the project environment and stakeholder expectations, leaders can make informed decisions that align with both project goals and stakeholder needs. This adaptability helps mitigate risks and leverages opportunities, ultimately contributing to the success of World Bank funded projects.

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