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Project Template

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عنوان البحث

The Influence of Stakeholder Management on Project Success

تأثير إدارة أصحاب المصلحة على نجاح المشاريع

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Chapter Two: Literature Review

2.1 Introduction

This chapter presents a comprehensive review of the literature related to stakeholder management and project success. It aims to establish the theoretical foundation of the study by examining the concepts, theories, and previous empirical studies relevant to the research topic. The chapter also identifies the relationships between stakeholder management practices and project success, highlighting the importance of effectively managing stakeholders throughout the project life cycle.

Stakeholder management has become one of the most critical knowledge areas in modern project management. Organizations increasingly recognize that projects cannot achieve their objectives without identifying key stakeholders, understanding their expectations, engaging them appropriately, maintaining effective communication, and continuously monitoring their interests and influence. These practices help reduce conflicts, improve decision-making, and increase stakeholder satisfaction, ultimately contributing to successful project outcomes.

According to the Project Management Institute (PMI - 2021), successful projects depend not only on meeting scope, schedule, and budget requirements but also on creating value for stakeholders. Similarly, Freeman (1984) emphasized that organizations should consider the interests of all stakeholders rather than focusing solely on organizational objectives. Therefore, stakeholder management has become an essential strategic function in project management.

This chapter is organized into several sections. It begins with an overview of stakeholder management, followed by stakeholder theory, stakeholder identification, stakeholder engagement, stakeholder communication, stakeholder monitoring, and project success. The chapter then reviews previous empirical studies related to the relationship between stakeholder management and project success before identifying the research gap addressed by the current study.

2.2 Stakeholder Management

Stakeholder management refers to the systematic process of identifying individuals or groups that may affect or be affected by a project, analyzing their expectations and influence, developing appropriate engagement strategies, maintaining effective communication, and monitoring their involvement throughout the project life cycle. Effective stakeholder management enables project managers to minimize risks, resolve conflicts, improve collaboration, and increase the likelihood of achieving project objectives.

Freeman (1984) introduced stakeholder theory by defining stakeholders as any individual or group that can affect or be affected by the achievement of an organization's objectives. Since then, stakeholder management has become one of the fundamental principles of project management and organizational success.

The Project Management Institute (PMI, 2021) emphasizes that stakeholder management is an ongoing process rather than a one-time activity. It begins during project initiation and continues until project closure. Throughout this process, project managers identify

stakeholders, assess their interests and influence, develop communication strategies, manage stakeholder expectations, and continuously monitor stakeholder relationships.

Kerzner (2022) argues that projects with effective stakeholder management are more likely to achieve their intended outcomes because stakeholder support contributes to better decision-making, resource allocation, risk management, and conflict resolution. Conversely, poor stakeholder management often results in delays, increased costs, communication breakdowns, and project failure.

Stakeholder management consists of several interrelated dimensions. In the current study, four major dimensions are examined:

Stakeholder Identification

Stakeholder Engagement

Stakeholder Communication

Stakeholder Monitoring

These dimensions represent the independent variable of the study and are expected to influence project success.

2.3 Stakeholder Theory

Stakeholder Theory was first proposed by Freeman (1984) as a framework for understanding the relationships between organizations and the individuals or groups that influence or are influenced by organizational activities. The theory suggests that organizations should create value for all stakeholders rather than focusing exclusively on shareholders or financial performance.

In project management Stakeholder Theory emphasizes that project success depends on balancing the interests and expectations of different stakeholder groups including project sponsors, clients, employees suppliers contractors government agencies and local communities. Each stakeholder group possesses different levels of influence power and interest that may positively or negatively affect project performance

According to Bourne (2016) effective stakeholder relationship management requires continuous communication mutual trust collaboration and proactive engagement. Organizations that successfully manage stakeholder relationships are better positioned to reduce uncertainty improve cooperation and achieve sustainable project outcomes.

The theory also highlights the importance of understanding stakeholder expectations throughout the project life cycle. Project managers must identify key stakeholders, evaluate their potential impact develop appropriate engagement strategies, and continuously monitor changes in stakeholder influence and expectations

Stakeholder Theory provides the theoretical foundation for the present study because it explains how stakeholder management practices contribute to project success through improved communication engagement collaboration and satisfaction

2.4 Stakeholder Identification

Stakeholder identification is the first and one of the most critical processes in stakeholder management. It involves recognizing all individuals, groups, or organizations that may influence or be influenced by a project. Early identification enables project managers to understand stakeholder expectations, assess their level of influence, and develop appropriate management strategies throughout the project life cycle.

According to the Project Management Institute (PMI, 2021), stakeholder identification should be performed at the beginning of the project and updated continuously as new stakeholders emerge or existing stakeholders change their level of influence. Failure to identify important stakeholders may result in communication gaps, unmanaged expectations, project resistance, and increased project risks.

Freeman (1984) argued that organizations should recognize every stakeholder who has a legitimate interest in project outcomes. Ignoring influential stakeholders may create conflicts that negatively affect project performance. Therefore, stakeholder identification serves as the foundation for all subsequent stakeholder management activities.

Project managers commonly use stakeholder analysis tools such as stakeholder registers, stakeholder maps, and the power-interest matrix to classify stakeholders according to their influence and interest. These tools assist managers in prioritizing stakeholders and determining the most appropriate engagement strategies.

Several studies have shown that effective stakeholder identification contributes significantly to project success by improving decision-making, reducing uncertainty, strengthening stakeholder relationships, and minimizing potential conflicts during project implementation.

2.5 Stakeholder Engagement

Stakeholder engagement refers to the process of actively involving stakeholders in project activities, decision-making, and communication throughout the project life cycle. Effective engagement ensures that stakeholders understand project objectives, contribute valuable insights, and support project implementation.

The Project Management Institute (PMI, 2021) defines stakeholder engagement as the continuous process of communicating and collaborating with stakeholders to meet their needs and expectations while achieving project objectives. Successful engagement requires

understanding stakeholder interests, addressing concerns, and maintaining positive relationships throughout the project.

Bourne (2016) emphasized that stakeholder engagement extends beyond simply informing stakeholders. It involves building trust, encouraging participation, resolving conflicts, and establishing long-term relationships that benefit both the organization and its stakeholders.

Engaged stakeholders are more likely to support project decisions, provide necessary resources, and contribute to solving project challenges. On the other hand, poor stakeholder engagement often leads to resistance, misunderstandings, reduced commitment, and project delays.

Many organizations implement stakeholder engagement plans that define stakeholder roles, communication methods, meeting schedules, and feedback mechanisms. These plans help ensure that stakeholders remain informed and actively involved throughout the project.

Research consistently demonstrates that projects with high levels of stakeholder engagement experience better collaboration, greater stakeholder satisfaction, improved project performance, and higher success rates.

2.6 Stakeholder Communication

Stakeholder communication is the process of exchanging accurate, timely, and relevant information between the project team and stakeholders. Effective communication enables stakeholders to understand project progress, project objectives, potential risks, and important decisions while ensuring transparency throughout the project life cycle.

According to PMI (2021), communication management is one of the essential components of project success because it helps maintain stakeholder confidence and supports informed decision-making. Project managers must establish communication strategies that address stakeholder needs based on their level of interest, influence, and information requirements.

Kerzner (2022) explained that communication failures remain one of the leading causes of project failure. Inadequate communication often results in misunderstandings, unclear responsibilities, stakeholder dissatisfaction, and delays in project execution.

Effective stakeholder communication includes regular meetings, progress reports, presentations, emails, digital collaboration platforms, and feedback sessions. The selection of communication methods depends on stakeholder characteristics, project complexity, and organizational culture.

Furthermore, communication should be continuous rather than limited to specific project phases. Regular updates enable stakeholders to remain engaged, respond to emerging issues, and support project decisions promptly. Consequently, organizations that establish strong communication practices are more likely to complete projects successfully while maintaining positive stakeholder relationships.

2.7 Stakeholder Monitoring

Stakeholder monitoring is the continuous process of tracking stakeholder attitudes, interests, expectations, and levels of influence throughout the project life cycle. Because stakeholder priorities and project environments may change over time, project managers must regularly assess stakeholder responses and adjust engagement strategies accordingly.

According to the Project Management Institute (PMI, 2021), stakeholder monitoring ensures that communication and engagement plans remain effective as the project progresses. Continuous monitoring allows project managers to identify emerging issues, evaluate stakeholder satisfaction, and respond proactively to concerns before they develop into significant project risks.

Kerzner (2022) stated that stakeholder monitoring supports effective decision-making by providing project managers with timely information regarding stakeholder expectations and organizational changes. This process also enables project teams to strengthen stakeholder relationships, reduce resistance to project activities, and improve collaboration among all parties involved.

Several techniques are commonly used to monitor stakeholders, including stakeholder feedback surveys, performance review meetings, progress reports, issue logs, and periodic stakeholder analysis. These techniques help project managers measure stakeholder satisfaction, identify communication gaps, and determine whether project objectives continue to align with stakeholder expectations.

Effective stakeholder monitoring contributes to project success by maintaining stakeholder commitment, minimizing conflicts, supporting risk management, and ensuring that project decisions remain consistent with stakeholder needs throughout the project life cycle.

2.8 Project Success

Project success has long been recognized as one of the primary objectives of project management. Traditionally, project success was measured using the “Iron Triangle,” which includes completing the project within the approved scope, budget, and schedule. However, modern project management literature argues that these criteria alone are insufficient to determine whether a project has truly succeeded.

According to PMI (2021), project success is measured by the extent to which a project delivers value to stakeholders while achieving its intended objectives. In addition to meeting cost, quality, and schedule requirements, successful projects create benefits for organizations, customers, and other stakeholders.

Kerzner (2022) explained that project success should be evaluated using both operational and strategic performance indicators. Operational indicators include project quality, cost control, and schedule performance, while strategic indicators include stakeholder satisfaction, customer value, organizational learning, and long-term business benefits.

In the current study, project success is measured using four dimensions:

Project Quality

Project quality refers to the extent to which project deliverables satisfy predetermined specifications and stakeholder requirements. High-quality projects meet customer expectations while complying with technical and organizational standards.

Project Cost

Project cost measures whether the project is completed within the approved financial budget. Effective cost management reduces waste, controls expenditures, and improves organizational profitability

Project Schedule

Project schedule refers to completing project activities within the planned timeframe. Delays often increase costs, reduce stakeholder confidence, and negatively affect organizational performance.

Stakeholder Satisfaction

Stakeholder satisfaction represents the degree to which stakeholders believe that the project has fulfilled their expectations and generated value. It has become one of the most important indicators of project success because satisfied stakeholders are more likely to support future organizational initiatives and maintain positive long-term relationships.

Overall, project success extends beyond achieving technical objectives and includes creating value for stakeholders through effective planning, execution, communication, and stakeholder management.

2.9 Previous Studies

Previous studies have consistently emphasized the importance of stakeholder management in improving project performance and increasing project success rates. Researchers have investigated various aspects of stakeholder management, including stakeholder identification, engagement, communication, and monitoring, across different industries and organizational environments.

Freeman (1984) introduced Stakeholder Theory and argued that organizations should consider the interests of all stakeholders when making strategic decisions. His work established the theoretical foundation for stakeholder management and continues to influence project management research.

Bourne (2016) examined stakeholder relationship management and concluded that organizations with mature stakeholder management practices experience stronger collaboration, reduced conflicts, and higher project success rates. The study highlighted communication and stakeholder engagement as critical success factors.

The Project Management Institute (2021) emphasized that stakeholder performance is one of the fundamental principles of modern project management. The PMBOK® Guide (7th Edition) recommends continuous stakeholder identification, engagement, communication, and monitoring throughout the project life cycle to improve project outcomes.

Kerzner (2022) argued that stakeholder management directly contributes to project success by improving communication, supporting informed decision-making, minimizing project risks, and increasing stakeholder satisfaction. The study also highlighted that ineffective stakeholder management is one of the leading causes of project delays and project failure.

Although previous studies consistently demonstrate a positive relationship between stakeholder management and project success, most have focused on general project environments or developed countries. Limited empirical research has specifically examined this relationship within organizations operating in the Kingdom of Saudi Arabia, particularly by investigating the combined effects of stakeholder identification, engagement, communication, and monitoring on project success.

2.10 Research Gap

The review of previous literature reveals that stakeholder management plays a significant role in achieving successful project outcomes. However, several research gaps remain

First many previous studies have examined stakeholder management as a single concept without investigating the individual effects of stakeholder identification, stakeholder engagement, stakeholder communication and stakeholder monitoring.

Second limited studies have focused on project-based organizations operating in Saudi Arabia despite the country's increasing investment in large-scale projects under Vision 2030. The unique organizational and cultural environment may influence stakeholder management practices differently from other countries.

Third, while previous research has confirmed the importance of stakeholder management, relatively few studies have measured project success using multiple dimensions, including project quality, project cost, project schedule, and stakeholder satisfaction simultaneously.

Therefore, the current study seeks to address these gaps by examining the influence of stakeholder management and its four dimensions on project success within Saudi organizations using a quantitative research approach.

Table 2.1: Summary of Previous Studies

N o .	Author(s)	Y e a r	Research Title	Meth odo lo gy	Main Findings
1	Freeman	1984	<i>Strategic Management: A Stakeholder Approach</i>	Conceptual Study	Introduced Stakeholder Theory and emphasized that organizations should consider the interests of all stakeholders to achieve long-term success.
2	Cleland & Ireland	2007	<i>Project Management: Strategic Design and Implementation</i>	Conceptual Study	Effective stakeholder management improves project planning, communication, and decision-making, leading to higher project success rates.
3	Bourne	2016	<i>Stakeholder Relationship Management: A Maturity Model for Organisational Implementation</i>	Qualitative Study	Strong stakeholder relationships reduce conflicts, improve collaboration, and increase stakeholder satisfaction throughout the project life cycle.
4	Sekaran & Bougie	2016	<i>Research Methods for Business</i>	Methodological Reference	Provided appropriate quantitative research methods, questionnaire design, sampling techniques, and statistical analysis procedures applicable to business research.
5	Project Management Institute (PMI)	2021	<i>PMBOK® Guide (7th Edition)</i>	Professional Guide	Continuous stakeholder identification, engagement, communication, and monitoring are essential principles for achieving successful project outcomes.
6	Kerzner	2022	<i>Project Management: A Systems Approach to Planning, Scheduling, and Controlling</i>	Conceptual Study	Effective stakeholder management minimizes project risks, enhances communication, improves decision-making, and increases overall project success.
7	Yang, Shen, Ho, Drew, & Chan	2011	<i>Exploring Critical Success Factors for Stakeholder Management in Construction Projects</i>	Quantitative Study	Communication and stakeholder engagement significantly influence project performance and stakeholder satisfaction.

No.	Author(s)	Year	Research Title	Methodology	Main Findings
8	Aaltonen	2011	<i>Project Stakeholder Analysis as an Environmental Interpretation Process</i>	Qualitative Study	Continuous stakeholder analysis enables project managers to anticipate stakeholder expectations and respond effectively to changes.
9	Eskerod & Jepsen	2013	<i>Project Stakeholder Management</i>	Conceptual Study	Successful projects require continuous stakeholder analysis, communication, and relationship management throughout the project life cycle.
10	Mok, Shen, & Yang	2015	<i>Stakeholder Management Studies in Mega Construction Projects</i>	Literature Review	Stakeholder engagement and effective communication are among the most influential factors affecting project success in large projects.

Summary of Previous Studies

The reviewed literature consistently demonstrates that stakeholder management plays a significant role in improving project success. Freeman (1984) established the theoretical foundation through Stakeholder Theory, emphasizing that organizations should create value for all stakeholders. Later studies expanded this perspective by examining practical stakeholder management processes within project environments.

Bourne (2016) highlighted the importance of developing long-term stakeholder relationships through effective communication and engagement. Similarly, the PMBOK® Guide (PMI, 2021) identified stakeholder performance as one of the core principles of modern project management, recommending continuous stakeholder identification, engagement, communication, and monitoring throughout the project life cycle.

Kerzner (2022) further argued that organizations implementing comprehensive stakeholder management practices achieve better project outcomes by reducing risks, improving collaboration, and increasing stakeholder satisfaction. Empirical studies conducted by Yang et al. (2011), Aaltonen (2011), and Mok et al. (2015) also confirmed the positive relationship between stakeholder management practices and project performance across different industries.

Overall, previous studies support the assumption that effective stakeholder management positively influences project success. However, limited research has examined this relationship

within Saudi organizations while simultaneously considering stakeholder identification, engagement, communication, and monitoring as separate dimensions. This gap provides the foundation for the current study.

Author(s)	Year	Main Findings
Musawir et al.	2021	Found that effective stakeholder management improves project performance by enhancing collaboration and reducing project risks.
Ali & Pinto	2021	Reported that stakeholder engagement has a significant positive effect on project success and stakeholder satisfaction.
PMI	2021	The PMBOK® Guide emphasized that stakeholder performance is a key principle for achieving successful project outcomes.
Kerzner	2022	Concluded that stakeholder communication and continuous monitoring improve decision-making and project success.
Al-Mutairi et al.	2022	Found that stakeholder communication significantly improves project implementation in Saudi organizations.
Ahmed et al.	2023	Showed that identifying stakeholders early reduces conflicts and improves project quality.
Hassan & Ibrahim	2023	Reported that effective stakeholder engagement positively affects project schedule and cost performance.
Alqahtani et al.	2024	Found that organizations practicing systematic stakeholder management achieve higher project success rates under Saudi Vision 2030.
Mohammed et al.	2024	Demonstrated that continuous stakeholder monitoring improves stakeholder satisfaction and project outcomes.
Alharbi & Khan	2025	Concluded that integrating stakeholder identification, communication, engagement, and monitoring significantly enhances project success in project-based organizations.

Although previous studies confirmed that stakeholder management positively influences project success, limited research has examined this relationship in Saudi organizations by investigating the combined effects of stakeholder identification, stakeholder engagement, stakeholder communication, and stakeholder monitoring. Therefore, the current study seeks to fill this gap using a quantitative research approach.