

**STAKEHOLDER MANAGEMENT AND PROJECT SUCCESS:
CASE OF INTEGRATED FINANCIAL MANAGEMENT
INFORMATION SYSTEM PROJECT IN KENYA**

BY

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FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
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DECLARATION

This project is my original work and has not been presented in any other university or any institution of higher learning for an award of Master of Business Administration Degree.

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This project has been submitted for examination with my approval as University Supervisor.

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I thank God for granting me the opportunity, ability and good health to carry out this project to completion.

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While I may not be able to mention and recognize the effort of many others who have contributed significantly towards this project, am grateful to them all.

DEDICATION

To my late dad Mr. Lawrence Palapala who worked so hard to get me to where I am today. You went away too soon and will miss the graduation party that had been planned for 2016 but am certain you are proud that I finally finished my MBA project.

ABSTRACT

Projects have various stages from initiation, planning, execution and closure. It is essential that throughout these stages key stakeholders are involved to ensure they buy in into the project. The key stakeholders for the IFMIS project include donors, Ministerial Departments and Agencies, counties, vendors, parastatals and suppliers. This study sought to determine the extent of stakeholder management adoption in the IFMIS project and the impact it has had on success of the project. Descriptive research design was adopted for this study and a sample of 95 respondents was used. Data was collected from the various respondents through a semi structured questionnaire. The research findings revealed that stakeholder management had been adopted in the IFMIS project through communication with stakeholders, provision of adequate personnel for the project, incorporation of views of stakeholders and resolution of any complaints by stakeholders. However there was still need to address how the various stakeholders were categorized, their knowledge gaps on the project and overall stakeholder experience. The project was successful in enhancing efficiency in government transactions and creation of equal platform for competition for government business opportunities. The project however had not been able to fully enhance transparency and accountability in the public sector. The stakeholders identified challenges they face with IFMIS including; frequent downtimes of the system, lack of dedicated support from the IFMIS personnel and inadequate integration with other key government systems. They proposed that The National Treasury enforce use of IFMIS, put in place infrastructure to make the system more robust and ensure that trainings at IFMIS Academy are customized to the need of the various users.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS	iii
DEDICATION	iv
ABSTRACT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Project Stakeholder Management	2
1.1.2 Project Success	2
1.1.3 Integrated Financial Management Information Systems	3
1.2 Research Problem	3
1.3 Research Objectives	4
1.4 Value of the Study	4
CHAPTER TWO: LITERATURE REVIEW	6
2.1 Introduction.....	6
2.2 Theoretical Foundation	6
2.2.1 Stakeholder Theory.....	6
2.2.2 Resource Dependency Theory	7
2.3 Stakeholder Management.....	7
2.3.1 Stakeholder identification and Analysis	7
2.2.2 Stakeholder Engagement	8
2.3.3 Stakeholder Empowerment.....	9
2.3.4 Stakeholder Monitoring and Control.....	10
2.4 Stakeholder Management and Project Success	10
2.5 Conceptual Framework	11
CHAPTER THREE: RESEARCH METHODOLOGY	12
3.1 Introduction.....	12
3.2 Research Design.....	12
3.3 Population	12
3.4 Sampling Size	12

3.5 Data Collection	13
3.6 Data Analysis	13
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	14
4.1 Introduction.....	14
4.2 Demographic Characteristics of the Respondents.	14
4.2.1 Response of the Stakeholders	14
4.2.2 Distribution of respondents by stakeholder category	14
4.2.3 Respondents' Professional background.....	15
4.2.4 Distribution of Respondents by Age	16
4.3 Stakeholder Management.....	18
4.3.1 Respondents' interaction with the IFMIS modules in years.....	19
4.3.2 Aspects of stakeholder management	20
4.4 Project Success.....	23
4.5 IFMIS Module challenges.....	24
4.6 Recommendations for addressing IFMIS modules challenges	24
4.7 Stakeholder Management and the Success of the IFMIS Project	25
4.7.1 Regression Analysis	25
4.7.2 Model Summary	26
4.7.3 ANOVA Results	26
4.8 Discussion of Findings.....	28
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION	30
5.1 Introduction.....	30
5.2 Summary of findings.....	30
5.3 Conclusion	30
5.4 Recommendation	31
5.5 Suggestions for further studies.....	31
REFERENCES	32
Appendix I: Research Questionnaire	36

LIST OF TABLES

Table 4.1: Response of the Stakeholders	14
Table 4.2: Response of the Respondents by Stakeholder Category.....	14
Table 4.3: Respondents' Professional background.....	15
Table 4.4: Distribution of Respondents by Age.....	16
Table 4.5: Respondents utilization of IFMIS modules	18
Table 4.6: Respondents interaction with IFMIS modules in years.....	19
Table 4.7: Extent of stakeholder management adoption in IFMIS.....	21
Table 4.8: The extent that IFMIS project objectives have been achieved	23
Table 4.9: Challenges in IFMIS Modules.....	24
Table 4.10: Recommendations for addressing IFMIS challenges	25
Table 4.11: Model Summary	26
Table 4.12: ANOVA of the Regression.....	26
Table 4.13: Coefficient of Correlation.....	27

LIST OF FIGURES

Figure 2.1: Conceptual Framework	11
Figure 4.2: Distribution of Respondents' by Stakeholder Categories	15
Figure 4.3: Distribution of Respondents' Professional Background	16
Figure 4.4: Distribution of Respondents by Age	17
Figure 4.5: Respondents interaction with the IFMIS modules in years.....	20

LIST OF ABBREVIATIONS

DIIU	Departmental IFMIS Implementation Units
ERP	Enterprise Resource Planning
FMIS	Financial Management Information System
GOK	Government of Kenya
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IIED	International Institute for Environment and Development
IS	Information System
IT	Information Technology
KRAs	Key Result Areas

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A key issue in project management is stakeholder management. Industries in various sectors have embraced the principles of best practice stakeholder management in a bid to enjoy success of their many projects. Stakeholder management involves an organization putting in place strategies that enable tackling of stakeholder needs and demands in such a way that they will be satisfied and the organization is able to achieve its goals. Disgruntled stakeholders could derail the course of the project and therefore it is best when they are for the project to guarantee its success (Moore, 1995). When stakeholder management is carried out properly the project activities stay on course, undertaken in the required duration and objectives are achieved (Glover, 2015). Winter *et al.* (2006) study assessed the relative influence of projects stakeholders to the performance of the project. This established that it was important to incorporate stakeholders' expectations in projects planning at every phase during the project life cycle. Bourne (2008) advocated for organizations to develop a culture that embraces stakeholder engagement to ensure that there is commitment to project success by the stakeholders.

This study is anchored on the stakeholder theory and resource dependency theory. Stakeholder theory advocates for identification and grouping of stakeholders of a project and this guides the strategies that management employs to address the interests of these groups. Resource dependency theory recognizes that organizations are not self sufficient. Owners of resources beneficial to the organization have leverage over the organization and thus influence organizational outcomes.

The Integrated Financial Management Information Systems (IFMIS) is a project initiated by the Government of Kenya through The National Treasury as part of Public Financial Reforms to enhance accountability and transparency in the public sector. IFMIS is an information system that tracks and monitors financial transactions and summarizes the financial information. This system is critical for the government as a whole as it strives to achieve value for money for all its resources and provide services essential for its citizens all over the country.

1.1.1 Project Stakeholder Management

Project stakeholder management is defined as the systematic identification, analysis and planning of actions to communicate with and influence stakeholders (PMI, 2004). To manage project stakeholders effectively project managers should be competent in all areas of stakeholder management. Proper stakeholder management enables an organization achieve its strategic objectives through support from stakeholders and understanding the external environment (Braintrust, 2010).

Karlsen (2008) established a link between stakeholder management and project success. Manowong and Ogunlana (2010) acknowledged that when stakeholder management is not done ,perception of it becomes negative, chances of achieving goals is reduced and any other opportunities of interacting with stakeholders for the benefit of the business are greatly affected. Freeman (2004) advocated for inclusion of all stakeholders' interest in business processes. This is to ensure positive relations are maintained among all stakeholders and thus ensure continuity of the business.

1.1.2 Project Success

Judges and Muller (2005) pointed out there is no common definition of what an accomplished project is. This means that what entails an accomplished project depends on an individual projects objectives. Cleland (1986) suggested that project success be looked at in the perspective of whether performance objectives were achieved with the allocated resources and the impact that this had on the overall mission of the organization. The current business environment has become more dynamic forcing businesses to adopt planning in terms of project program so as to achieve their goals and achieve value creation. Project selection and prioritization are now being done more keenly.

As the information systems grow in organizations they become complex and sometimes hard to measure the success in their implementation and use and their effectiveness to an organization. Assessing the success of Enterprise Resource Planning (ERP) in adopting organization is difficult because of their complex in nature and that adopting organizations have not undertaken to evaluate the benefits of success due to lack of knowledge of carrying out this evaluation. Project managers' performance in projects is usually measured in terms of ensuring that the project is completed in the agreed duration, with allocated resources and satisfied the consumers of the project (Cooke, 2012).

1.1.3 Integrated Financial Management Information Systems

The Integrated Financial Management Information Systems (IFMIS) project is a project initiated by the Government of Kenya through The National Treasury as part of Public Financial Reforms to enhance accountability and transparency in the public sector. IFMIS is an information system that tracks and monitors financial transactions and summarizes the financial information. IFMIS modules implemented to date include account payables, account receivables, fixed assets, bank reconciliation, general ledger, e procurement, forecasting and budgeting.

It is funded by donors as well as the Government of Kenya. The project has been implemented in both National and County governments and has faced challenges including legal, infrastructure and lack of staff with sufficient technological knowhow especially in the counties. IFMIS stakeholders include the donor community, external suppliers, end users from various Ministerial Departments and Agencies (MDA'S), vendors implementing the system, counties and parastatals.

1.2 Research Problem

Many institutions have appreciated the importance of project stakeholder management in influencing project success. Although management of stakeholders has become critical in the public sector, the process has become more complex due to greater ethical considerations and proactive media (Harrison &Freeman, 2010). This has made many public sector entities reluctant to take up this initiative. The IFMIS project has been implemented in both the National and County Governments of Kenya and is operational countrywide. The project funding is both by GOK and donors. The project has a many stakeholders (local and international) and this in turn calls for proper stakeholder management policy to ensure that the project proceeds as planned and that all stakeholders needs are addressed for the success of the project (Mumo, 2013).

Financial management information systems (FMIS) have been applauded as being instrumental in reforming public financial management in the developing countries. These systems however often delay and do not attain set goals. This is mostly due to challenges they face in the environments they operate in (Kimwele, 2011). One of the greatest concerns is also insignificant contribution and adoption of the system by the various stakeholders in the life of project.

Many studies have been done on various organizations stakeholders influence on success of their projects. Winter *et al.* (2006) study assessed the relative influence of projects stakeholders to the performance of the project. This established that it was important to incorporate stakeholders' expectations in projects planning at every phase during the project life cycle. Bourne (2008) advocated for organizations to develop a culture that embraces stakeholder engagement to ensure that there is commitment to project success by the stakeholders. Locally, Abiero (2010) looked at the challenges of stakeholder management in implementation of Sondu Miriu hydro-electric power project in Kenya. The study found that stakeholder participation was key for achievement of the project goals; power generation and reduced resistance towards the project. Diba (2011) research focused on influence of stakeholder management on project sustainability: A case of Compassion International/Kenya, Kilifi cluster, Kilifi District. The study revealed a gap in understanding that the key stakeholders for the projects were and this would affect continuity of the project. It was recommended that proper stakeholder analysis and identification be undertaken by the project leads. Most of these studies were conducted in industries of that were commercial in nature. The IFMIS project is undertaken in government as a public initiative. It would thus be important to determine if the concept of stakeholder management also applies to the public sector. Hence, this study seeks to fill this gap by answering the question; has stakeholder management influenced success of the IFMIS project?

1.3 Research Objectives

The overall research objective for this study was to establish how stakeholder management has influenced success of the IFMIS project.

The specific research objectives were;

- i. To determine the extent of stakeholder management adoption in the IFMIS project.
- ii. To determine the impact of stakeholder management on the IFMIS project.

1.4 Value of the Study

The research will benefit the National Treasury and the Government of Kenya at large by determining the extent to which the integrated information management system has improved the services and also business with its citizens. It will also highlight areas of further improvement in management of stakeholders as well as provide a

benchmark for implementation of other public sector projects for other nations especially in the African continent yet to implement integrated financial management system.

Stakeholder theory and resource dependency theory have been fronted by many commercial entities as relevant to their industries. By applying these views in government setting instead of the commercial business, this study will seek to examine effectiveness and relevance of these theories to this industry and initiative.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, relevant information that is related and consistent with this research study was reviewed.

2.2 Theoretical Foundation

The study was anchored on the stakeholder theory and the resource dependency theory.

2.2.1 Stakeholder Theory

A stakeholder is an individual, group, or organization who may be affected by project decisions. Stakeholder management involves identification of persons or organizations that could be impacted by the project, understanding their needs and putting in place measures to meet these needs to ensure project success (PMI, 2013).

The stakeholder theory prescribes the principles managing stakeholders of an organization. It classifies stakeholders and their needs and guides the organization on how to address these needs (Freeman, 1984). Stakeholder theory seeks to assist organizations to deal with dynamic business environment and intricate needs of various stakeholder groups (Wicks, Gilbert & Freeman, 1994). Yee-Chin (2004) further proposed that the degree of influence of each stakeholder group on the project be assessed.

Ackerman and Eden (2011) noted that the importance of stakeholder's to strategy and overall planning of firms has been appreciated; however consideration of stakeholders in terms of performance has not been done sufficiently. The consumer of performance measurement information has not been clearly indicated. In the public sector especially in IFMIS projects, it is essential that performance measurement is done and the results be used for managerial purposes to improve an organizations rating. Corporate planning recognizes that stakeholders influence the activities of the organization. Management is required to incorporate the needs of stakeholders in its operations. Adoption of stakeholder approach to strategic management should guide future choices of the firm.

2.2.2 Resource Dependency Theory

Pfeiffer and Salancik (1978) resource dependency theory pointed out that organizations do not operate independently since they rely on other actors/ factors in the business environment. This reliance gives the external factors an edge in controlling how the organization carries out its operations.

In the resource dependence theory, stakeholders that own resources required by the firm are considered valuable. However, capacity does not solely reflect the importance of stakeholders. Organizational theories view legitimate stakeholders as are those that really count. External environment needs to be clearly assessed in line with stakeholder expectations and this be incorporated in corporate objectives. In dealing with its stakeholders, a firm has to recognize that not all needs of the stakeholders will be met. Some decisions will result in conflict of interest and others might mean alignment of interests for a particular group of stakeholders (Phillips, 2013).

2.3 Stakeholder Management

Managing stakeholders ensure that you are able to control scope variation, needs of each group have been addressed, factor in any risks associated with ensure project and therefore reduce any negative outcomes. A stable organization is one which has been able to manage their stakeholders effectively and this also enables the organization to run its projects with fewer hindrances (Cooper, 2016).

2.3.1 Stakeholder identification and Analysis

Stakeholder analysis involves identification various groups with interests in the organization and checking how they affect the organization's effectiveness and efficiency. Freeman (1984) proposed that grouping of stakeholders is done, characteristics and previous undertakings assessed to so that the relationships between the various groups is determined. This could be achieved through interacting with the various stakeholder groups. Mitchell et al. (1997) views on stakeholder theory introduced factors of power, legitimacy and urgency as additional criteria for determining who an organizations stakeholder is and thus the only groups that an organization should engage with.

Various scholars have classified stakeholders differently. African Development Bank (2011) classified stakeholders into two; primary and secondary. Primary stakeholders are the beneficiaries of a development initiative while secondary stakeholders are

those who influence a development initiative. Frooman (2010) states that these secondary stakeholders are less influential but have the ability to affect the organization through support they can source. Gibson (2000) on the other hand classified them into internal and external. International Institute for Environment and Development (IIED 2005) on top of internal and external stakeholders has added interface stakeholders which refer to those stakeholders who function both internally and externally in relation to the organization. Chinyio and Olomolaiye (2010) introduced a different perspective where they classified them as key and non- key. Key refers to those stakeholders whose successful completion of the project depends on their interests and needs being recognized. Non-key on the other hand refers to those stakeholders whose needs and interests are inconsequential.

2.2.2 Stakeholder Engagement

Stakeholder engagement involves sharing and disseminating information with stakeholders, incorporating their requirements and solving any complaints or disagreements that may arise in the course of the project (PMI, 2013). Forman and Discenza (2012) observed that stakeholder management in projects is not planned in many organizations. Zwikael (2009) found that the two Project Management Body of Knowledge areas that project managers invested the least amount of time in relative to their importance were quality and communication (PMI, 2008). Meyer and Allen (2012) advocate for involving stakeholders as this leads them to own the project. Carmeli and Freund (2011) also note that stakeholders who are highly involved in turn have positive engagement with the firm. Mowday (1979) stated that there is a positive link between job involvement and the choice to commit to the project.

Ketchand and Strawser (2011) linked high job involvement to output. Abraham (2005) research established that highly involved employees positively displayed link to the organization and this was due to good standing of the organization in the public eye as well as their job satisfaction. Edwards (2013) provided a scale guiding the level of involving stakeholders according to their significance. The scale is guided by the various phases of a project's lifecycle.

Communication enhances stakeholders to effectively participate in organization decision making processes (Urich & Fisher, 2010). The authors further note that communication creates an enabling environment for stakeholders to engage in dialogue with members of the organization. According to Feam-Banks (2007),

communication with internal stakeholders before, during and after a crisis is vital. Lindsay (2006) proposed that stakeholders be categorized based on their potential power influence outcomes.

2.3.3 Stakeholder Empowerment

Stakeholder empowerment is critical part of the stakeholder management and it involves training and capacity building of the stakeholders to enable them to be self reliant and economically independent at the termination of the project. Capacity building and training requires substantial amount of resources for a project to be set aside and the schedule of training activities be included in the overall plan of the project. This is to ensure that as the project starts and progresses, there is adequate skilled personnel to implement the project to the required level and that the rest of stakeholders have sufficient know how to interact with the project. Training of stakeholders in a timely manner also prepares them for continuity of the project after consultants have completed their assignment on the project.

Training will particularly inform the various stakeholders more about the project thereby reducing resistance that could stem from lack of knowledge about project functionalities. For a FMIS it is even more critical that training is done thoroughly for those interacting with the system as this will determine the continuity and effectiveness of the system. When this is not done correctly there is bound to be resistance to the system and continuity of use of the system could be in jeopardy since there would be no skilled technical staff to support the system after consultants are gone.

IFMIS requires stakeholders with technical skills such as developing and administering the system. Diamond and Khemani (2006) found that lack of staff had been blamed for the slow implementation of IFMIS in countries like Ghana while in a country like Tanzania staff capacity is one of the main contributors of success. In Kenya the situation has changed over the years but not fully since the IFMIS system is still under consultancy who give much of the technical advice required frequently.

ICPAK(2014), in its baseline survey report on Devolution in Kenya with Respect to Public Financial Management Systems found that though most counties rated their interaction with IFMIS as proficient or good, there were some challenges noted. These include system user challenges due to limited practical training on some of the

key modules installed. The study further recommended that regular training of county staff should be undertaken to enhance their technical skills in IFMIS.

2.3.4 Stakeholder Monitoring and Control

Controlling stakeholder engagement involves monitoring overall project stakeholder relationships and adjust strategies and plans for engaging stakeholder (PMI, 2013). It should involve planning for what is required for a project and ensuring stakeholder engagement is on the right course (SDSU, 2012). Managers mostly strive to meet stakeholder needs to an agreeable level for cordial relations with stakeholders. Carroll (1979) proposed four ways of handling a particular group of stakeholders. Pro-action ;obtaining stakeholder requirements and addressing them before they result in complaints; Accommodating; consider stakeholder propositions then only actualize after further determining which is more crucial to them; Defending; doing the bare minimum; and Reactive; ignore stakeholder demands.

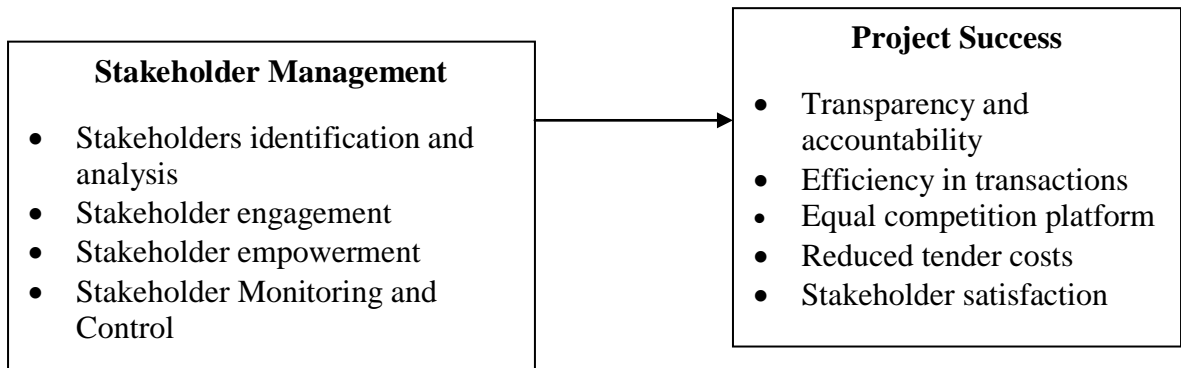
Heugcns et al (2012) suggested three means of handling stakeholder demands and needs. Buffering; selecting a small number controllable stakeholder, then use this to influence the larger groups. Cooptation; put in place strategy to deal with influential stakeholders. Meta-problem solving; utilized in complex situation and stakeholders are in a network. Hillman and Kiem (2011) concluded that some activities by the firm like corporate social responsibly only enhanced the image of the firm and had no effect on investor value or performance of the firm financially. This reiterated the advantages of positive relations with key stakeholders and only engaging with non primary stakeholders when there are surplus resources.

2.4 Stakeholder Management and Project Success

Ketchand and Strawser (2011) observed that organizations that have policies incorporating the needs of their stakeholders achieve good results compared to those that don't. Kanungo (1979) noted that when stakeholders are highly involved in a project they are greatly motivated to achieve project objectives and stay on till completion. Those who are less involved will rarely support achievement of the project objectives and may abandon the project at one point or engage in activities that undermine the success of the project.

2.5 Conceptual Framework

Figure 2.1: Conceptual Framework



The conceptual framework gives a view of the interaction and relationship between the independent and the dependent variables. The independent variable in this study is stakeholder management operationalized into stakeholders' identification and analysis, stakeholder engagement, stakeholder empowerment and also stakeholder monitoring and control. The dependent variable for the study is project success measured in terms of transparency and accountability, efficiency in transactions, equal completion platform and stakeholder satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the methodology that was used in this research study. It covers the research design, the study population, the data collection methods and finally the data analysis techniques.

3.2 Research Design

The study employed a descriptive research design. This enabled the unique characteristics of each stakeholder group to be represented in this study. It provided a more focused approach to understanding the specific and unique aspects of management of each stakeholder group in the IFMIS project.

3.3 Population

The key stakeholders for the IFMIS project are donors, Ministerial Departments and Agencies (MDA'S), parastatals, counties, suppliers of goods and services to the government and vendors involved in implementation of the project. There are 66 MDA'S, 110 parastatals, two donors (GIZ and World Bank), and 47 counties. Suppliers registered in IFMIS are approximately 15,200.

3.4 Sampling Size

Due to the large size of the target population and limited availability of time and resources to survey the whole target population, a sample size was used to give results that will reflect the target population. A sample size of 95 respondents was utilized for this study. The MDA'S are generally categorized into ten economic sectors for budgeting purposes. Four respondents were picked from each economic sector; 40 respondents from MDA'S. Eight respondents were picked from eight counties and four suppliers were picked from each of these counties; 32 suppliers as respondents. For MDA'S, parastatals and counties the questionnaires were issued to Departmental IFMIS Implementation Units (DIIUS) representatives who have sound understanding of IFMIS operations in their respective entities. For vendors and donors representatives to the IFMIS office were the respondents. This ensured that unique characteristics of population from these stakeholder categories are represented.

3.5 Data Collection

The relevant data required for this research study was collected through primary sources for IFMIS stakeholders through the use of questionnaires. The questionnaire was administered using a drop and pick later method for the respondents.

3.6 Data Analysis

The study produced qualitative and quantitative data. The first objective was analyzed using descriptive statistics such as of frequencies; percentages and mean based on the likert scale ratings. Content analysis was utilized in interpretation of the general information regarding IFMIS and especially on various recommendations on how the project could be improved. The second objective was analyzed using regression analysis. The findings for this research study are presented using charts, graphs and frequency distribution tables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y= Project Success

β_0 =constant;

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients;

Where:

Y = Project success

X_1 = Stakeholders identification and analysis

X_2 = Stakeholder engagement

X_3 = Stakeholder empowerment

X_4 = Stakeholder monitoring and control

ε = Error term.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings and results of the study. The results are based on a response rate of 79%. Questionnaires administered were 95 but 75 stakeholders responded.

4.2 Demographic Characteristics of the Respondents.

Table 4.1 and Figure 4.1 show that responses received were 75. Only 20 of the administered questionnaires were returned unanswered due to unavailability and lack of knowledge on the subject matter by some stakeholders

4.2.1 Response of the Stakeholders

Table 4.1: Response of the Stakeholders

Category	Frequency
Responded	75
Did not respond	20
Total	95

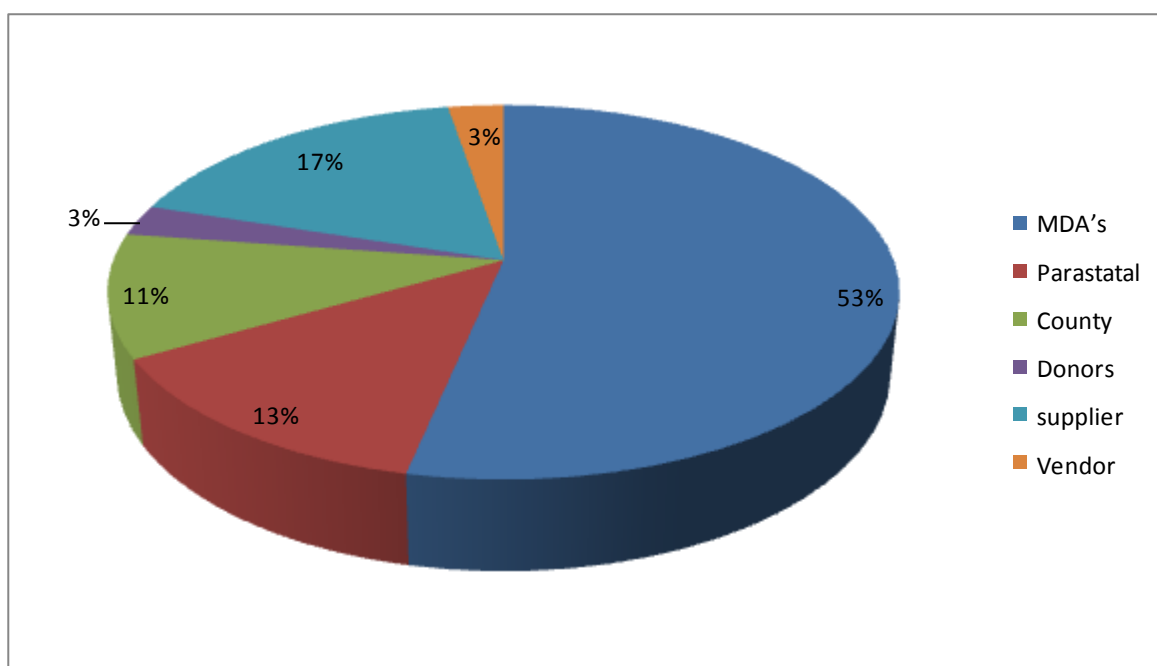
4.2.2 Distribution of respondents by stakeholder category

Table 4.2 and Figure 4.2 shows that majority of the respondents were MDA's (53%) followed by Suppliers at 17%. County respondents constituted 11% of the sample while donors constituted 3% of the population

Table 4.2: Response of the Respondents by Stakeholder Category

Economic sector	Frequency	Percentage
MDA's	40	53
Parastatal	10	13
County	8	11
Donors	2	3
Supplier	13	17
Vendor	2	3
Total	75	100

Figure 4.2: Distribution of Respondents' by Stakeholder Categories



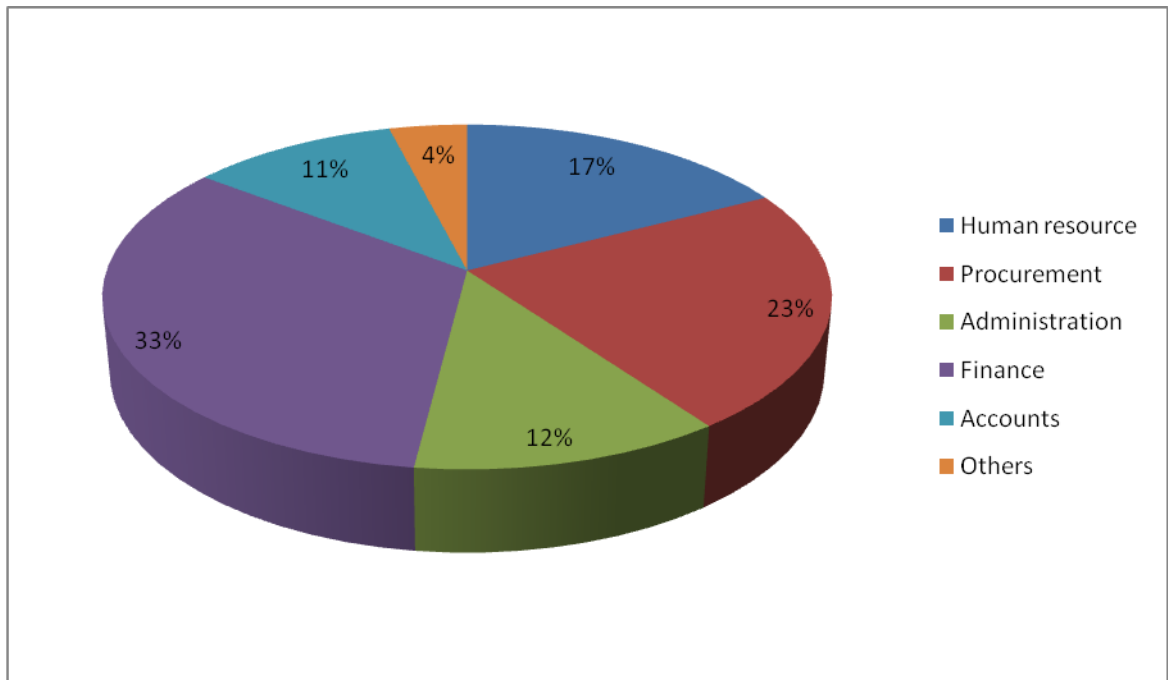
4.2.3 Respondents' Professional background

Table 4.3 and figure 4.3 show that majority of the respondents had finance background at 33% followed by those with procurement background (23%). Those with human resource background and administration background were at 17% and 12% respectively.

Table 4.3: Respondents' Professional background

Professional background	Frequency	Percent
Human resource	13	17
Procurement	17	23
Administration	9	12
Finance	25	33
Accounts	8	11
Others	3	4
Total	75	100

Figure 4.3: Distribution of Respondents' Professional Background



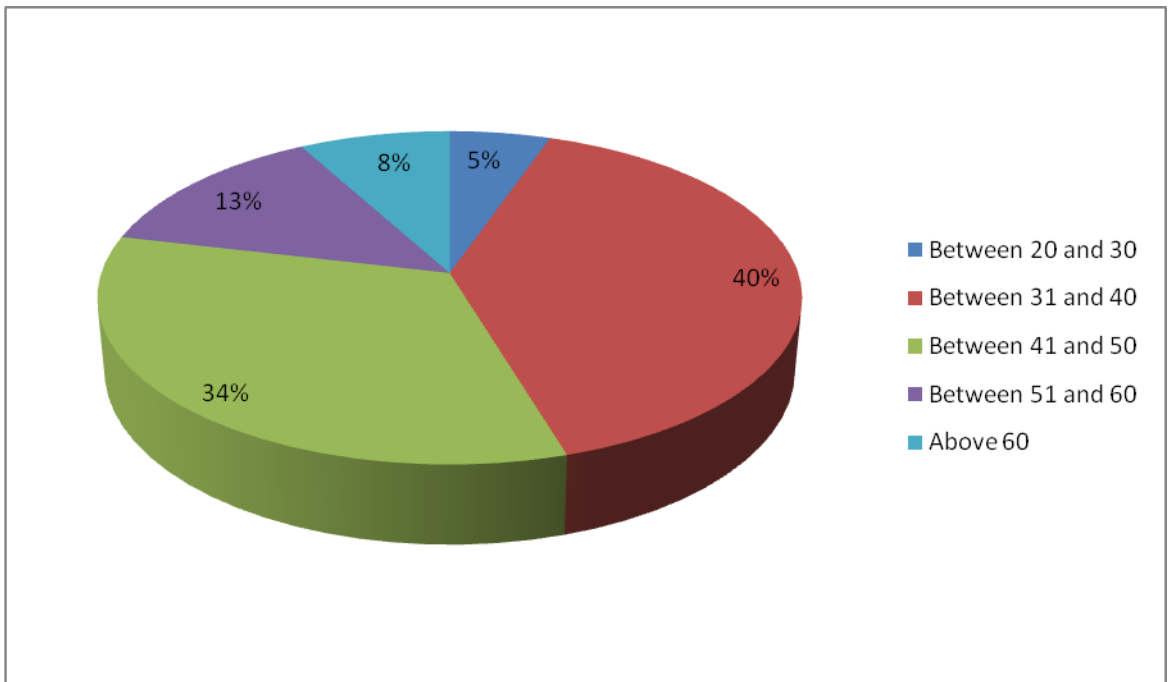
4.2.4 Distribution of Respondents by Age

Table 4.4 and Figure 4.4 shows that the 20-30 age bracket consisted of 5% of the respondents, the others were as follows; 31-40 (40%), 41-50 (34%), 51-60(15%), > 60 (8%). The 31-40 age groups formed the largest proportion of the study population, with more than 30% representation from the age categories in this group.

Table 4.4: Distribution of Respondents by Age

Age	Frequency	Percent
Between 20 and 30	4	5
Between 31 and 40	30	40
Between 41 and 50	25	34
Between 51 and 60	10	13
Above 60	6	8
Total	75	100

Figure 4.4: Distribution of Respondents by Age



4.3 Stakeholder Management

Table 4.5 shows that 45.33% of the respondents have utilized the E-procurement module to a larger extent. About 19% of the respondents have utilized both the payment, Forecasting and budgeting modules of IFMIS to a larger extent. 24% of the respondents have never utilized both the system administration and forecasting and budgeting modules of IFMIS. About 12% of the respondents have utilised all the IFMIS modules to a moderate extent.

On ranking the utilization of the modules on the basis of mean, the modules, in order of popularity, were rated as E-procurement, payment, Forecasting and budgeting, Revenue and bank reconciliation, IFMIS Academy and System administration.

Table 4.5: Extent of utilization of IFMIS modules

Modules	Not at all	Little Extent	Moderate Extent	Great Extent	Very great Extent	Total	Mean	Rank
Forecasting and budgeting	18 (24)	7(9.33)	13(17.33)	16(21.33)	21(28)	75	3.2	3
E-procurement	5(6.66)	6(8)	10(13.33)	20(26.66)	34(45.33)	75	3.96	1
Payment	13(17.33)	9(12)	9(12)	25(33.33)	19(25.33)	75	3.37	2
Revenue and bank reconciliation	4(5.33)	30(40)	25(33.33)	10(13.33)	6(8)	75	2.78	4
System administration	18(24)	19(25.33)	16(21.33)	9(12)	13(17.33)	75	2.73	6
IFMIS Academy	16(21.33)	20(26.66)	17(22.66)	9(12)	13(17.33)	75	2.77	5

Values in parentheses () are row percentages, while values outside parentheses are frequencies

4.3.1 Respondents' interaction with the IFMIS modules in years.

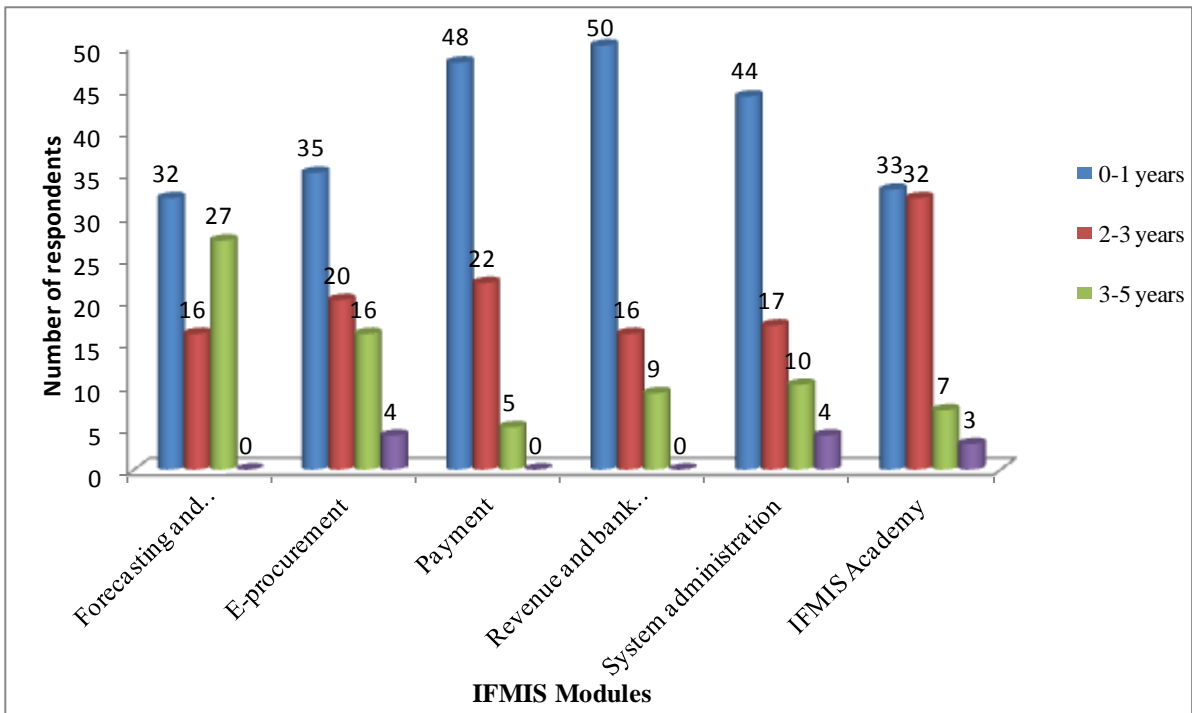
Table 4.6 and figure 4.6 indicate that about 21% of the respondents have interacted with all the IFMIS modules for a period of two to three years. All respondents have interacted with the IFMIS modules for a period of more than one year. None of the respondents have interacted with the forecasting and budgeting, revenue and bank reconciliation and payment modules for a period of over five years.

Table 4.6: Respondents interaction with IFMIS modules in years.

Module	0-1 years	2-3 years	3-5 years	Above 5 years	Total
Forecasting and budgeting	32(42.66)	16(21.33)	27(36)	0(0)	75
E-procurement	35(46.67)	20(26.67)	16(21.33)	4(5.33)	75
Payment	48(64.00)	22(29.33)	5(6.67)	0(0.00)	75
Revenue and bank reconciliation	50(66.67)	16(21.33)	9(12.00)	0(0.00)	75
System administration	44(58.67)	17(22.67)	10(13.33)	4(5.33)	75
IFMIS Academy	33(44.00)	32(42.67)	7(9.33)	3(4.00)	75

Values in parentheses () are row percentages, while values outside parentheses are frequencies.

Figure 4.5: Respondents interaction with the IFMIS modules in years.



4.3.2 Aspects of stakeholder management

The IFMIS project has adopted stakeholder management at various levels. Table 4.7 indicates the extent to which each aspect has been adopted.

Table 4.7: Extent of stakeholder management adoption in IFMIS

	Not at all	Little Extent	Moderate Extent	Great Extent	Very great Extent	Total	Mean	Rank
Stakeholder's identification and analysis								
Identifying all stakeholders with interests in the IFMIS project	4(5.3)	30(40)	25(33.3)	10(13.3)	6(8)	75	2.78	4
Understanding the unique characteristics of each stakeholder group	7(9.3)	11(14.6)	23(30.6)	28(37.3)	6(8)	75	3.2	3
Understanding the challenges of each stakeholder group in the IFMIS project	3(4)	4(5.33)	25(33.3)	30(40)	13(7.33)	75	3.61	2
Incorporating stakeholder ideas contributions in the IFMIS project implementation	0(0)	3(4)	20(26.66)	34(45.33)	18(24)	75	3.89	1
Stakeholder engagement								
Communication and sharing information on IFMIS with stakeholders	5(6.66)	5(6.66)	20(26.66)	15(20)	30(40)	75	3.8	1
Including stakeholder in IFMIS projects, demos, workshops and events	7(9.33)	11(14.66)	23(30.66)	28(37.33)	6(8)	75	3.2	3

Managing employees performance on the IFMIS project	2(2.66)	4(5.33)	20(26.66)	31(41.33)	18(24)	75	3.78	2
Stakeholder empowerment								
Stakeholder sensitisation on IFMIS components and functionalities	0(0)	2(2.66)	16(21.33)	37(49.33)	20(26.66)	75	4	2
Identification of IFMIS knowledge gap in each stakeholder group	0(0)	3(4)	20(26.66)	34(45.33)	18(24)	75	3.89	3
Providing adequate personnel to support IFMIS project implementation	0(0)	0(0)	23(30.66)	28(37.33)	24(32)	75	4.01	1
Stakeholder Monitoring and Control								
Provision of stakeholder feedback receiving platform	0(0)	1(1.33)	25(33.33)	21(28)	28(37.33)	75	4.01	2
Resolving IFMIS queries in a timely manner.	0(0)	0(0)	26(34.66)	11(14.66)	38(50.66)	75	4.16	1
Continuous improvement of IFMIS to improve stakeholder experience	2(2.66)	4(5.33)	20(26.66)	31(41.33)	18(24)	75	3.78	3

Values in parentheses () are row percentages, while values outside parentheses are frequencies.

4.4 Project Success

The IFMIS project success is considered in terms of achievement of certain objectives. Table 4.8 shows the ranking of the achievement of IFMIS project objectives on the basis of mean and in order of popularity. This was as follows; enhancing efficiency in government transaction processes, providing platform for equal competition for government business opportunities, meeting your needs as a stakeholder for the IFMIS project, reduction of tendering costs and enhancing transparency and accountability.

Table 4.8: The extent that IFMIS project objectives have been achieved

	Not at all	Little extent	Moderate extent	Great extent	Very great extent	Total	Mean	Rank
Project Success								
Enhancing transparency and accountability	4(5.33)	30(40)	25(33.33)	10(13.33)	6(8)	75	2.78	5
Providing platform for equal competition for government business opportunities	0(0)	3(4)	20(26.66)	34(45.33)	18(24)	75	3.89	2
Enhancing efficiency in government transaction processes	0(0)	0(0)	26(34.66)	11(14.66)	38(50.66)	75	4.16	1
Meeting your needs as a stakeholder for the IFMIS project	5(6.66)	5(6.66)	20(26.66)	15(20)	30(40)	75	3.8	3
Reduction of tendering costs	2(2.66)	4(5.33)	20(26.66)	31(41.33)	18(24)	75	3.78	4

Values in parentheses () are row percentages, while values outside parentheses are frequencies

4.5 IFMIS Module challenges

The respondents cited various challenges in utilization of the various IFMIS Modules. Table 4.9 shows that 89% of the respondents cited inadequate dedicated support from the IFMIS project team followed by 67% who cited Frequent and long downtimes. 16% of the respondents cited inadequate integration with other systems while 27% of the respondents cited Lengthy transaction processes.

Table 4.9: Challenges in IFMIS Modules

Module	Challenges	Frequency	Percentage
E-procurement	Lengthy transaction processes	20	26.67
Forecasting and budgeting	None user friendly	46	61.33
General Ledger	Inconsistent reports	33	44.00
System administration	Frequent and long downtimes	50	66.67
Payment	Inadequate integration with I banking	12	16.00
Revenue and bank reconciliation	Duplication of functions; manual systems an IFMIS Inadequate integration with I banking	9	12.00
General	Lack of involvement in key issues of the system	18	24.00
IFMIS Academy	Lack of customised training	45	60.00

4.6 Recommendations for addressing IFMIS modules challenges

The respondents put forward various recommendations for addressing each of the IFMIS modules challenges. Table 4.10 shows that 71% of the respondents cited involving each stakeholder in their different capacities at greater level followed by 59% who cited customizing training to level of experience of system of the users.

25% of the respondents cited enforcing use of IFMIS solely for government transactions.

Table 4.10: Recommendations for addressing IFMIS challenges

Module	Recommendations	Frequency	Percent
Payment	Integrate with other key systems	29	38.67
Revenue and bank reconciliation	Reengineer processes to avoid duplication in manual systems	36	48.00
Forecasting and budgeting	Enforce use of IFMIS solely for government transactions	19	25.33
E-procurement	Fully operationalize the system	23	30.67
IFMIS Academy	Customize training to level of experience of system of the users	44	58.67
General	Involve each stakeholder in their different capacities at greater level	53	70.67

4.7 Stakeholder Management and the Success of the IFMIS Project

This study applied general linear model to determine the relationship between stakeholder management and the success of the IFMIS project. This included regression analysis, the model, analysis of variance and coefficient of determination.

4.7.1 Regression Analysis

The study sought to determine the goodness of fit of the regression equation using the coefficient of determination between the overall independent variables and success of the IFMIS project. Coefficient of determination established the strength of the relationship and explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Success of the IFMIS project) that is explained by the stakeholders identification and analysis, stakeholders engagement, stakeholders

empowerment, and stakeholders monitoring and control as the independent variables of the firm.

4.7.2 Model Summary

Model summary' table, provides information about the regression line's ability to account for the total variation in the dependent variable

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.921 ^a	.848	.845	.04131

- a. Dependent Variable: Success of the IFMIS project
- b. Predictors: (Constant), stakeholders empowerment, stakeholders identification and analysis, stakeholders engagement, and stakeholders monitoring and control

Table 4.11 illustrates that the strength of the relationship between success of the IFMIS project and independent variables. From the determination coefficients, it can be noted that there is a strong relationship between dependent and independent variables given an R^2 values of 0.848 and adjusted to 0.845. This shows that the independent variables (stakeholders identification and analysis, stakeholders engagement, stakeholders empowerment, and stakeholders monitoring and control) accounts for 84.8% of the variations in Success of the IFMIS project.

4.7.3 ANOVA Results

Analysis of variance (ANOVA) is a collection of statistical models used to analyze the differences among group means and their associated procedures (such as "variation" among and between groups)

Table 4.12: ANOVA of the Regression

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	12.223	4	3.05575	7.504	0.008179351
Residual	28.504	70	0.407212		
Total	40.728	74			

- a. Dependent Variable: Success of the IFMIS project

- b. Predictors: (Constant), Stakeholders empowerment, Stakeholders identification and analysis, Stakeholders engagement, and Stakeholders monitoring and control

Analysis of Variance (ANOVA) was used to make simultaneous comparisons between two or more means; thus, testing whether a significant relation exists between variables (dependent and independent variables). This helps in bringing out the significance of the regression model. The ANOVA results presented in Table 4.12 shows that the regression model has a margin of error of $p = .008$. This indicates that the model has a probability of 0.8% of giving false prediction. This point to the significance of the model

4.5.4 Coefficient of Correlation

Multiple regression analysis was conducted as to determine the relationship between the Success of the IFMIS project and the four variables.

Table 4.13: Coefficient of Correlation

	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.68	0.364		7.362637	0.000
Stakeholders identification and analysis	0.506	0.179	0.432	2.826816	0.005
Stakeholders engagement	0.723	0.241	0.324	3.00000	0.003
Stakeholders empowerment	0.467	0.223	0.276	2.09417	0.037
Stakeholders monitoring and control	0.576	0.173	0.312	3.32948	0.001

a. Dependent Variable: Success of the IFMIS project

Based on the above table, the hypothesized regression model becomes

$$\text{Success of the IFMIS project} = 2.68 + 0.506X_1 + 0.723 X_2 + 0.467 X_3 + 0.576 X_4$$

From the finding in Table 4.13, the study found that holding stakeholders identification and analysis, stakeholders engagement, stakeholders empowerment, and stakeholders monitoring and control, at zero success of the IFMIS project will be 2.68. It was established that a unit increase in stakeholders identification and analysis, while holding other factors (stakeholders engagement, stakeholders empowerment, and stakeholders monitoring and control) constant, will lead to an increase in success of the IFMIS project by 0.506 ($p = .005$). Further, unit increase in stakeholders engagement, while holding other factors (stakeholders identification and analysis, stakeholders empowerment, and stakeholders monitoring and control) constant, will lead to an increase in success of the IFMIS project by 0.723 ($p = .003$). A unit increase in stakeholders empowerment, while holding other factors (stakeholders identification and analysis, stakeholders engagement, and stakeholders monitoring and control) constant, will lead to an increase in success of the IFMIS project by 0.467 ($p = .037$).

Moreover, unit increase in stakeholders monitoring and control, while holding other factors (stakeholders identification and analysis, stakeholders engagement, stakeholders empowerment) constant, will lead to an increase in success of the IFMIS project by 0.576 ($p = .001$). This infers that stakeholders monitoring and control contribute most to the success of the IFMIS project followed by stakeholders engagement. At 5% level of significance and 95% level of confidence, stakeholder's engagement, stakeholders identification and analysis, and stakeholders monitoring and control are significant in success of the IFMIS project.

4.8 Discussion of Findings

The study observed that IFMIS project has been adopted stakeholder management to a great extent and stakeholder empowerment has had the greatest impact on success of the project. Majority of the respondents were from MDA'S and majority had a finance background in terms of profession. Further, the study established that At 5% level of significance and 95% level of confidence, stakeholder's engagement, stakeholders identification and analysis, and stakeholders monitoring and control are significant in success of the IFMIS project. In tandem with the study findings, Winter *et al.* (2006)

established that it was important to incorporate stakeholders' expectations in projects planning at every phase during the project life cycle. In addition, Bourne (2008) advocated for organizations to develop a culture that embraces stakeholder engagement to ensure that there is commitment to project success by the stakeholders. Further, Abiero (2010) found out that stakeholder participation was key for achievement of the project goals; power generation and reduced resistance towards the project.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings of the research, discusses the results, draws conclusions and makes recommendations for the study.

5.2 Summary of findings

The IFMIS project has been adopted stakeholder management to a great extent and stakeholder engagement has had the greatest impact on success of the project. Majority of the respondents were from MDA'S and majority had a finance background in terms of profession. E procurement is the most utilized module in IFMIS while system administration is the least utilized. All the respondents have interacted with the IFMIS modules for a period of at least one year and none of the respondents have interacted with the Forecasting and budgeting, Revenue and bank reconciliation and payment modules for over a period of five years. In terms of IFMIS project achieving its objectives, the project had succeeded in enhancing efficiency in government transactions but was yet to enhance transparency and accountability. The most common challenge in utilization of IFMIS modules was frequent and long downtimes and lack of dedicated support from the project team. To address these challenges it was suggested that training curriculum be customized to suit the needs of the trainees and each stakeholder group to be more involved in the project activities.

5.3 Conclusion

The study has highlighted key aspects that the IFMIS project needs to take into account especially in terms of the activities undertaken in management of stakeholders. There are certain aspects of stakeholder management that the IFMIS project is carrying out satisfactorily; incorporating stakeholder's ideas in the project, sharing of information about the project and resolving of their queries in a timely manner. However there are those aspects that need review to address the negative perception of the stakeholders; identification of all stakeholder groups, their knowledge gaps in terms of the project and continuous improvement of the system to improve stakeholder experience.

There are modules that have not been fully operationalised for use in some public institutions. This in turn means these entities are not enjoying the benefits of a fully integrated financial system, hence the parallel manual systems still in operation.

Despite the challenges highlighted, there is a clear recognition by the various stakeholder groups on the role that IFMIS has played in public sector financial management. However there is still a lot to be done in terms of policy and operational controls to ensure that transparency and accountability is achieved through the use of IFMIS.

5.4 Recommendation

The IFMIS project should be supported in terms of resources and also policy. This is to ensure that there are enough resources to fully roll out all the modules of IFMIS in all public financial institutions ,train all the stakeholders for the project and put in place measures to monitor performance of the entire system.

Enforcement of the policy to utilize IFMIS for public financial management should be consistent to ensure that there are no manual duplicate systems still operational in these public entities.

The IFMIS project team needs to be enriched in terms of skills and numbers to be able to fully support the stakeholders for the project. There is also need to consider devolving support for the project to address the geographical dispersion of IFMIS project stakeholders.

A policy on human resource management that caters for all users especially end users of IFMIS needs to be developed. This is to address the necessary skills required for management of the system, code of conduct and ethics as well as transfers or deployment of manpower.

5.5 Suggestions for further studies

There are various modules in IFMIS. Some modules have not been operationalized due to challenges including technical and policy. There is need for studying challenges hindering full operationalization of IFMIS in public entities.

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Appendix I: Research Questionnaire

Dear Respondent

I Barbara Atamba, a student of University of Nairobi pursuing degree of Masters of Business Administration in operations management, am carrying out a research on “STAKEHOLDER MANAGEMENT AND PROJECT SUCCESS:CASE OF IFMIS PROJECT BY THE NATIONAL TREASURY, GOVERNMENT OF KENYA.”

Please fill the following questionnaire to help me meet the research objectives. The information you give will be used purely for academic purposes and will be treated with high degree of confidentiality; you are therefore requested to answer the questions fully and honestly.

Thank you for assistance

Instructions: Tick or Write in the spaces provided

SECTION A: BASIC INFORMATION

1) Which Stake holder category do you represent?

MDA’S Parastatal County

Donors Supplier Vendor

2) What is your professional background?

Human resource Procurement Administration

Finance Accounts

Others Specify _____

3) What is your age bracket?

20-30 31-40 41-50 51-60 Above 60

SECTION B: STAKEHOLDER MANAGEMENT

- 4) To what extent have you utilised the following IFMIS modules? (1="Not at all"; 2="Little extent"; 3="Moderate extent"; 4="Great extent"; and 5="Very great extent")

Module	1	2	3	4	5
Forecasting and budgeting					
E-procurement					
Payment					
Revenue and bank reconciliation					
System administration					
IFMIS Academy					

- 5). For how long have you interacted with the following IFMIS modules?

Module	0-1 years	2-3 years	3-5 years	Above 5 years
Forecasting and budgeting				
E-procurement				
Payment				
Revenue and bank reconciliation				
System administration				
IFMIS Academy				

6. To what extent have the following aspects of stakeholder management been adopted in the IFMIS project? (1="Not at all"; 2="Little extent"; 3="Moderate extent"; 4="Great extent"; and 5="Very great extent")

	1	2	3	4	5
Stakeholder's identification and analysis					
Identifying all stakeholders with interests in the IFMIS project					
Understanding the unique characteristics of each stakeholder group					
Understanding the challenges of each stakeholder group in the IFMIS project					
Incorporating stakeholder ideas contributions in the IFMIS project implementation					
Stakeholder engagement					
Communication and sharing information on IFMIS with stakeholders					
Including stakeholder in IFMIS projects, demos, workshops and events					
Managing employees performance on the IFMIS project					
Stakeholder empowerment					
Stakeholder sensitisation on IFMIS components and					

functionalities					
Identification of IFMIS knowledge gap in each stakeholder group					
Providing adequate personnel to support IFMIS project implementation					
Stakeholder Monitoring and Control					
Provision of stakeholder feedback receiving platform					
Resolving IFMIS queries in a timely manner.					
Continuous improvement of IFMIS to improve stakeholder experience					

SECTION B: PROJECT SUCCESS

7. Please indicate on a scale of 1-5 the extent to which the following objectives of the IFMIS project have been achieved (1="Not at all"; 2="Little extent"; 3="Moderate extent"; 4="Great extent"; and 5="Very great extent")

	1	2	3	4	5
Project Success					
Enhancing transparency and accountability					
Providing platform for equal competition for government business opportunities					
Enhancing efficiency in government transaction processes					
Meeting your needs as a stakeholder for the IMFIS project					
Reduction of tendering costs					

8. What challenges have you encountered with the following modules?

Module	Challenges
Forecasting and budgeting	
E-procurement	
Payment	
Revenue and bank reconciliation	
System administration	
IFMIS Academy	

9. What recommendations do you propose/ suggest in enhancing the performance of the following modules?

Module	Recommendations
Forecasting and budgeting	
E-procurement	
Payment	
Revenue and bank reconciliation	
System administration	
IFMIS Academy	

Thank you