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DO STAKEHOLDER INFLUENCE STRATEGIES IMPROVES PROJECT SUCCESS: EVIDENCE FROM CONSTRUCTION SECTOR OF PAKISTAN

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ABSTRACT

The external stakeholders' action not only influences project outcomes but whole project life cycle & project environments. Thus, external stakeholder management is key approach for construction project success. The study investigates the mechanism through which external stakeholder strategies influence the success of construction projects. By drawing on stakeholder theory, this study hypothesized relationship between external Stakeholder Strategies and project success through stakeholder engagement. Thus, by collecting data from 196 construction project managers, the study found that stakeholder engagement mediates the relationship between external stakeholder strategies as well as project success. Although prior research acknowledges stakeholder influence, limited attention has been paid to the specific strategies through which external stakeholders are managed and the mechanisms linking these strategies to project success. This study contributes the stakeholder management literature by shifting focus from internal stakeholder perspective to external stakeholder for the successful delivery of construction projects. It highlighted standing of proactive plans to manage the external stakeholders for project outcomes in the high social sensitive environment.

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INTRODUCTION

The contemporary construction projects operate within increasingly complex socio-environmental landscapes where external stakeholders exert substantial influence over project trajectories and outcomes. External stakeholder management represents a proactive strategic approach designed to address multifaceted social and environmental challenges that can significantly impact the smooth execution of the construction projects (Motalebi, Heffernan, McCarthy, Marzban & Rashidi, 2025).

Unlike internal stakeholders who typically possess direct contractual relationships with project organizations, external stakeholders including local communities, non-governmental organizations, regulatory authorities, environmental advocacy groups, and neighboring residents that often wield considerable power to facilitate or impede project progress despite lacking formal organizational ties (Xia, Guo & Lin, 2021). This paradoxical combination of substantial influence without direct accountability creates unique management challenges that claim careful strategic attention from project managers. Context-specific challenges in stakeholder management act as potential threats to project execution, causing delays, cost overruns, failure to complete construction projects within approved budgets.

The projects may encounter resistance stemming from concerns about environmental degradation, disruption to local livelihoods, inadequate compensation for land acquisition, noise and pollution impacts, or insufficient community consultation. Such challenges can escalate into conflicts capable of halting the construction activities leading to project delay (Xia, Guo & Lin, 2021). To counter potentially aggressive or oppositional behaviors from external stakeholders, project managers must identify and implement appropriate influence strategies that foster the collaboration rather than confrontation. In this linking, developing quality relationships through sustained engagement and trust-building, improving bidirectional communication channels empower external stakeholders leading to increase in project performance in diverse circumstances (Xia, Guo & Lin, 2021; Ayalp & Yüksel, 2025). These strategies collectively enable project managers to anticipate and mitigate conflicts, navigate social and environmental challenges proactively, and cultivate supportive stakeholder networks that contribute positively to project success. External stakeholders develop relationships over interaction within organization & project network (Rajablu, Hamdi, Marthandan & Yusoff, 2017).

It does not influence particular knowledge areas (PMI, 2017) but has impact on the whole project life cycle from initiation to project execution and controlling. The effective External-stakeholder management (ESM) impacts stakeholder engagement (Lehtinen & Aaltonen, 2020). Heravi, Coffey and Trigunarsyah (2014) suggested stakeholder engagement is essential for desired project related outcomes. In this connection, most of existing literature has focused on internal customers such as contractors, sub-contractors and project team for improving of success of construction projects, however, very little studies have emphasized on external stakeholder management strategies such as external stakeholder empowerment for achieving desired project related outcomes (Cherkos & Kifle, 2025). The external stakeholder engagement is vital to link stakeholder management plans with project success in terms of project completion, budget control & stakeholder satisfaction. Still, few studies examined external stakeholder engagement & project success causal relationship. Thus, this study departs from literature by examining direct & indirect influence of external stakeholder management strategies via external stakeholder engagement that in turn influence the success of construction projects.

LITERATURE REVIEW

Stakeholder describes as any group or individual who can affect or is affected by achievement of organizational objectives (Freeman, 1984). Stakeholders may be classified as internal stakeholders

& external-stakeholders (Dai, Montabon & Cantor, 2014). In context of construction firms, internal stakeholders such as project team and contractors may control project and organizational resources. External stakeholders such as local community and other social entities influence projects through withholding resources, lobbying and collaboration. External stakeholders have greater capacity to influence project outcomes (Ayman et al., 2021). The construction projects are largely affected through external factors due to labour supply condition in construction industry, size of financial investment and government and local community interests, demographic conditions (Rajablu et al., 2017). The local residents are actual users of mega construction projects (Ahsan & Rahman, 2017). Non-government entities like media NGO and INGO play key role for creating public perception about mega projects. Such arguments indicate that external stakeholders have a direct influence on the project success.

Hypothesis Development

The successful delivery of projects depends on the quality relationship between project teams and external stakeholders. Involving stakeholders is pivotal for building trust-based relationship that have significant impact on whole project life cycles. Quality relationship encompasses the dynamic interactions amid project teams and external stakeholders including clients, community members, government agencies, suppliers, and environmental organizations (Cherkos & Kifle,2025). Client project knowledge, project manager experience, leadership, and contractor experience are crucial for aligning stakeholder interests with project outcomes. The literature like (Terho, Haas, Eggert & Ulaga, 2012; Williams, Ashill, Naumann & Jackson, 2015) recognized that quality of relationship is essential for customers satisfaction and to complete project on time. In this connection, the external stakeholders such as project-based suppliers provide integrated solution to fulfill client needs and expectations. The quality of the supplier-project team relationship significantly increases success of project (Zou, Kumaraswamy, Chung & Wong, 2014). Consequently, the following hypothesis was formulated in study.

H1: Improving relationships with external stakeholder and project team enhances project success

The communication represents the cornerstone of productive stakeholder relationships. Richu et al. (2025) found that communication & stakeholder identification had the strongest positive influence on project success in construction industry of developing countries such as Pakistan. The authors (Ishola, Odunaiya & Soyombo, 2024) proposed an inclusive stakeholder communication framework for renewable energy projects emphasizing transparency, trust-building, and engagement as core approaches to project success. Moreover, Alomair and Sobaih (2025) acknowledged that effective communication between stakeholders influences performance of the projects. Changing of project scope based upon stakeholder involvement and preferences is key predictor of successful delivery. Communication provides pathway to complete project within time, reduces delays, thus, improves the project success

H2: Improving communication with external stakeholder improves project success.

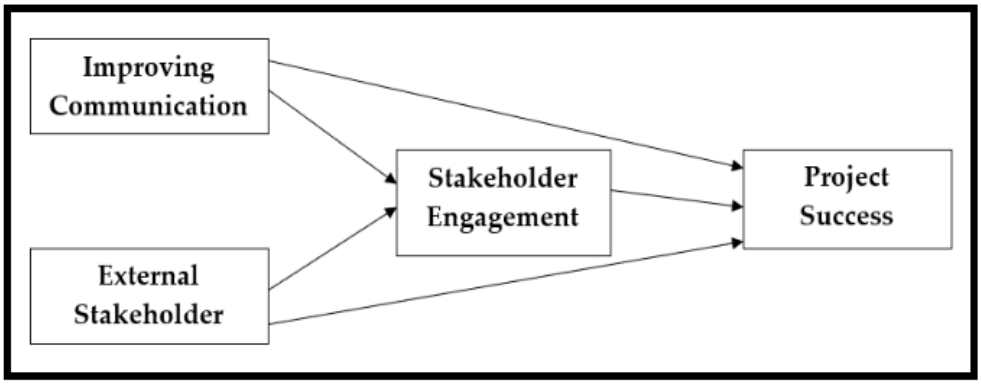
Stakeholder empowerment has been recognized as viable strategy for community and construction projects (Laetitia et al., 2025). The organization that focuses on the external stakeholder engaging stakeholders support project team and external stakeholders to exploit all opportunities for value

creation and projects success. Therefore, Stakeholders use many strategies to influence construction behavior of stakeholders embedded in relationship amid project team and external stakeholders employed for desired project outcomes (Ayalp et al., 2025). Nguyen et al. (2019) describe that little importance has been given to the strategies of external stakeholders used for successful delivery of construction projects. The literature found "involve, "monitor", "defend" and collaborate as the key strategies for managing stakeholders. Such strategies facilitate project managers for developing the cooperative project environment that offer justification for building diverse relationship between external stakeholders and project teams. In this connection, the collaborative leading strategies like building quality relationships between external stakeholders and project teams for the success of construction projects.

The external-stakeholder management practices employed by project team in construction sectors based on developing quality relationship, improving communication and empowerment of external -stakeholders has been acknowledged in contemporary literature. Thus, considering Projects from construction sectors, external stakeholder strategies need to employ at planning stage of the project life cycle. Ackermann and Eden (2011) acknowledged that designing of stakeholder management strategies starts by selecting such type of stakeholder that has greater influence on success of the project. Contemporary literature identified, in many projects, there has not been a deliberate plan and strategies to manage and engagement stakeholders (Karlsen, 2008). SM is usually carried out using an unstructured approach by the project manager, this often accompanied by unpredictable results. In order to avoid such situation, construction literature has identified "developing quality relationship", "and "improving communication with the external stakeholders plays critical role for involvement and engagement of stakeholders. Consequently, following hypothesis was formulated in current study:

H3: Improving relations with external stakeholder has positive effect on stakeholder engagement
H4: Improving communication with stakeholder has positive effect upon stakeholder engagement

Figure 1 Theoretical Framework



Mediating Role of External Stakeholder's Engagement

Stakeholder' engagement (SE) refers to involve stakeholders throughout the project life cycle from initiation, planning and execution of the project for minimizing conflicts, reducing resistance (Mok,

Shen & Yang, 2015). In this linking, external-stakeholder's engagement provide opportunity for collaboration among project team and external stakeholder that play key role for improving the communication with external stakeholder. It also important not only for developing relationship but improving existing relationship that has significant effect on success of construction projects. Therefore, engagement of external-stakeholder act as intermediate mechanism between external stakeholder influence strategies including improving quality relationship and improving. Thus, this study postulates that the stakeholders' engagement mediates the relationship between external-stakeholder influence and project success causal relationship. Therefore, following hypothesis was formulated in study:

H5: External stakeholder engagement mediates relationship amid developing quality relationship strategies & project success.

H6: The external stakeholder engagement mediates relationship between improving communication as well as the project success.

RESEARCH METHODOLOGY

In order to examine the mediating role of stakeholder engagement between external stakeholder and Project success construction industry of Pakistan has been selected. The construction projects being an important factor in economic growth of country required to be managed with minimum conflicts caused by stakeholder. A lot of problem have been observe due to external stakeholder such as conflicts and dispute that lead project toward termination in extreme cases. Due to less literature availability on influence of external stakeholder on project success, this research aims analyse the influence of external stakeholder strategies for project success in construction industry of Pakistan. In this linking, the data was collected through questionnaire from project manager of construction industry of Pakistan. Thus, only those project manager has been considered who have completed at least one construction project in past 5 years or who have experience of dealing with external stakeholders.

The exponential non-discriminative snowball sampling technique was used to find representative samples of 200-300 in order to ensure the generalizability of data. There is no record of working project manager in construction industry of Pakistan. Snowball technique is used when it's hard to find the potential participants for research. The respondent of the study will be contacted through professional and personal network and to the chain referral by the references. The study was cross-sectional as data was collected from 2020 to June 2020 online. In covid-19 pandemic, it is very difficult to collect data physically from graphically diverse populations. Therefore, social media platforms have been used to collect data. Questionnaire was sent to 282 project managers, out of which 204 responses received representing a response rate of 72%. The data were further analyzed to remove incomplete responses; hence, 196 responses of project managers were used to test the conceptual model.

Measures and Scales

The quality of external stakeholder relationship was measured based on the extent of relationship between project manager and external stakeholder that how much an individual is satisfied by this relation on basis of 5 Likert scale ranging from strongly disagree to strongly agree These measures

was taken from previous study of (Mazur & Pisarski, 2015). In this linking, the measure for improving communication with external stakeholders was taken by the study of (Rajablu, Hamdi, Marthandan & Yusoff, 2017) based on five Likert scale. Project manager was asked to identify how they consider improving communication with external stakeholder. The stakeholder engagement was treated as mediating variables. Rajablu et al. (2017) was borrowed to measure the stakeholder engagement. Responses were captured on five-point scale. Matloob (2017) scale was adopted to measure project success. The responses were collected on five-point Likert scale ranging from the strongly agree to strongly disagree.

RESULTS OF STUDY

Reliability Analysis was employed for instrument reliability and data consistency. The Cronbach's alpha values showed that instruments are reliable as α values for all variables are within accepted range shown in table. The reliability value of instrument is satisfactory and suggests fitness of data for further analysis.

Table 1 Reliability Analysis

Variables	Questions/Items	Cronbach's Alpha
Stakeholder Engagement	06	.816
Improving Communication	06	.819
Quality of external stakeholder relationship	04	.762
Project Success	09	.846

Correlational Analysis

The analysis proves that improving communication & quality relation were significantly associated with stakeholder engagement ($r = 0.522$, $p < 0.01$; $r = 0.532$, $p < 0.01$, respectively). Stakeholder engagement was also positively and significantly related to project success ($r = 0.509$, $p < 0.01$). In addition, improving communication ($r = 0.380$, $p < 0.01$) and quality relation ($r = 0.451$, $p < 0.01$) were significantly associated with project success. These results offer preliminary support for causal relationship amid improving the communication, quality relationship, stakeholder engagement as well as project success.

Table 2 Descriptive Statistics and Correlation

	Variables	Mean	SD	1	2	3	4
1	SE	3.79	.661	1			
2	Impcom	3.94	.583	.522**	1		
3	QualityRel	3.96	.575	.532**	.590**		
4	PS	4.26	.543	.509**	.380**	.451**	1

**. Correlation is significant at the 0.01 level (2-tailed).

Hypothesis Testing

Table 3 illustrates that all hypothesized direct relationships are positive & statistically significant. The quality relationship significantly influences stakeholder engagement ($\beta = 0.612$, $t = 8.74$, $p < 0.001$), indicating quality relationship improves engagement of stakeholders. Quality relationship

has significant positive effect on project success (β = 0.237, t = 3.54, p = 0.005), showing that improved relationships is key to project success. Similarly, improving communication influences SE (β = 0.619, t = 9.60, p < 0.001), indicating that effective communication is a critical determinant of stakeholder engagement. Improving communication has a positive effect on project outcomes (β = 0.330, t = 5.22, p < 0.001), implying that greater communication practices donate meaningfully to successful project implementation. Finally, stakeholder engagement has a positive and significant effect on project success (β = 0.279, t = 5.03, p < 0.001), confirming that stakeholder engagement is important for project success.

Table 3 Hypothesis Testing

Hypothesis #	Predictor	Criterion	β	SE	t	p
H1	QualityRe	SE	.612	.606	8.74	.000
H2	QualityRe	PS	.237	.067	3.54	.005
H3	impcom	SE	.619	.064	9.6	.000
H4	Impcom	PS	.330	.063	5.22	.000

Note: QualityRe=Quality relationship; Impcom=improving Communication; SE-Stakeholder Engagement; PS=Project Success

Mediating Role of Stakeholder Engagement

Table 4 Mediating Relationship

Hypothesis	Indirect Relation	Indirect Effect	95% CI		VAF	Status
			LLCI	ULCI		
H5	QualityRe -> SE-> PS	ß= 0.153	.086	.240	0.44	Partial Mediation
H6	Impcom -> SE-> PS	ß= 0.188	.102	.275	0.316	Partial Mediation

Table 4 shows stakeholder engagement act as mediating mechanism between external stakeholder strategies and project success. The findings of the study reveals that SE mediates the relationship between quality relationship and project success. This is evidenced by a positive indirect effect (β = 0.153) and a 95% CI ranging from 0.086 to 0.240. The VAF value of 0.44 shows that SE partially mediates between quality relationship and project success. Similarly, SE mediates the relationship between improving communication and project success, with an indirect effect of β = 0.188 and a 95% CI of 0.102 to 0.275. The VAF value of 0.316 shows that about 31.6% of the total effect of improving communication on project success operates through stakeholder engagement, indicating partial mediation.

CONCLUSION

The study concludes that effective stakeholder influence strategies serve as the valuable tool for improving project success and achieving sustainable performance in the construction projects. This study theoretically contributes to the external-stakeholder management literature. The results of the study extend stakeholder theory by showing that stakeholder influence the strategies are not

merely supportive managerial activities, but meaningful relational mechanisms that shape the project outcomes. The study identified that external stakeholders influence strategies such quality relationships and effective communications are important successful delivery of the projects in the construction sector. Specifically, study exhibits that quality relationships improve communication are key determinants of stakeholder engagement, confirming that project success is not driven by technical factors alone, but also by the quality of interaction between project stakeholders. In this connection, the scholars have identified unfortunate stakeholder management as one of factor in the project failure.

The communication is one of the most important strategies that enable stakeholders to exchange information. Effective communication ensures the sharing of right information to the right person at right time. The effective communication provides support to construction firm for engagement of external stakeholders that led towards project success throughout the project lifecycle to enhance project outcomes and reduce risks linked with stakeholder conflicts (Rajablu et al., 2019). Effective communication with external stakeholders influences whole project life cycle and contributes to the success of projects. The consistent with study (Mazur et al, 2017) that quality relationships with external stakeholders is key element of effective stakeholder management. The study contributes to literature by identifying stakeholder engagement as intermediate mechanism to link relational strategies with project outcome. Communication and relationship quality do not only affect project success on their own, but they operate by creating stronger stakeholder involvement, commitment, and participation.

Practical Implications

The results of study offer significant practical implications for construction practitioners in Pakistan. The study suggested that developing strong relationships with external stakeholders is critical for fostering collaboration & increasing stakeholders' willingness to engage in support of shared project objectives. It shows that improving relationship quality and maintaining effective communication can strengthen stakeholder engagement, in turn boosts project success. These insights are especially valuable for project managers & construction firms, as they indicate that stakeholder management should be treated as strategic priority rather than a routine administrative task. The study provides insight for construction firms in Pakistan to design proactive approaches to stakeholder interaction, reduce the negative effects of external stakeholder resistance, and improve successful delivery of construction projects.

Limitations & Avenue for future Research

This study has been contributing to stakeholder management literature by identifying the just two external stakeholder strategies, there is need to explore other strategies in order to provide holistic overview of external stakeholder strategies. The data collected was cross sectional and confined to construction sector of Pakistan. A broader reaching, longitudinal data is required for understanding and generalization of results over different industries & cultures. These results cannot be generalized to all sectors and industries of Pakistan; therefore, the conceptual model of study may be replicated in other sectors as well. Despite the extensive research literature concerning the mediating role of stakeholder engagement on stakeholder strategies and project success. Future research may focus

on contextual factors along with influence strategies to provide holistic overview about external stakeholder management.

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