

Contractual completeness as a cornerstone to stakeholder management in public private partnership projects in Uganda

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Abstract

Purpose – The purpose of this study is to examine whether contractual completeness is a cornerstone to stakeholder management in Public-Private Partnership (PPP) projects in Uganda.

Design/methodology/approach – This study adopted a cross-sectional and quantitative approach. Data were collected by means of a questionnaire survey from a sample of 103 PPP projects in Uganda. Partial Least squares structural equation modeling was used to analyze the data.

Findings – The study found that contractual completeness dimensions (contractual obligatoriness, contingency adaptability, issue inclusiveness, term specificity) are all significantly and positively associated with stakeholder management in PPP projects in Uganda.

Originality/value – This paper is one of the few studies on stakeholder management in PPP projects from a developing country's perspective, thus contributing to scanty literature on how to manage stakeholders in PPP projects.

Research limitations/implications – This paper is limited to the relationship between contract completeness dimensions and stakeholder management in PPP projects in Uganda. Future studies should be conducted on other factors that affect stakeholder management in PPP projects in Uganda.

Practical implications – Our results imply that when all the relevant issues are included in the contract, contract terms are explicitly stipulated, all the unanticipated changes are described and when all the parties involved are restrained by a binding force of a contract, conflicts and opportunism reduces and stakeholders concerns are addressed.

Keywords Contractual completeness, Contractual obligatoriness, Contingency adaptability, Issue inclusiveness, Term specificity, Stakeholder management, Public private partnership projects, Uganda

Paper type Research paper

1. Introduction

Stakeholder management is a key factor in any project. This is because projects have many stakeholders with different interests and expectations. Mismanagement of these contradicting interests and concerns can have devastating consequences on projects (Chinyio and Olomolaiye, 2010). Inadequate management of stakeholders' interests could lead to conflicts and controversies during the implementation of a project (Jergeas *et al.*, 2000; Mwesigwa *et al.*, 2018). Huemann *et al.* (2016) documented that many projects fail because stakeholders' expectations and interests are not sufficiently managed. Olander (2007) noted that the management of interests and expectations of project stakeholders is widely acknowledged as an essential factor to project success. Mwesigwa *et al.* (2018) noted that in order for PPP projects to manage stakeholders, there is a need to build strong stakeholder relationships. However, Wu *et al.* (2017) opined that one of the ways of managing the interests and expectations of heterogeneous stakeholders is to have a complete contract. A relatively



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complete contract means not only the explicit specification of terms but also the extensive inclusion of various issues, appropriate coverage of contingencies and clear codification of contractual obligations for each party (Luo, 2002a).

According to the contract theory by Hart and Oliver (1995), when a contract is complete, the rights and duties for every party would be clearly specified, and there would be no gaps in its terms. Having a complete contract is one of the important aspects of managing stakeholders in projects. This is because a complete contract reduces the uncertainty, conflicts among the parties, and restrains the intentions of opportunistic behavior (Williamson, 1985). According to Luo (2002a) and Roxenhall and Ghauri (2004), a complete contract also minimizes the uncertainty and the risk among the many stakeholders. A complete contract provides a lawful and institutional framework for the rights, duties and responsibilities of the parties, and it offers guidance to parties on how to cooperate, manage conflicts and adapt to contingency (Lusch and Brown, 1996; Poppo and Zenger, 2002). Mwesigwa *et al.* (2019a, b) also state that contract completeness is a foundation for relationship building among stakeholders. A more elaborate and complete contracts limit opportunism, reduces conflicts among stakeholders (Macher and Richman, 2008; Shelanski and Klein, 1995). A complete contract helps to maintain relationships between parties (Frankel *et al.*, 1996), reducing the uncertainty of decision making and inhibit the intentions of opportunistic behavior (Williamson, 1985). However, studies have also shown that a complete contract provision may indicate distrust (Ghoshal and Moran, 1996; Jap and Ganesan, 2000; Wuyts and Geyskens, 2005), and this can jeopardize stakeholder management.

Previous project stakeholder research on how to better manage stakeholders has primarily focused on the conceptual development of stakeholder management tools and frameworks (Karlsen, 2002; Yang and Shen, 2014; Chinyio and Akintoye, 2008). For example, Chinyio and Akintoye (2008) recommended trade-offs and negotiations for managing stakeholders. Karlsen (2002) and Yang and Shen (2014) developed a stakeholder management process to help the project management stakeholders. While these can be considered commendable attempts, we argue that they are less than adequate in a sense that they fail to recognize that for a project to manage the stakeholders' interests and expectations, it is important to first have a complete contract (Luo, 2005; Furlotti, 2007). Research has begun to note that the impact of contract completeness on stakeholder management has received minimum attention (Mwesigwa *et al.*, 2019a, b) and little attention has been paid to the theoretical and practical implications on the contract completeness on stakeholder management in public private partnership (PPP) projects in Uganda. Yet in Uganda, there have been the issues of incomplete, underpricing of contracts, poor contract performance and the inability of contracts to show how future contingencies will be handled. Furthermore, relational contracting, which is a major characteristic of contractual arrangements in PPPs has been given less attention in Uganda, yet it provides a basis of successful partnering and alliancing arrangements (Kumaraswamy *et al.*, 2007). In addition, the undimensionality of contract completeness in previous studies has provided contradictory results as to whether a contract should be complete or not in a bid to manage stakeholders. This paper addresses this gap by providing the initial evidence that contract completeness is a cornerstone of stakeholder management in PPP projects.

2. Literature review

2.1 Overview of public private partnership projects in Uganda

In 2015, Uganda joined the list of African countries that have implemented PPP laws. On 1st July 2015, the parliament of the Republic of Uganda passed the highly anticipated PPP bill; it was later assented to by the President of Uganda. The new law filled the gaping void for a legal framework to regulate the development and implementation of PPPs in the country.

Before the passing of the new PPP's law, Uganda lacked a formative regulatory framework tailored to PPP's arrangements. Stakeholders would refer to the 2010 National PPP Framework policy in conducting their operations. The new law's objective is to regulate the procurement, implementation, maintenance, operation, management and monitoring of PPPs from project conception to conclusion. PPP arrangement involves a partnership between the government and the private sector to finance and manage infrastructure assets and to facilitate the provision of services over the long term with some transfer of risks. Uganda adopted PPP projects of the move geared at fast-tracking the construction of infrastructure projects, continued budgetary constraints faced and huge demand for infrastructure investment, as well as frequently low project management efficiencies in the public sector. These constraints forced the Government of Uganda to explore more subtle alternatives for accessing private sector resources in the delivery and operation of public facilities. The involvement of the private sector in the provision of public infrastructure is expected to reduce government financial burdens, attracting foreign and private investments, improving management and operation efficiencies, facilitating technology transfer and promoting infrastructure development (Gbadegesin and Aluko, 2014).

Furthermore, it was hoped that this arrangement not only reduces the strain on the government expenditure but also facilitates more innovations by harnessing the skills, technologies and operational efficiency. Since then, several projects have been undergoing implementation, such as Vegetable Oil Development Project, Entebbe express highway and the Bujagali hydropower project, among others. However, contract issues such as resettlement, compensation and socio-cultural impacts remain unresolved, which has had negative impacts on stakeholder management. Thus, for PPP arrangements to function properly, different interests and expectations of stakeholders need to be managed properly (Eslerod and Vaagaasar 2014). Therefore, in order to achieve successful PPP's in Uganda, managing interests and expectations of different stakeholders has remained a gap to be filled.

2.2 Theoretical underpinning

Stakeholder theory (Freeman, 1984) underpins the theoretical framework used in this paper. Stakeholder theory was deemed the most applicable theory for exploring the purpose of this study. We evaluated other theoretical approaches, such as agency theory (Burke and Demirag, 2016) and incomplete theory (Grossman and Hart, 1986). Although when the interests of the shareholders are not aligned to those of agents, the resources under the control of managers are not put to proper use. However, we did not pursue agency theory because it only examines the principal-agent relationship and not the interrelationships between a number of stakeholder groups, and therefore, their management as explored in this paper. We could also not adopt the use of incomplete contract theory because it is more appropriate in a longitudinal study.

Stakeholder theory thus suggests that projects' stakeholders are "those groups without whose support the project would cease to exist" (Freeman, 1984). These groups would include employees, political action groups, environmental groups, local communities, the media, financial institutions, governmental groups, among others. This theory views stakeholders as an ecosystem of related groups, the interests of all of whom need to be considered and satisfied to keep projects healthy and successful in the long term (Freeman, 1984). The theory states that for a project to create value and succeed, the interests and expectations of stakeholders should always be considered when making decisions. Furthermore, it states that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits, and there is no prima facie priority of one set of interests and benefits over another (Donaldson and Preston, 1995). Thus, this paper advances an understanding that when a PPP contract is complete, managing interests and expectations of stakeholders become possible.

2.3 Hypothesis development

This paper divides contract completeness into four dimensions (Lu, et al., 2016; Luo, 2005). This is because when contract completeness is only understood as a single-dimensional construct, it becomes too rigid to respond to environmental changes and cannot simultaneously promote project adaptation while mitigating stakeholder opportunism (Luo, 2005). The use of multidimensionality of contract completeness helps in clarifying the controversies over the role of contracts in managing stakeholder's interests and expectations. The dimensions include; Issue inclusiveness that refers to the degree to which relevant issues are included in a contract (Mayer and Argyres, 2004). Term specificity is the degree to which all relevant terms are explicitly stipulated, and contingency adaptability is the degree to which unanticipated changes are accounted for, and relevant guidelines for handling these changes are delineated in a contract. Contractual obligatoriness refers to the extent to which each party involved in a project is restrained by the binding force of the contract (Luo, 2005).

On the other hand, stakeholder management is seen as one of the focal parts of project management. Directly aligning the different objectives, interests and expectations of stakeholders contributes to the success of the project (Aaltonen, 2011; Jepsen and Eskerod, 2009). According to Huemann et al. (2016), stakeholder management has been considered to be important for the success of projects in recent years. Many projects fail because stakeholders' interests and expectations are not sufficiently managed. Addressing stakeholders' concerns is important because they provide resources and support for the projects to succeed (Chiniyio and Olomolaide, 2010), act as advocates, sponsors, partners and agents of change (Nsasira et al., 2013).

According to Luo (2002a), including all relevant issues in a contract reduces the likelihood that the project will fail to manage the interests of stakeholders. More coverage of contractual terms guides the partnership formation and avoids the creation of weaknesses that could obstruct the partnership performance (Yang et al., 2017). Issue inclusiveness lessens stakeholder disagreements that would otherwise endanger cooperation. Explicit coverage of contract terms provides a clear framework that defines each stakeholder's rights, as well as the principles and procedures of partnership cooperation and conflict resolution. Greater inclusiveness of contract terms further helps stakeholders obtain more accurate information regarding their duties, needs and benefits, which then allows them to make decisions (Yang et al., 2017). Luo (2006) earlier noted that opportunities for partnership failure are reduced when more relevant issues are included in the formal contract. However, Ghoshal and Moran (1996); Jap and Ganesan (2000) have also indicated including many terms in a contract is an indicator of the lack of trust among stakeholders. From the above discussion, we note that including all the relevant contract terms is vital if PPP projects are to manage the interests and expectations of stakeholders. We thus hypothesize that;

- H1. Issue inclusiveness is significantly and positively associated with stakeholder management.

Contractual obligatoriness and stakeholder management. Contractual obligatoriness refers to the extent to which each stakeholder involved in a partnership contract is restrained by the binding force of the contract (Yang, et al., 2017). Without such obligatoriness, the contract is incomplete, no matter how inclusive the terms are. A contract may include a large number of terms, but if these terms' ability to bind the stakeholders is rather limited, then the contract is weak (Luo, 2006). A contract cannot be viewed as complete unless it codifies each party's legal obligatoriness. Contractual obligatoriness is revealed in the strength of legal binding for the overall contract, the seriousness of penalization against the breaching party, and the extent of compensation to the aggrieved party. Contractual obligatoriness helps in mitigating future stakeholder opportunism because it increases the level of the legal obligation that constrains the stakeholder during subsequent stages of alliance formation and operations (Luo, 2005).

Having more obligations in a contract increases each stakeholder's sensitivity to its duties and responsibilities, which, in turn, reduces conflicts, improves collaboration and stakeholder management (Lu *et al.*, 2016). Contractual obligatoriness promotes an atmosphere of mutual trust and collaboration, and these are key ingredients in stakeholder management (Luo, 2002b). When all stakeholders are restrained by the binding force of the contract, chances of contract violations will be minimized, and the interests and expectations of stakeholders in the project will be easily met. From the above discussion, we thus hypothesize that;

H2. Contractual obligatoriness significantly and positively associates with stakeholder management.

Term specificity and stakeholder management. Term specificity refers to the degree to which all relevant terms are explicitly stipulated in a contract (Luo, 2002b). Term specificity serves to reduce managerial complexity in addressing the interests and expectations of stakeholders. Term specificity clarifies the rules and responsibilities of each stakeholder, and as a result, reduces the occurrence of uncertainty to which both parties are exposed and promote future cooperation (Poppo and Zenger, 2002). Specifying contract terms facilitates partnership formation in accordance with the contract, and it reduces disputes among the stakeholders. Term specificity guards against opportunism and this increases a chance of managing interests and expectations of stakeholders. Term specificity helps each party get more accurate information regarding duties, needs and benefits, which then allows each party to make better decisions. Transparent and accurate information flow between parties elevates the effectiveness of cooperation and project processes (Lu *et al.*, 2016). However, stipulating all the terms in a contract may be a sign of distrust among the stakeholders (Jap and Ganesan, 2000) and this can make stakeholders bargain over every term during negotiations, which can affect future relationships (Heide *et al.*, 2007) and can affect stakeholder cooperation (Hawkins *et al.*, 2008; Wuyts and Geyskens, 2005). More so, detailed terms leave modest space for breaching the contract, which may make stakeholders act opportunistically in areas not included in the agreement (Ghoshal and Moran, 1996). Although specifying all the terms in a contract can lead to distrust, this practice helps PPP projects to address the interests and expectations of stakeholders. From the above discussion, we hypothesize that;

H3. Term specificity is significantly and positively related to stakeholder management.

Contingency adaptability and stakeholder management. Describing the unanticipated incidents in a contract enhances both parties' confidence in long-term cooperation and helps to avoid rigidity. Contingency adaptability boosts flexibility, which, in turn, promotes stakeholder commitment to the stakeholder relationship (Wu, *et al.*, 2017). Contingency adaptability reduces conflicts by providing guidelines, principles or alternatives, which are legally binding to both parties in the event of external changes (Luo, 2002). Incorporating potential contingencies in a partnership contract is critical since it provides alternative solutions or procedures in a contract that stakeholders have to follow, thereby limiting the scope that they can easily utilize for their benefit (Lu *et al.*, 2016). Thus, contingency adaptability in a contract is achieved by including principles or guidelines pre-specifying appropriate ways, procedures, or alternatives to deal with various unpredicted situations becomes crucial. Partners have more leeway in stipulating relevant terms in order to align with their specific needs and interests, which, in turn, lessen stakeholder conflicts. Thus, we hypothesize that;

H4. Contract completeness is significantly and positively associated with stakeholder management.

3. Methodology

This study adopted a cross-sectional and quantitative approach. A cross-sectional survey enabled us to obtain data at one specific point in time, which increases the validity and generalizability of findings (Creswell and Clark, 2011). Out of 141 PPP projects in Uganda, 103 PPP projects were sampled as guided by sample determination table (Krejcie and Morgan, 1970), and stakeholders from 94 projects of the 103 sampled projects actually responded. Stratified random sampling was used. PPP projects were divided into small strata based on the sectors where they fall, and then the projects were selected randomly from each stratum. The stakeholders were selected by contacting projects to identify their key stakeholders who are involved in overseeing the implementation and for monitoring the compliance of the terms and conditions of the PPP agreement. Eight stakeholders were targeted from each project. These included three government officials from the PPP committee and five private sector staff. The targeted stakeholders were the only ones responsible for monitoring the compliance of the terms and conditions of the PPP agreement. Of the targeted, five actually responded, and a total of 470 responses were received. Their responses were later aggregated to the project as a breaking variable.

The majority of the respondents were in the range of 25–35 years. This is a young group with different interests and expectations in PPP projects, and therefore, would be interested in how they are managed. On level of education, 46% were degree holders and had an experience of 6–10 years with projects representing 47.83% as compared to those with an experience of 0–5 years (26.57%), 11–15 years (23.3%), 15 years and above were 2.3%. This implies that the majority of the respondents were more likely to understand how the interests and expectations of stakeholders are handled and thus offered valid responses. On the stakeholder group, the majority of the respondents were private sector staff representing 42.61%. This implies that they were at the center of addressing and having interests and expectations in PPP projects addressed.

On the PPP projects studied, a majority have been in existence for a period of 6–10 years representing 47.8%, implying that PPP arrangement in Uganda is in its infancy stage and a new experience. On project type, a majority of the projects were energy projects representing 23.5%, indicating that PPP arrangement was first embraced in the energy sector. On project capital, a majority of the PPP projects in Uganda, representing 68.7% have less than \$ 100m invested in them. This explains the fact that not a lot of money has been invested in PPP projects.

3.1 Questionnaire development and measurement of variables

Data were collected using a self-administered questionnaire. The questionnaire was anchored on a six-point Likert scale to provide adequate options for respondents (Chomeya, 2010) and avoid the tendency of African respondents to ticking or answering the not sure/middle point. Respondents registered the degree of agreement ranging from one (strongly disagree) to six (strongly agree). We addressed common methods bias in order to reduce the measurement error (random and systematic errors), which normally threatens the validity and conclusions (Podsakoff *et al.*, 2003) by avoiding vague, ambiguous and double-barreled questions. Contract completeness dimensions were collected differently from stakeholder management. This approach is supported by Podsakoff *et al.* (2003), who contend that one way of controlling common methods variance is to collect the predictor and criterion variables differently. We also incorporated negatively worded or reversed-coded items in the questionnaires (Hinkin, 1998) to act as cognitive “speed bumps” that require respondents to engage in a more controlled, as opposed to automatically cognitive processing.

Contract completeness was measured using four indicators that is issue inclusiveness, term specificity, contract obligatoriness and contingency adaptability (Luo, 2002). Items such

as “Information regarding stakeholders’ duties, needs and benefits is included in the contract, Terms regarding how to operate a partnership are included in a contract, terms regarding how to operate a partnership are clearly stated, terms regarding conflict resolution are clearly stated, the contract caters for the un-foreseen events, the contract specifies unanticipated emergencies, stakeholders are restrained by the binding force of the contract, and that stakeholders are penalized for breaching the terms of the contract” were utilized. On the other hand, stakeholder management was measured using four indicators (communication, engagement, collaboration and monitoring) (Mwesigwa *et al.*, 2019a, b). Items such as “we are involved in all project activities, this project uses effective methods to communicate with stakeholders, we have been provided with relevant project information, the project always seek for advice from stakeholders before making decisions, we keep track of project activities and we always check on the progress of the project” were adapted and modified to suit this study.

3.2 Data analysis

Data were analyzed initially using SPSS and later Structured Equation Modelling with the aid of partial least squares, specifically SmartPLS 3. According to Hair *et al.* (2013), Smart PLS works well with small samples (less than 200). From our study, valid responses were 94 PPP projects, thus making PLS–SEM suitable. According to Henseler *et al.* (2016), the measurement (outer) and structural (inner) models were used to evaluate and interpret the PLS–SEM results. The outer model assesses the relationship between the correspondent indicators and the latent variable while focusing on reliability and validity, whereas the inner model assesses the relationship between the exogenous and endogenous variables.

3.3 Measurement model

The validity and reliability of the measurement items were determined. Initially, the content validity index (CVI) was used to determine the relevance of the questions in measuring the variables. Field (2009) explained content validity as evidence that the content of a test corresponds to the content of the construct it was designed to cover. The overall CVI for this study is 0.85. Further, using Smart PLS, two types of construct validity were examined that is; convergent validity and discriminant validity (Neuman, 2007; Hair *et al.*, 2019). Convergent validity is the extent to which a measure correlates positively with alternative measures of the same construct. Initially, the principal components for each variable were extracted by running principal component analysis to establish convergent validity. Using SPSS, the factor structures and items resulting from principal component analysis with varimax rotation are presented in Tables 1 and 2. More than one component was derived from each rotated component matrix, which is essential in establishing a convergent validity. Essentially, results in Table 1 reveal four factors that capture stakeholder management; communication, engagement, collaboration and monitoring. Stakeholder management was initially measured with 22 items, after structural equation modeling, only ten items were retained with a higher outer loading value as reported in Figure 1 that are recommended by Hair *et al.* (2013). The factor structure for contact completeness includes term specificity issue inclusiveness, contractual obligatoriness, and contingency adaptability (see Table 2). After structural equation modeling, six items out of eight initial items were retained on Issue inclusiveness, six items out of seven initial items were retained on term specificity, two items out of eleven initial items were retained on contractual obligatoriness, and five items out of eight initial items were retained on contingency adaptability as presented in Figure 1. Only items with a higher factor loading of >0.70 were retained, as recommended by Hair *et al.* (2013).

Table 1.
Rotated component
matrix for Stakeholder
management

| Codes/factors | Communication | Collaboration | Monitoring | Engagement |
|--|---------------|---------------|------------|------------|
| COM2. Stakeholders share information on the status of the project | 0.875 | | | |
| COM3. The project relies on information from stakeholders to perform well | 0.802 | | | |
| CONS2. The project team consults stakeholders before making decisions | | 0.842 | | |
| CONS3. Stakeholders work together to achieve the project goals | | 0.768 | | |
| MON4. Stakeholders keep track of project activities | | | 0.730 | |
| MON6. Stakeholders always check the progress of the project | | | 0.671 | |
| ENG1. Stakeholders are involved in all project activities | | | | 0.853 |
| ENG2. The project involves us in the identification of solutions to challenges | | | | 0.845 |
| ENG3. The project engages us at the appropriate time | | | | 0.818 |
| ENG4. Stakeholders views are listened to and noted by the project | | | | 0.744 |
| Variance% | 45.272 | 12.818 | 7.145 | 6.648 |
| Cumulative% | 45.272 | 58.090 | 65.235 | 71.883 |

In addition, the average variance extracted (AVE) was used to assess convergent validity. The results in [Table 3](#) indicate that the AVE values for all the variables are greater than the acceptable threshold of 0.5, indicating convergent validity is confirmed ([Henseler et al., 2016](#)). Furthermore, to assess discriminant validity, we used [Fornell and Larcker \(1981\)](#) criteria. It states that for discriminant validity to be confirmed, the square root of the AVE of each construct should be higher than its highest correlation with any other construct ([Fornell and Larcker, 1981](#)). It can be assessed by comparing the square root of each AVE in the diagonal with the correlation coefficients (off-diagonal) for each construct in the relevant rows and columns. According to results in [Table 4](#), the square root of each construct's AVE (contingency adaptability, contractual obligatoriness, issue inclusiveness, term specificity and stakeholder management) has a greater value than the correlations with other latent constructs in the model indicating that the criteria of discriminant validity is met.

The reliability of the instrument was ascertained using the Cronbach's coefficient alpha and composite reliability to test for the internal consistency of the scales used to measure the variables ([Cronbach, 1951](#)). All the alpha coefficients and composite reliability values for individual test variables were above 0.7, indicating consistency of the measurement ([Nunnally, 1978](#)) as provided for in [Table 3](#). In order to establish the degree to which explanatory variables are correlated ([Hair et al., 2013](#)), Variance Inflation Factors (VIF) was used. The VIF values for all the predictor variables meet the threshold of less than ten ([Hair et al., 2013](#)), an indicator that multicollinearity was not an issue as provided for in [Table 3](#).

4. Structural model

Relationships between constructs were tested by examining their path coefficients and related *t* statistics via the bootstrapping procedure ([Wong, 2013; Hair et al., 2017](#)). The bootstrapping procedure was used to test the significance of the path coefficients and loadings. For establishing the association between contract completeness dimensions and

| Code/ factor | Term specificity | Issue inclusiveness | Contingency adaptability | Contractual obligatoriness | |
|--|------------------|---------------------|--------------------------|----------------------------|--|
| TES2. All contract terms are clearly stipulated | 0.878 | | | | |
| TES3. Terms regarding termination of the partnership are clearly stated | 0.861 | | | | |
| TES4. Terms regarding conflict resolution are clearly stated | 0.833 | | | | |
| TES5. Terms regarding how to operate a partnership are clearly stated | 0.823 | | | | |
| TES6. Confidentiality of information exchange is well specified | 0.727 | | | | |
| TES7. The contract stipulates all aspects concerning the penalties | 0.718 | | | | |
| ISI1. Terms regarding stakeholders' cooperation are included in the contract | | 0.881 | | | |
| ISI2. The contract includes all the terms regarding partnership formation | | 0.823 | | | |
| ISI3. Terms regarding stakeholders' cooperation are included in the contract | | 0.793 | | | |
| ISI5. The contract includes information regarding stakeholders' duties, needs and benefits | | 0.783 | | | |
| ISI6. Terms regarding how to operate a partnership are included in a contract | | 0.739 | | | |
| ISI8. The contract includes all the terms concerning termination of the partnership | | 0.721 | | | |
| COA1. The contract specifies guidelines on how to handle unanticipated incidents | | | 0.875 | | |
| COA2. The contract specifies unanticipated emergencies | | | 0.875 | | |
| COA3. The contract specifies alternative solutions of handling unanticipated incidents | | | 0.820 | | |
| COA7. The contract caters for the un-foreseen events | | | 0.774 | | |
| COA8. The contract explains stakeholders' unanticipated interests | | | 0.727 | | |
| COO10. All stakeholders are restrained by the binding force of the contract | | | | 0.940 | |
| COO11. Contractual obligatoriness increases the level of legal obligation on every stakeholder | | | | 0.859 | |
| Eigen values | 14.314 | 2.192 | 1.609 | 1.431 | |
| Variance% | 55.053 | 8.430 | 6.189 | 5.502 | |
| Cumulative% | 55.053 | 63.483 | 69.672 | 75.174 | |

Table 2.
Rotated component
matrix for contract
completeness

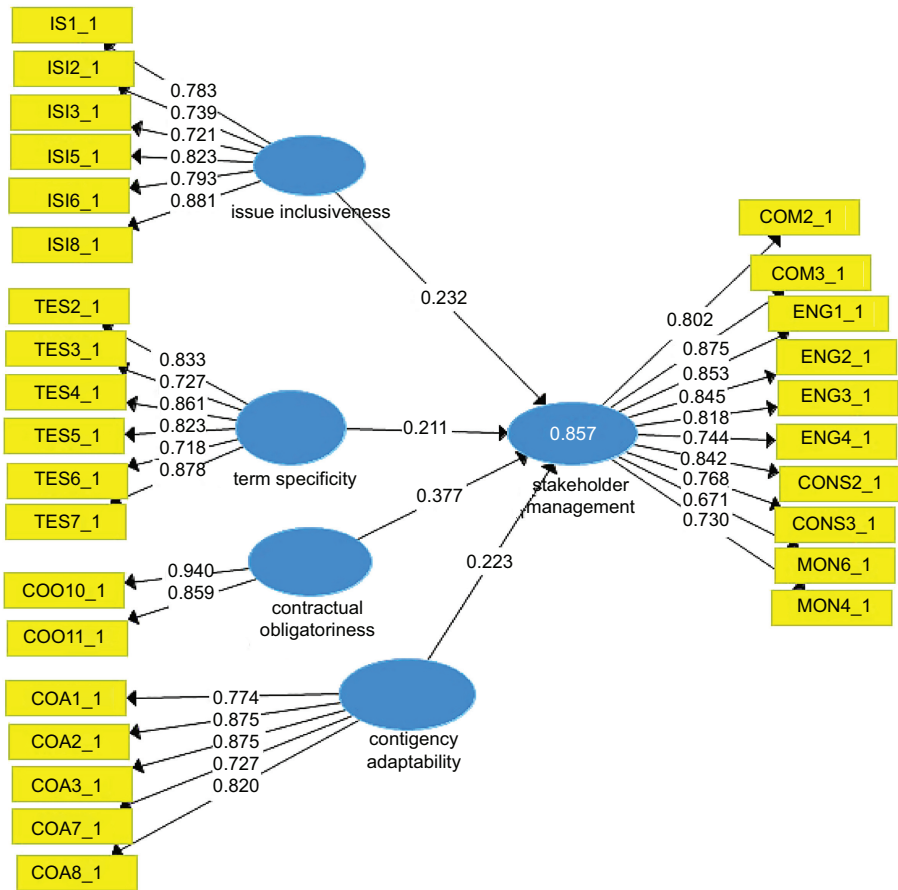


Figure 1.
Hypothesis testing

| Latent variables | Cronbach alpha | Composite reliability | Average variance extracted | Variance inflation factor |
|----------------------------|----------------|-----------------------|----------------------------|---------------------------|
| Contingency adaptability | 0.908 | 0.909 | 0.667 | 2.316 |
| Contractual obligatoriness | 0.894 | 0.896 | 0.811 | 4.943 |
| Issue inclusiveness | 0.910 | 0.909 | 0.627 | 2.123 |
| Term specificity | 0.919 | 0.919 | 0.655 | 6.278 |
| Stakeholder management | 0.946 | 0.945 | 0.636 | |

Table 3.
Reliability, average variance extracted and multi collinearity

stakeholder management, four hypotheses were tested, and the findings are shown in Figure 1.

From Figure 1, all the paths coefficients are significant at < 0.05 . The model provides better fit indices as recommended by Henseler *et al.* (2016). For example, the unweighted least

| Variables | Contingency adaptability | Contractual obligatoriness | Issue inclusiveness | Term specificity | Stakeholder management |
|----------------------------|--------------------------|----------------------------|---------------------|------------------|------------------------|
| Contingency adaptability | 0.855 | | | | |
| Contractual obligatoriness | 0.531 | 0.894 | | | |
| Issue inclusiveness | 0.506 | 0.603 | 0.808 | | |
| Term specificity | 0.542 | 0.456 | 0.458 | 0.844 | |
| Stakeholder management | 0.583 | 0.363 | 0.404 | 0.544 | 0.820 |

Table 4. Discriminant validity

squares discrepancy (D_ULS) is 85%, which is less than 95%, geodesic discrepancy (D_G) = 79%, which is < 95%, standardized root measure square residual SRMR = 0.07, which is < 0.08 cutoff and the Normed Fit Index (NFI) = 0.92, which is > 0.9 that is acceptable.

Figure 1 also shows that the coefficient of determination r^2 is 0.857 for the stakeholder management endogenous latent variable. This means that the four dimensions of contract completeness (contingency adaptability, contractual obligatoriness, issue inclusiveness and term specificity) explain 85.7% of the variance in stakeholder management in PPP projects.

Results in Figure 1 further reveal that issue inclusiveness is significantly and positively associated with stakeholder management ($\beta = 0.232$, t statistic = 2.964, p values < 0.05). Thus hypothesis 1 was supported. This means that when all the relevant issues are included in the contract, PPP projects will be able to manage the interests of stakeholders. Including and clearly specifying all the contract terms minimizes any misunderstandings among stakeholders, which is important in managing stakeholders. In addition, stakeholder engagement, communication, consultation and monitoring become possible when all their issues are included in the contract.

Results show that contractual obligatoriness is significantly and positively associated with stakeholder management ($\beta = 0.377$, t statistic = 5.049, p values < 0.05). This implies that H2 is supported. This implies that when all the parties involved in a contract are restrained by a binding force of a contract, then it becomes easier for PPP projects to address stakeholders' concerns. This is so because their conflicts among stakeholders will be lessened when a contract binds the stakeholders.

In addition, results show a significant and positive relationship between term specificity and stakeholder management ($\beta = 0.211$, t statistic = 2.540, p values < 0.05). Thus hypothesis 3 was supported. This implies that when contract terms are explicitly stipulated, PPP projects will easily address stakeholders' interests in a project since each term specified will be clearly understood. Stakeholder engagement, communication and consultation become possible when the terms of the agreement are well stated.

Lastly, results show that contingency adaptability is significantly and positively associated with stakeholder management ($\beta = 0.223$, t statistic = 2.953, p values < 0.05). This implies that H4 is supported. This means that when the unanticipated changes, such as changes in regulation, policy are described in a contract, PPP projects will be able to handle the emerging issues as they arise.

5. Discussion of findings

Results indicate that issue inclusiveness is significantly and positively associated with stakeholder management. This implies that when all relevant issues relating to partnering,

termination of a PPP are included in a contract, loopholes in the contract will be lessened, which could impede the PPP project from addressing stakeholders' interests and expectations. Having all relevant issues included in the contract may also lessen inter stakeholder conflicts, which would otherwise endanger the partnership. Furthermore, when all issues are included in the contract, it becomes possible for PPP's to engage, communicate, consult and monitor stakeholders. This finding is in line with Luo (2002a), who noted that when a contract stipulates the terms concerning the formation, operation, cooperation and termination of the project, disagreements among the stakeholders are reduced. This finding supports the stakeholder theory, which states that the interests of the different stakeholders should be catered for when making decisions (Freeman, 1984). This finding, however, disagrees with the findings of Ghoshal and Moran (1996) and Jap and Ganesan (2000) who noted that including many terms in a contract can make stakeholders lose confidence in the engagement.

Results also indicate that term specificity is significantly and positively associated with stakeholder management. This means that when all relevant terms are explicitly stipulated, stakeholders will be able to understand their tasks, rights and obligations, and this reduces conflicts, which eases the management of their interests by PPP projects. An improvement in specifying contract terms may result in an improvement in stakeholder engagement. Stakeholders will be provided with necessary information when contract terms are clearly stated. This finding is consistent with Luo (2005), who noted that when a contract is detailed, stakeholders clearly understand their tasks, rights and obligations. However, this finding is inconsistent with Jap and Ganesan (2000) who posited that stipulating all the terms in a contract is a sign of distrust among the stakeholders and this can affect future relationships (Heide *et al.*, 2007) and stakeholder cooperation (Hawkins *et al.*, 2008).

Results further suggest that contractual obligatoriness is significantly and positively associated with stakeholder management in PPP projects. This implies that when all the stakeholders involved in a contract are restrained by a contract, opportunism and conflicts will reduce, and this makes it easy for PPP projects to engage, communicate and consult the stakeholders before decisions are taken. Furthermore, having more obligations increases each stakeholder's sensitivity to their duties and responsibilities, which, in turn, leads to addressing the interests and expectations of stakeholders. This finding is in line with Yang *et al.* (2017), who noted that contractual obligatoriness helps mitigate future stakeholder opportunism because it increases the level of the legal obligation that constrains each party during subsequent stages of partnership formation and operations. It is also consistent with Luo (2002), who noted that contractual obligatoriness fosters enforcement of the agreement, and thus, stakeholder management.

Results further show that contingency adaptability is significantly and positively associated with stakeholder management. This means that when the unanticipated changes are described in a contract, PPP projects will be able to respond to the stakeholders' issues when they arise. PPP's will be able to communicate and monitor for any anticipated changes. This result is consistent with Luo (2002), who noted that contingency adaptability helps the stakeholders respond to future changes, problems and conflicts. With contingency adaptability, stakeholders can measure the extent to which a contract provides directions on how to respond to unanticipated contingencies. This is also consistent with Wu *et al.* (2017), who noted that contingency adaptability helps stakeholders on how to respond to potential problems and conflicts, and also provides guidelines on how to handle certain contingencies.

5.1 Conclusion, implications and limitations of the study

The purpose of the paper was to investigate whether contract completeness is a cornerstone of stakeholder management in PPP projects in Uganda. The questionnaire was used to collect

data from 94 PPP projects. The study found that all four dimensions of contract completeness were significantly and positively associated with stakeholder management. Including and clearly stipulating all the contract terms improves the management of interests and expectations of stakeholders. Specifying stakeholder's contractual obligations and showing how to handle anticipated contingencies in a contract improves stakeholder management. There is thus a need to have a complete contract if PPP projects are to manage the diverse interests of stakeholders. The study recommends that including and specifying all the related issues in the contract by stakeholders is vital in PPP projects since it lessens on conflicts. Furthermore, contingencies should be described in the contract if PPP projects are to cope up with the dynamics of the business environment. More so, including procedures and guidelines in a contract for handling unexpected contingencies builds a strong foundation for solving various problems.

This paper concentrated on contract completeness dimensions and stakeholder management in PPP projects in Uganda. Future studies should concentrate on other sectors where contracting is eminent in order to have complete contracts. The study adopted a cross-sectional and quantitative design. Future studies should take a longitudinal approach to be able to capture stakeholders' opinions over a long period of time. The subjectivism approach should also be adopted to get a deeper understanding and interpreting the meanings in stakeholder behavior rather than to generalizing and predicting the causes and effects of contract completeness dimensions and stakeholder management. Last, future studies should test the interrelatedness of the four dimensions of contract completeness to find out whether one can influence the other.

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