

# Assessing the Impact of Transactional Contract on External Stakeholders Engagement in Traditionally Procured Projects

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## Abstract

Transactional contract is procedural, rigid and inhibits cooperative dealings based on definitive risk allocation. Parties are concerned about self-interest only, thereby exposing non-contractual parties such as the community stakeholders to combative engagement. This study assessed the scope of incentives within transactional-traditional procurement framework with a view to determine their appropriateness to address community stakeholders' needs towards curbing projects opposition during implementation. The objective was to determine whether transactional contractual characteristics in traditional procurement framework affect the outcome of firm's engagement with the community. The study involved a questionnaire survey of 200 construction professionals and community leaders in Akwa Ibom and Ondo State, Nigeria. The study data were analysed using the mean item score, and the test of hypothesis involved chi square. The results revealed that fragmented practice, opportunism, moral hazards and adverse selection attributes inherent in traditional procurement framework inhibit progressive dialogue, inclusive progressive interaction, and open and transparent dealings with community stakeholders. Transactional contractual practice therefore hinders effective engagement with the community during project implementation. The finding of the study infers the need to modify transactional attributes to enhance flexibility, solidarity, mutuality and restrain of opportunism in traditional procurement framework. These adaptations will ensure synergistic engagement towards improved efficiency.

## Keywords

Adverse Selection, Engagement, External Stakeholders, Moral Hazards, and Opportunism

## 1. Introduction

Contractual relationships can be understood using two focal terms namely: transactional, and relational. Transactional contract empowers the client to specify all the requirements of the project. This feature essentially characterises project procurement using the traditional procurement route. Strahorn, Gajendran and Brewer [1] maintained that, traditional procurement with its inherent transactional-based failings is ever present in the construction industry. The application of this approach prevails, despite

the emergence of new approaches and growing dissatisfaction by clients ([2]; [3]). In Nigeria, the traditional procurement framework is also largely used in organising and managing the delivery of construction projects ([4]; [5]; & [6]). Continuous applications of the traditional approach have been variously attributed to a number of factors. However, the most popular justification has to do with the idiosyncratic attitudes of professionals to stick to one procurement method based on familiarity [7]. Literature noted that clients are also willing to develop other forms of relationship using novel procurement approaches but often recourse traditional practice [8]. Public sector clients may be

constrained to adopt traditional procurement route by public procurement laws, but the private sector clients who are not tied to any regulatory regime, are also trapped to adopt similar practices [5]. The emerging concern in the use of this approach is that, several arrays of stakeholders are bundled together, but focus is mainly on the needs of internal stakeholders that is, those with contractual capacity in the project. This practice is linked with tension and opposition in project delivery interface notably in complex, high risk project situations [9].

The word stakeholder is a comprehensive term. It is used to describe a person or group of people with vested interests in the outcome of a project [10]. Research studies identify two broad categories of construction project stakeholders namely: internal and external ([11]). The internal stakeholders have contractual capacity in the project, while the external stakeholders have vested interests with no contractual capacity. The community is a member of the external stakeholder group [12]. Despite the vastly documented problems linked with ineffective community engagement during construction project implementation, project management literature has limitedly tackled project organisation-community related interface concerns. The relationship between stakeholders at the project environment is therefore faced with diverse problems. Cases of opposition, resource flow distortion, increased costs of resource, protest; disturbances, blockage, and stoppage of work are still prevalent in many project scenarios across the globe ([13]; [14]). In responding to why these problems persist, construction organisations often argue that, their primary responsibility is to the client/project team. This implies that, community interests are not designed into the contractual framework [15]. Stakeholder's management is therefore practiced as a corrective, problem-solving ritual than a proactive engagement aimed to tackle genuine concerns. Efforts of project organisation are therefore targeted at managing eschewing interface problems, instead of seeking proactive engagement to prevent opposition. The term stakeholder engagement therefore describes a structured process encompassing agreement to negotiate, setting criteria for negotiation, and monitoring the outcome [15]. It is concerned with how the firm relates with the stakeholders in stimulating benefits and developments. The framework to negotiate and monitor outcome of firms' engagement with community is one area where project management literatures have not tackled comprehensively. Growing volumes of literatures is interested mainly in upstream stakeholder that is, client and project team interface management. Limited empirical literature exist that documents whether contractual characteristics impacts community stakeholders' engagement outcomes.

Although several studies have explored the loopholes in transactional contracts ([16]; [2]); convergent view established is that communication, rigid framework, late inclusion of stakeholders, and externalities in projects must be improved. The breach in communication in this approach between the different phases of project increases uncertainty in the delivery environment [16]. Whilst this contractual practice is prevalent

within the Nigerian construction domain, the implications on external stakeholder's engagement are not documented. This study examined the extent to which mechanics of transactional contract supports or inhibits external stakeholder engagement. The goal is to highlight grey areas in traditional procurement practice that hinder engagement processes and their effectual implications on relationship management at the project implementation level. Achieving the goal of the study is relevant in a number of ways. First, it provides a mechanism for enhancing project outcome through improved relationship management within traditional procurement framework. Second, it redefines the need for a move away from adversarial practice to relational contracting by pinpointing areas for improvement.

## 2. Literature Review and Theoretical Frameworks

Transactional contracts describe a contractual relationship characterised by conflicting goals; the total efforts of parties are also geared toward curtailing possible opportunistic tendencies from one another [17]. This understanding suggests strong inherent opportunistic behaviours in transactional contracts. The agency theory posits that, an agent of a principal possesses antagonistic interest to that of the principal. This tendency creates asymmetric information, which is dependent on contingent factors such as uncertainty and measurability [17]. Transactional contracts also ignore the interest and the needs of the downstream stakeholders, and rather focused on temporary financial responsibilities [18]. Other characteristics of the system include approximately described work, lack of incentives, stiff hierarchical structure, and top down policy framework [19]. Contracting parties are not able to work the full details of contingencies and the relationship governing a contract from the outset [20]. The participation of a third party (sub-contractors) in transactional relationship is tagged to deadlines, risks taking, and penalties. The tendency to review or even shift responsibility where it is beyond anticipated risk benchmarks, pegged by the firm is also very minimal.

Elements of transactional within traditional procurement framework ensures that timeline of work are pegged on predictable fixed price, detailed scoping precedes construction, clear assignment of risk, wide industry familiarity and usage, and suitability for use with competitive bidding as mandated by the public procurement act [21]. On the end of the scale are the adversarial relationships, excessive claims, and poor communication. The reasons for the adoption of transactional contract are numerous. Contractors often times, leave terms of contract unresolved trusting future negotiation such as claims to fill the void [20]. There is also a factor associated with the lack of awareness due to limited resources to negotiate the full details of the contract by the firm. Adopting the theory of transaction economics, Reeves [22] explained that traditional procurement is based on the premise that, exchange is only possible, where parties possess imperfect information about

the other parties, and their side of the contractual bargain. Different parties are engaged at different stage in the project life cycle, thereby generating opposing views and imperfect information. The practice has been christened 'bullet proof plates' designed to allocate economic burden to the construction organisations [22]. Transactional-traditional procurement framework also lacks incentive to help other achieve their objectives, since all parties have separate responsibilities. Based on these characteristics, traditional procurement framework exhibits transactional characteristics ramifications.

Only recently, concerns are beginning to emerge about the adequacy of traditional project systems to address external organisations interests. Gunathilake & Jayyasena [23] asserts that, traditional procurement practice has failed the demands of contemporary business environment due to its lack of competitiveness in the international domain. Mathews and Howell [24] summarised problems of traditional contractual approach with respect to relationship management into four categories. These include: good ideas are withheld; limits co-operation and innovation; pressure on locals'; and inability to optimise project interfaces. Interface problem in the coordination and management of different contractors' input is also prominent. Due to these limitations, traditional contracts is considered inappropriate for emerging markets, new technology adaptation and meeting ever changing needs of the project environment.

### **2.1. External Stakeholders in Construction Environment**

A stake in a construction project is either affected by the project or impacts the actualisation of a project. Olander [10] added another dimension by asserting that, 'vested interest' must be established in defining stakeholders. CIOB [25] categorised stakeholders as: business partner; regulatory agencies; and external influencers. Chinyio and Olomolaiye [26] maintained that, the external influencers most times, lack contractual capacity and are strongly connected with outcome of the project and their impact on environment. These attributes characterised the community stakeholder group. Walker, Bourne and Shelley [27] maintained that stakeholders are in four categories namely: upstream supply chain partners; downstream supply chain partners; external stakeholders; and, project stakeholder group. Newcombe [28] classified stakeholders as primary or secondary. The difference between primary and secondary stakeholders is explained by Winch's scope of contractual capacity in the project [11].

From the foregoing review, it is seen that, existing literatures broadly identify community stakeholders as external, thereby depicting homogeneity. Ekung, Effiong and Ibanga [29] using empirical data from Nigeria's project environment established that community stakeholders are heterogeneous thereby conflicting literature position. Jahawar and McLaughlin [30] insisted that, community-based stakeholders are not homogenous when the concept of stakeholder is itself heterogeneous. Ekung, Ogbuji and Okonkwo [31] demonstrated that differential exist among

community-based stakeholders. Although each group has varying level of influence, all independent group is however powerful and can oppose a project. Rosario & Goh [32] found that community stakeholders are perceived to have less impact on project implementation and success. The resource dependence theory proved otherwise, and demonstrated that, community stakeholders could prevent the flow of resources into the project organisation [30]. Olander [33] observed that lack of cooperation between the firm and external stakeholders could result in many adverse implications during project delivery. Teo and Loosemore [13] reported related impacts to include increased tension around the projects; costly disputes, and delays, if not well managed [34]. Post, Preston and Sachs [35] therefore concluded that every project must obtain social licence from the community-based stakeholders to operate successfully.

### **2.2. Stakeholder Engagement**

The need to engage stakeholders in project environment remained a significantly researched project success criterion in construction management literature ([36]; [37]; [38]). It is used to assess procurement system's ability to deliver on objectives [36]. Engagement is a structured process encompassing agreement to negotiate, setting criteria for negotiation and monitoring the outcome. Stakeholders' engagement begins with consultation, negotiation, and dialoguing with the stakeholders in order to understand how best their expectation can be met [15]. Bal, Bryde, Fearon, and Ochieng [39] conceived engagement as a process involving identification; relating, prioritisations, managing, measuring performance, and implementing outcomes. Ihugba and Osuji [15] identified eight processes in stakeholder's engagement: manipulation; therapy; informing; consultation; placation; partnership; delegated power and citizen control. The fundamental premise in Arnstein's model [15] is that, an increase in the level of participation is directly proportional to engagement outcome. However, Ihugba and Osuji [15] concluded that engagement process/levels do not need to follow any sequence, but its usefulness should be measured against an effective involvement of the stakeholders.

### **2.3. The Relationship between Stakeholder Engagement and Contractual Practice**

The nature of contractual provisions enhances or hinders the management of external stakeholders' perception. It has the tendency to influence project decisions and the overall success. In a study of contractors and client perception of problems in traditional procurement method, Dada [40] concluded that, the relationship among participants ranked least among twenty factors examined by the study. This suggests a low level of significance given to the contractual relationships by stakeholders in traditional procurement environment. Yang, Shen and Ho [41] acknowledged that, limited numbers of studies are conducted on stakeholders' relationship. This study posits that, relationship among the various parties in project delivery is therefore established in

contractual terms. The understanding of contract type and its inherent lacunas is critical to effective decision making. According to Davidson & Sebastian [3] contracts are living document in which allowances must be made for unforeseen conditions at implementation level. They also identified construction contracts as most vulnerable to administrative problems. The key factor in the traditional contractual practice that hinders external relationship management is the lack of co-operation between the client and contractor’s organisation; lack of trust, and ineffective communication. This is largely responsible for the overall adversarial relationship that characterizes this practice. Win-lose attitude, delay, cost overruns; costly litigations are also common results generated from traditional contracts [21].

However, since contracts are living document in which allowances must be made for unforeseen conditions at the delivery environment [3], it follows that, flexible contractual terms are needed to tackle community stakeholder’s concerns. However, achieving this objective is hindered by the vulnerability of construction contracts to administrative problems ([40]; [3]). This study argues that, transactional contract such as the traditional forms are defined by rigid clauses hence, parties actions are streamlined to contract provisions. Another critical factor militating against effective external relationship management in the traditional form is late involvement of the contractor in the supply chain. In contrast, early involvement of the contractor in the delivery process could trigger the willingness to explore co-operative relationship [8]. Early involvement of the contractor will also pave way for the exploration construction environment-related factors that could impact the delivery process.

Inappropriate selection and use of contractual type and procurement strategy and subsequent contract management procedures could also pose severe challenges to achieving project objectives [42]. According to contractual theory, a contract is a platform in which each party’s interest, duties, goals, strategies and responsibilities are spelt-out to give credibility to enforcement in cases of breaches [42]. This is facilitated by the relational norm the contract creates between the contractor and the client. Although, the community stakeholder is not expressly privy to construction contract, they are however, influenced by the nature of such contractual relationship. The choice and use of procurement system therefore do not only affect parties’ relationship but

also impacts interface administration [43]. This study therefore tackled dearth of literatures on the impact of transactional contract on community stakeholders engagement, with a view to pinpoint refinements needed to improve efficiency. To achieve this goal, the study evaluates the perception of relevant construction experts on the influence of transactional contract characteristics on the enablers of efficient external stakeholders’ engagement. Perception represents the pattern in which information around us is prioritised by an individual [40]. It is also the mental functions of expressing feelings about a concept. Respondents’ perceptions in this study are used to determine the hypothesis which measured the degree of interdependence between transactional contractual characteristics and external stakeholders’ engagement enablers. The hypothesis states that, there is no significant interdependency between external stakeholder engagement enablers and transactional contract norms.

### 2.4. Conceptual Framework and Variables of the Study

Figure 1 presents the conceptual framework of the study. Four characteristics of transactional contracts generated from the literature in the foregoing sections are measured in the study. These include: fragmented practice; opportunism; moral hazard, and adverse selection. Moral hazard defines efficiency constraints in traditional contract due to lack of incentives for promoting relationships [22]. The term fragmented practice is conceived to mean the separation of design from construction. Opportunism is the adversarial practice in which party tend to seek individual gains [44]. Moral hazard is the lack of incentives for meeting stakeholders’ needs in the contract [45]. Opportunism is the pursuit of self-interest in an exchange relationship. It is *‘the incomplete or distorted disclosure of information, especially to calculated efforts to mislead, distort, disguise, obfuscate or otherwise confuse’* [22]. Adverse selection is concerned with regulated procurement practices that is, over reliance on public procurement laws that prioritised only the selection process. This means that other important issues associated with contract management during project execution including relationship management are not prioritised.

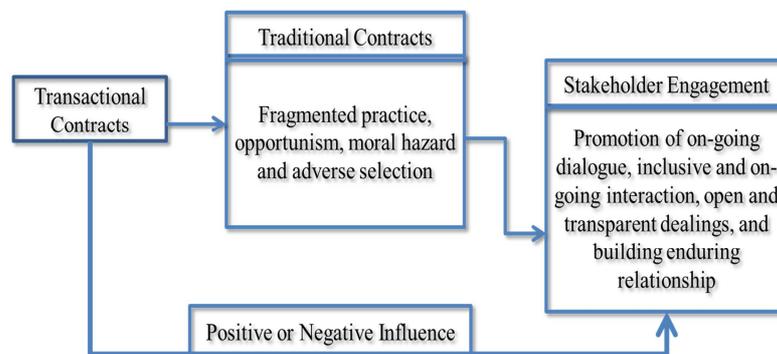


Figure 1. Conceptual Framework of Transactional Contracts and their Impact on Community Stakeholders’ Engagement during Project Implementation.

The study also generates four enablers of effective stakeholder engagement namely: promotion of on-going dialogue; inclusive and on-going interaction; open and transparent dealings; and building enduring relationship [15]. The proposition is that transactional contract enhances or inhibits promotion of on-going dialogue; inclusive and on-going interaction, open and transparent dealings and building enduring relationship.

### 3. Methodology

To achieve the objective of the study, a questionnaire survey was conducted. The sample frame comprised construction professionals in two states (Akwa Ibom and Ondo). Since contractual practice varies between states in Nigeria, the entire population was treated to be homogenous. These states were selected based on their revenue profiles that translate into the ability to commission construction works. A preliminary inquiry was conducted using contact persons in the state's Chapter offices of the respective professionals in the built environment. An estimated population size of 477 was obtained. Out of this figure, 300 were in Akwa Ibom State, while over 177 are based in Imo State. To provide basis for the comparison of data, equal sample size of 100 each from each state were used. The samples are those that could be reached personally and through emails. The study targeted professionals (architects, quantity surveyors, construction managers and project managers) in both contracting and consultancy practices. A purposive sample of 200 respondents was sampled at random.

The questionnaire comprised five questions, first, second and third questions elicited respondents professions, years of experience, and the number of projects procured using traditional procurement framework. The fourth and fifth questions relates to specific objective of the study. Respondents were asked to rank characteristics of transactional contracts to reflect how they hinder the attainment of the enablers of stakeholders' engagement using a Likert scale 1 to 5 with 1 being least impact and 5 highest impacts.

The data was coded in Statistical Package for Social Science (SPSS) and analysed using the mean and Chi Square

test. Due to the lack of previous empirical study that validated these factors as measurement variables for transactional contractual and enablers stakeholder engagement, it became imperative to test the reliability of the scale and of the data collection instrument. Since a 5-point Likert was used, and with Cronbach Alpha being valid at 0.7 and above [46], mean inter-item correlation was applied to achieve higher reliability values. The applied correction yielded a high Cronbach's value of 0.88. Acceptance of the hypothesis was determined using the critical p-value (where  $p < 0.05$  is rejected; and  $p > 0.055$  is accepted). Acceptance of the hypothesis means that there is no significant statistical interdependency between transactional contract and external stakeholders' engagement. Rejection on the other hand, implied that transactional contract norms hinder external stakeholders' engagement.

## 4. Results and Findings

### 4.1. Respondents Characteristics

The first analysis conducted was to determine the proportion of respondents' profession, years of experience, and numbers of projects executed using the traditional procurement framework. The result is shown in Table 1. Sixty Six (66) questionnaires were retrieved, and this is equivalent to 33% response rate. This is significant and adequate to accept the result of the study as it is above 25-30% benchmark of most research work in construction management [47]. Quantity surveyors are the largest professional group of the samples. Architects also form the second largest samples. While the result of the quantity surveyors group was expected as leading expert in contractual matters in the construction industry, the outcome with architects is not a surprise and is apparent, as the head of traditional project management organisations. Over 77% of the sample have years of professional experience above 5 years, and another 77% of the sample have also executed over 10 projects using the traditional procurement framework. The overall result in Table 1 is adjudged adequate to accept the study's findings based on their years of experience and number of projects executed.

*Table 1. Respondents' Background Information.*

Profession Groups	Years of Experience		Number of Projects					
	N	%	Years	N	%	Quantity of Projects	N	%
Architects	18	27	< 5 years	15	23	<10 projects	15	23
Q/Surveyors	22	33	5 to 10	18	27	10 to 20	18	27
Project Managers	15	23	10 – 20	17	26	20 to 25	17	26
C/Managers	11	17	20 & above	16	24	Above 25	16	24
Total	66	100	Total	66	100	Total	66	100

### 4.2. Impact of Transactional Contracts on External Stakeholders' Engagement

Data presented in this section analysed respondents' severity of the influence of transactional contractual practice on effective stakeholders' engagement. The degree of impact (mean item score) is presented using radar in Figure 1). Radar provides a pictorial view of hierarchy, and has gained increasing application in construction management research. Radar has been used to describe ranking opinion of respondents about various issues including degree of impact across different studies.

The views of respondents as seen in Figure 2 tend to dilate towards high ranking for variables: FPBR; FPII; OPD; OII; FPPD; ASII; OBR; and FPRT. Respondents however maintained indifference in their ranking of MHBR. The result of MHBR implies lack of renowned opinion about the impact of moral hazard on relationship building in construction contracts. The figure also contracted towards low ranking for variables: ASPD, ORT, MHRT, MHPD, and MHII; and wanes towards very low ranking for variables ASBR, and ASRT. Fragmented practice and opportunism attributes of transactional contracts are the leading factors contributing to ineffective stakeholders' engagement. These factors constitute 80% of the significant impact factors with scores between 3.75 and 4.02. Fragmented practice impedes relationship building ranked first; fragmented practice

hinders inclusive and on-going interaction (2<sup>nd</sup>), opportunism hampers promotion of dialogue ranked (3<sup>rd</sup>), and opportunism hinders inclusive and on-going interaction 4<sup>th</sup>. Other variables with significant impact are: adverse selection impedes inclusive and on-going interaction (5<sup>th</sup>), and fragmented practice hinders resolved to be transparent and open in dealing with the stakeholders. Also, transactional contracts attributes: adverse selection; and moral hazards inhibit relationship building, resolved to be open and transparent, inclusive and on-going interaction, and promotion of dialogue only. Ninety Five percent (95%) of the lowly rated factors are connected with adverse selection and moral hazard. Wide dissimilarity also exists between significantly high impact factors (fragmented practice and opportunism), and low rated impact factors (moral hazards and adverse selection). Fragmented practice and opportunism are most significant transactional contractual attributes inhibiting effective community stakeholder engagement. This is not saying that, adverse selection and moral hazards are irrelevant. On the contrary, it portrays that; fragmented practice and opportunism are the key indicators of transactional norms in construction contract that the stakeholders prioritise. On the other, adverse selection and moral hazards are never considered relevant areas for improving community stakeholders' engagement practices.

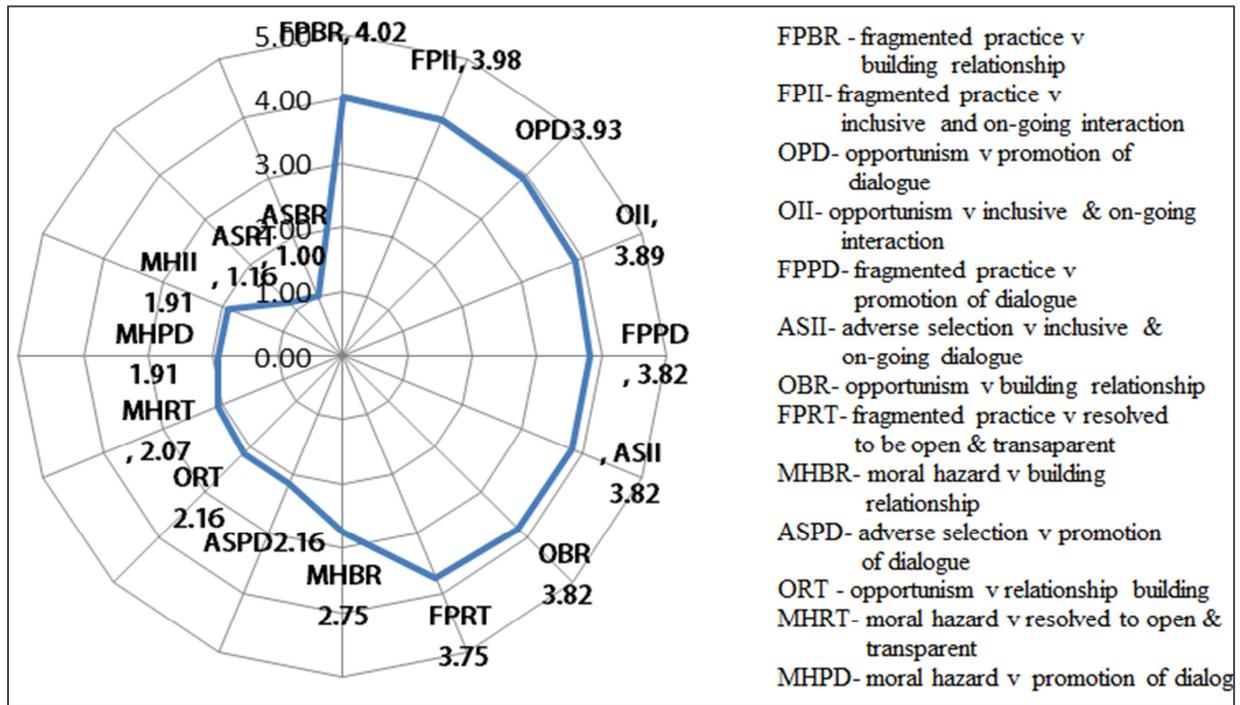


Figure 2. Ranking Perception of Transactional Contract Attributes on Stakeholders' Engagement.

The study further explored variation in respondents rating opinion in order to determine whether respondents' perceptions are homogenous, or whether they deviate significantly. Figure 3 is a plot of variance and standard deviation of respondents' views of the impact of transactional contract attributes on the enablers of external stakeholder

engagement. The horizontal plane represents the six factors cross-tabulated for degree of impact, while the vertical plane represents means and standard deviations. The results show no significant difference in the perceptions of respondents, since plots are parallel. Means plot and the plot of standard deviation tends to increase and decrease simultaneously.

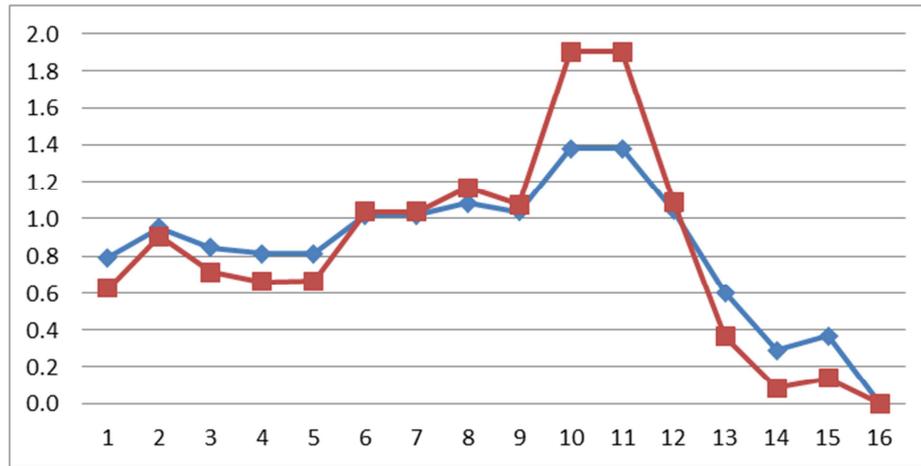


Figure 3. Perceived Variation in Respondents' Perception of the Impact of exchange is only possible, where parties possess imperfect information about the other parties, and their side of the contractual bargain

### 4.3. Tests of Hypothesis

The test of hypothesis involved an analysis of interdependence using chi-square. The test involved Cross-Tabulation of enablers of effective stakeholder engagement and transactional contract attributes. The test was conducted to make inferences about the perceptual degree of impact between both components of the study that is, the nexus between transactional contract and effective external stakeholders' engagement. The results indicate a strong interdependence between transactional contract and

community stakeholders' engagement. The p-values for all variables evaluated lean towards Asymp. Sig. 000 (Table 2), and are less than critical p-value ( $p < 0.005$ ). The hypothesis is consequently rejected and alternate hypothesis accepted. This means interdependency between external stakeholder engagement and transactional contract attributes is very high. Contractual attributes: limiting fragmentation; opportunism; moral hazard; and adverse selection are important incentives for improving community stakeholder's engagement outcome.

Table 2. Chi-Square Test of Interdependency between Transactional Contract and Community Stakeholders Engagement.

Factors	$\chi^2$	Df	P-value	Decision
1. Fragmented practice v relationship building	14.727 <sup>a</sup>	3	.002	Reject
2. Fragmented practice v inclusive and on-going interaction	11.455 <sup>a</sup>	3	.010	Reject
3. opportunism v promotion of dialogue	14.182 <sup>b</sup>	4	.007	Reject
4. Fragmented practice v promotion of dialogue	25.636 <sup>a</sup>	3	.000	Reject
5. Opportunism v building relationship	21.909 <sup>b</sup>	4	.000	Reject
6. Moral hazard v relationship building	39.455 <sup>c</sup>	2	.000	Reject
7. Adverse selection v promotion of dialogue	29.455 <sup>d</sup>	1	.000	Reject
8. Opportunism v relationship building	33.500 <sup>b</sup>	4	.000	Reject
9. moral hazard v resolved to open & transparent	5.636 <sup>a</sup>	3	.000	Reject
10. Moral hazard v promotion of dialogue	21.909 <sup>b</sup>	4	.000	Reject
11. Adverse selection and relationship building	20.455 <sup>d</sup>	1	.000	Reject

- a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 11.0.
- b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 8.8.
- c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 14.7.
- d. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 22.0.

### 5. Discussions

The result in Table 1 indicates that, requisite professionals with adequate knowledge of contractual issues were involved in the study. The result in Figure 1 also presents a range of implications. First, the method of selecting contractors for engagement and incentives to engage in traditional procurement framework are unrelated to external stakeholders' engagement outcome. It follows therefore that, incentive to engage in a contract is not a stand-alone parameter for improving engagement performance. Rather, provision of incentive is a deterrent for improving

engagement performance based on individual party advantage. To improve stakeholders' engagement in traditional procurement framework, first, joint or collaborative responsibilities is important. Collaboration is however alien to traditional procurement framework; therefore a complete move away from extant practice is therefore reiterated. This is an important step to mitigate high impact of fragmented practice. Second, there is need to commence engagement early as soon as project objectives are formulated. The responsibilities should not be delegated to the contractor only, but joint consultation represents the best option to achieve efficiency. To achieve this, early

contractor's involvement in the supply chain is necessary. Third, the significant tie between on-going and inclusive interaction and effective engagement is not unexpected. It is widely established in the literature that stakeholders' interest is dynamic and varies within the project lifecycle [49]. It is also held that, stakeholder identification and management should be iterative through the life cycle of the project [48]. The respondents' view in this context is therefore consistent with existing body of knowledge.

Increasingly also, numerous studies have criticised transactional contracts and recommends relationship based approaches for effective management of social risk ([50]; [42]). Schwarka and Anigbogu [51] also found that rules regularisation in traditional procurement practices significantly influence building project delivery time due to information asymmetry. Lack of information disclosure is one of the leading sources of conflicts in global infrastructure construction [13]. In contrast, other studies have shown that relationship-based collaborative form is adequate to appropriately engage the external stakeholders. Moreover, community related problems in project interface constitute social risks, the management of social risks in projects requires joint risk management between the project organisations and construction organisations.

## 6. Implications to Research and Practice

Based on the results of the study, transactional contract is represents a one-way traffic that seeks only the interest of the contracting parties. Its rigid clauses are seldom amended to address the needs of community stakeholders. Traditional procurement framework/contracts are also fragmented, opportunistic, and morally hazardous and employs adverse selection criteria and guidelines. These mechanics are counterproductive to external stakeholders' engagement. While it is not the intention of the study to undertake extensive discussion of traditional procurement practice, it is pertinent to assert that, the test of the study's hypothesis strongly agrees with extant criticisms in the literature. The implication therefore is that, mechanics of transactional contracts are inadequate to address the needs of external stakeholder in the project environment. Whilst the construction industry in Nigeria may seek to move-away from inherent practices, improvements can be structured into future contracts by allowing for flexibility, solidarity, mutuality and restraint of opportunism. Flexibility would enhance real-time modification of contracts to reflect project environment as condition get varied. Solidarity describes beliefs in collaborative working while mutuality prioritises and maximises each party's objectives.

## 7. Conclusion

Based on the widespread use of traditional procurement framework (a practice driven by transactional contractual

attributes) in Nigeria, and the increasing controversy surrounding community engagement outcomes, this study evaluates the role of contractual attributes in external stakeholders' engagement outcome. The study established that transactional contracts hinder effective community (external) stakeholders' engagement. This implies that, the mechanics of transactional contract inherent in traditional procurement framework such as fragmented practice, opportunism, moral hazards, and adverse selection inhibit progressive dialogue, inclusive progressive interaction, and open and transparent dealings needed for efficient engagement with the community stakeholders. The conclusion of the study suggests the need for modification of traditional contractual practice to improve external stakeholder engagement and overall project environment interface harmony. To achieve this goal, joint responsibility of client and contractor organisations is required. It is also necessary to commence engagement early in the project as soon as project objectives are formulated. Moreover, to address directly, community stakeholders' needs, using contractual practices, future contracts must allow for flexibility, solidarity, mutuality and restraint of opportunism.

## Future Research

The study understands that the research topic has strong relationship with social and psychological applications. Future studies may explore the research problem using relevant research strategy with strong social network and mixed approach to appropriately espouse the missing link.

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