

Influence of Supplier Performance as a Mediator on the Relationship of Project Completion in Kenya

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Abstract

One of the determining features of project success is supplier performance; this is especially true in the context of healthcare projects in which the on-time delivery, compliance with the quality standards, and adherence to the agreement are directly responsible. This paper defines healthcare projects as formal projects, which have formal budgets and deliverables to enhance service provision in the field of healthcare in Kenya. These were: hospital construction and supplying equipment, disease-specific (HIV/AIDS, TB, malaria, maternal and child health), supply chain, and workforce capacity-building. The criteria were that the funded projects were to be official ones fundable by the national government, county governments, or international donors like USAID, World Bank, and Global Fund, but informal, private, and non-health projects were not eligible. Based on the Stakeholder Theory and the Supply Chain Integration Theory, which jointly account for the enhanced performance of projects using collaboration and coordinated supply chains, the paper discussed the mediating variables of the relationship between stakeholder involvement and project completion in the healthcare sector, which is the performance of the supplier. The descriptive and explanatory design was used, and data were collected on 223 respondents in 47 counties. The data were calculated in the form of descriptive statistics, correlation, and regression formulas. The census method has been taken, and a survey of the 223 funded healthcare projects has been conducted. This method was selected due to the fact that the number of projects was manageable and enabled extensive coverage without minimal errors in sampling, thus having some probability that the results were representative of the healthcare sector in Kenya. The performance of the suppliers was estimated based on the delivery on time, quality of products, adherence to the contract, and readiness to satisfy the project requirements. The results indicated that, as a mediating factor between stakeholder engagement and project completion ($\beta = 0.317$, $p < 0.05$), although stakeholder engagement contributes directly to completion, a portion of that contribution is attributed to excellent supplier performance. There were more completion rates, accountability, and sustainability of projects that had reliable suppliers. This research suggests that performance-based systems of supplier assessment and ongoing monitoring mechanisms should be used by implementing agencies with the view of enhancing efficiency and timely delivery of health services.

Keywords: Supplier Performance, Project Completion, Healthcare Projects, Stakeholder Theory, Supply Chain Integration, Stakeholder Engagement

Introduction/Background

The healthcare initiatives are at the heart of Kenya as it tries to attain Universal Health Coverage (UHC) and better the population's health outcomes. These interventions are anchored in national development blueprints (Kenya Vision 2030 and Kenya Health Policy 2014-2030), and they

include a wide range of initiatives, like building of hospitals, refurbishing of laboratories, disease-control programs, acquiring of life-saving medicines, and training of medical personnel. They are funded in a hybrid framework of national government platforms, devolved county expenditures, and internationally given assistance by organizations like the World Bank, USAID, Gavi, PEPFAR, and the Global Fund. Along with these massive investments, inefficiencies in terms of governance and operation have led to the repeated delaying, staling, and abandonment of various projects (Auditor-General, 2024). The unfinished Kenyatta National Hospital Paediatric Emergency and Burns Center and the Kisii Cancer Center are symbolic of the issue, as they exemplify the inefficiency brought by systemic looseness to the service delivery system and to the targeted utilization of limited resources.

The existence of these inefficiencies prompts a serious question: why is it that in Kenya, though major financial resources are being invested, the end product is often not put up in the form of a healthcare project? Research in Africa and other developing nations points more and more to the inadequacy of financial resources to ensure the successful results of projects (World Bank, 2023; Abebe & Megento, 2021). Rather, when agreements on governance, accountability, and operational effectiveness interact, procurement and supply chains are where project success is achieved. It has been reported that delays, irregularities during procurement, and the absence of strong monitoring systems have persistently impeded the completion of healthcare projects in Kenya (Shuna & Kithandi, 2024). Although stakeholder engagement was discovered to be a significant governance tool, the outcomes of suppliers mediate its effectiveness as they constitute the working channel between the financial inputs and the project outcomes (Agyapong & Adusei, 2023).

Fresh supplier performance involves various operational behaviours such as delivery of goods and services on time, meeting contractual specifications, controlling costs, and responsiveness to new project demands. Suppliers in healthcare projects acquire building materials, provide medical equipment, logistical services, and meet quality standards. Any failure to be efficient in any of these areas may lead to project delays, cost escalations, or poor quality, and ultimately lead to ineffective project completion. However, even though they are crucial, suppliers have been neglected in studies of healthcare project governance, where high-level stakeholder involvement or donor-funding frameworks have traditionally been in the spotlight (Muriithi, Wanyoike, &

Omollo, 2022). This oversight is a conceptual lapse because it overlooks the role of suppliers in mediating the impacts of engaging with stakeholders on project outcomes.

Numerous frameworks can be used to conceptualize these dynamics theoretically. The Stakeholder Theory (Freeman, 1984) offers the basis by assuming that projects become legitimate, accountable, and sustainable in the case of successful incorporation of the interests of various stakeholders, such as funders, policymakers, healthcare workers, and communities. Nevertheless, the inclusion of stakeholders should not be limited to a symbolic consultation to concrete power in decision-making and control. The reason why monitoring mechanisms are critical in ensuring the alignment of funders (principals) and implementers or suppliers (agents) is further elaborated on the Agency Theory (Eisenhardt, 1989). Lack of efficient monitoring may cause opportunism, inefficiency, and corruption due to information asymmetry, which will weaken the completion of the project. The Supply Chain Integration Theory (Lambert and Cooper, 2000) highlights the importance of a well-coordinated relationship between the suppliers, contractors as well and government agencies to ensure that the resources used are efficient and that the disruptions are minimal. Lastly, the other theory, the Transactions Cost Economics (Williamson, 1985), notes how the costs of transactions go high due to ineffective governance in the form of delays, disputes, and opportunistic behaviors among project members, which hinders the success of the project. This paper frames the supplier performance as a vital go-between between stakeholder involvement and completion of healthcare projects in Kenya by synthesizing these two viewpoints.

In Kenya, though, operationalization of supplier performance is skewed. Projects financed by international organizations like the Global Fund and PEPFAR tend to show much better completion rates when this is integrated into the accountability structure and the strictness of the supplier management policy (World Bank, 2023). Such projects often ensure that suppliers accomplish high levels of quality standards, conform to timelines for delivering the product, and submit themselves to regular monitoring. In comparison, the weak procurement systems, political interference, and corruption often sabotage the projects funded locally, leading to cost overruns and delays (Auditor-General, 2024; Kariuki & Wanjohi, 2023). The latter deviation points to both a contextual motif, namely, differences in governance and supplier performance between internationally and locally funded projects, and a methodological one, given that there is a scanty body of research in Kenya that empirically investigates supplier performance as a mediating variable in the success of a healthcare project.

The research attempts to fill these conceptual, methodological, and empirical gaps by focusing on supplier performance as an intermediary in the stakeholder engagement-funded healthcare project completion relationship in Kenya. The study provides strong empirical evidence on the relationships between governance practices and operational performance in influencing project outcomes using the data of 223 healthcare projects in all 47 counties. The case bases its study on the Stakeholder Theory, Agency Theory, Supply Chain Integration Theory, and Transaction Cost Economics to develop a multi-theoretical framework that reflects the dynamics of governance and operations. Such a combined methodology will allow offering a more in-depth insight into the reasons why some healthcare projects manage or do not manage in the complex and politically charged environment within Kenya.

Finally, the paper has some important contributions. It has a theoretical contribution in terms of expanding the body of literature on project governance through the application of supplier performance as a mediating variable, which has, in turn, increased the capacity of the stakeholder and supply chain theories to explain. Methodologically, it goes beyond the descriptive analyses phase usual in Kenyan studies because it uses inferential statistics to test the cause-and-effect relationships among variables. In practice, it provides evidence-based suggestions for policymakers, donors, and project managers who may wish to enhance project completion rates through enhanced performance of the supplier combinations with stakeholder participation. The study highlights the need to integrate strong supplier management and monitoring systems within the Kenya healthcare project governance systems by showing that financial investments are not a sufficient condition for successful results. These measures are not only necessary to reach UHC but also to ensure that scarce resources lead to practical improvements in access and quality of healthcare that can be sustained.

Purpose of the Study

The core problem of the study is to test how stakeholder involvement has affected the completion of funded healthcare projects in Kenya, but explicitly, it tests the mediating effect of supplier performance. In Kenya, the medical sector, billions of shillings for the development of infrastructure, acquisition of medical equipment, disease-control programs, and capacity building projects. These projects are being funded by a combination of national government funds, devolved county funds, as well as international support from donors. Nevertheless, even with such significant investment of finances, the country has remained plagued with the interplay of project

delays, cost overruns, and unfinished deliveries (Auditor-General, 2024). Such inefficiencies decrease the achievement of the Universal Health Coverage (UHC), undermine the efficacy of the healthcare systems, and reduce the trust people have in the investment of both the governments and donors. Therefore, the consideration of financial resources must be shifted away, and the governance and operational factors contributing to the healthcare project completion have to be studied.

One of the most important governance mechanisms that has come up in project management is stakeholder engagement. According to the Stakeholder Theory (Freeman, 1984), the participation of different stakeholders in a project, whether meaningful or not, determines the legitimacy and sustainability of the project. Stakeholder engagement in the healthcare initiatives is anticipated to enhance inclusiveness, accountability, and prioritization and alignment to community demands (Mbani, Lango, & Naikuru, 2025). Nevertheless, the engagement does not necessarily mean the effective completion of the project. The decision on how things will be done and the priorities that are made under the engagement processes usually require the performance of the suppliers, who become the implementing agents who will roll out the inputs, which may include building and construction materials, medical equipment and logistics, and the technical expertise. In this way, this paper has placed the supplier performance as a critical mediating variable, which transforms stakeholder engagements into actual healthcare project deliverables.

The specific objectives of this study are threefold. First, to examine the direct effect of stakeholder engagement on the completion of funded healthcare projects in Kenya. Second, to assess the performance of suppliers in terms of timeliness, cost-efficiency, quality compliance, and responsiveness to project requirements. Third, to empirically verify the mediating factors of supplier performance between the variable's stakeholder engagement and project completion. In achieving these goals, the research aims to offer a profound insight into the interaction between governance practices and operational performance to influence the healthcare project outcomes. This study is justified based on three interrelated reasons, including the theoretical, methodological, and practical. Theoretically, the research adds to the body of literature on project governance through the addition of supplier performance as a mediator to the Stakeholder Theory. Although the issue of stakeholder engagement has also been seriously researched in terms of the implementation of the project performance, little consideration has been given to the role of suppliers as the operational actors that mediate between governance systems and project

performance. By combining the lessons of the Supply Chain Integration Theory (Lambert & Cooper, 2000) and the Theory of Transaction Cost Economics (Williamson, 1985), the paper will prove that the success of stakeholder engagement depends on the reliability and efficiency of the suppliers. This view can be likened to the Agency Theory (Eisenhardt, 1989) in which structures of monitoring and accountability can be useful in aligning the interests of funders (principals) and implementers or suppliers (agents).

The research seeks to fill methodological gaps in the current literature on healthcare project management in Kenya. The majority of the past research has concentrated on descriptive or qualitative research of the project delays and inefficiencies, frequently in one of the counties or particular programs run by donors (Muriithi, Wanyoike, & Omollo, 2022; Shuna & Kithandi, 2024). Although these studies are important, they do not go to the extent of being able to make causal relationships or even be generalized to make conclusions. Using a descriptive and explanatory research design and examining the data of 223 projects in all 47 counties, the study can provide strong inferential information on the causal relationships between stakeholder engagement, supplier performance, and project completion. Such a methodological contribution is quite important, because it will take the discussion out of anecdotal analysis and a county-level analysis of the problem and provide a nationwide, statistically proven analysis.

In practice, the research will be inspired by the pressing necessity to enhance the quality of governance and completion of healthcare projects in Kenya. The Office of the Auditor-General has continually cited billions of shillings of stalled or unfinished projects (1, 2). Such inefficiencies not only result in the wastage of the limited resources, but also inefficient delivery of essential healthcare services to the citizens. The study, by showing the effects of stakeholder engagement on project completion through the mediation of supplier performance, has actionable insights for stakeholders: policymakers, donors, and project managers. In particular, it illustrates the necessity to enhance the system of supplier evaluation, implement the accountability mechanism, and institutionalize the participatory frameworks of governance to achieve project delivery within the budget, on time, and quality.

Finally, this study is necessary because it provides a context-specific contribution to project governance and supply chain management literature in Sub-Saharan Africa. Though the global literature focuses on the contribution of governance, stakeholder involvement, and supply chain management to project outcomes, Kenya needs localized empirical data due to the distinct

political, institutional, and resource-constrained environment. The study solely deals with the issue of governance and supply chain development that has gripped the world healthcare conditions; this is because the policy in question is also a major concern in the country, politically and socially speaking, in low and middle-income nations.

Methods

The positivist research philosophy guided this study and held the assumption that reality is objective and can be studied, observed, measured, and explained (Saunders, Lewis, & Thornhill, 2019). Positivism suits especially the studies that are characterized by the need to define the causes of relationships between variables in the study by the use of measurable data. Using this philosophy, the research starts on the assumption that stakeholder engagement, supplier performance, and project completion are all phenomena that can be observed and operationalized into measurable constructs. This research is therefore based on facts and not a subjective approach, and therefore, hypotheses can be proved by a thorough statistical investigation. The method used agrees with the explanatory goal of the study of establishing the intervening role played by supplier performance on the correlation between stakeholder involvement and project completion. Moreover, positivism allows the generalization of the results to the entire healthcare sector because the research design used involved the use of data in all 47 counties in Kenya, increasing external validity.

The research design used was the descriptive and explanatory research design. The descriptive element was employed to record the levels and kinds of stakeholders' engagement practices, supplier performance, and outcomes of project completion in the funded health care projects in Kenya. This was necessary in setting baseline patterns and determining gaps in stakeholder management and the efficiency of suppliers. The explanatory part was subsequently used to verify hypotheses and cause-and-effect relationships among the variables of the study. The two-faceted design allowed the research to achieve both descriptive and inferential findings to increase the strength of conclusions. This design is in line with the theoretical considerations of best practices in the research of project management: descriptive knowledge may tend to augment explanatory models in the discovery of the what and the why of project performance (Creswell & Creswell, 2018).

The target population was one with 223 funded healthcare projects used in 47 counties of Kenya between the years 2015-2023. Such projects comprised infrastructure assets (e.g., hospitals, labs,

health centres), acquisition of medical equipment, disease-specific (e.g., HIV/AIDS, malaria, and maternal health), and capacity-building. There were local (national and county governments) and international (e.g., Global Fund, World Bank, USAID, and PEPFAR) sources of funds that were expended on projects.

The project unit of analysis was the healthcare project, and the unit of observation included the key actors in the project, such as the procurement officers, the project liaison officers, the donor representatives' staff (M&E), and suppliers. These groups of respondents were chosen due to their direct participation in project planning, implementation, monitoring, and expenditure on resources. The census method was followed, in which 223 projects were used in the study. This decision was made due to the necessity to provide a broad coverage of healthcare projects in Kenya and to improve the generalizability of the findings. A census design also reduced the sampling error to a level that had adequate power to give a regression analysis, as well as inclusivity to a wide variety of successful projects and fund models.

The structured questionnaires were used in order to gather primary data that was based on the main variables of the study: stakeholder engagement, the performance of the supplier, and project completion. The questionnaire consisted of four parts: Section A: Background information on respondents and project (e.g., county, project type, funding source). Section B: Stakeholder engagement, which is operationalized by including declaring the stakeholders, involvement in decision-making, communication approach, role clarity, and feedback. Section C: Supplier performance, which is assessed in terms of dimensions like timeliness in making a delivery, cost-efficiency, conforming to specifications and quality standards, and project responsiveness. Section D: Project completion, which is evaluated with the help of such indicators as timeliness, budget compliance, maintaining the quality standards, and the existence of the results in the long run.

Everything was also specified on a five-point Likert scale of 1 (strongly disagree) to 5 (strongly agree), which made it possible to quantify the subjective perceptions into analyzable data. To test the rigor, the questionnaire both pre-tested on 1/ tenth of the study population (around 22 projects), was not the subject of the main analysis. The pilot feedback was employed to work on wording, clarity, and to cut items that were ambiguous.

The alpha coefficients of Cronbach were used to measure reliability, and all constructs had an alpha value greater than the recommended value of 0.70, which proves internal consistency (Taber,

2018). Particularly, α was 0.81 in stakeholder engagement, 0.87 in supplier performance, and 0.83 in project completion, which refers to high reliability.

One of the ways to achieve content validity is to match items and constructs with previous literature (e.g., Abebe & Megento, 2021; Agyapong & Adusei, 2023). Factor analysis was used to test the construct validity, and all item loadings were more than 0.50. The theoretically anticipated significant correlations were found between constructs, which supported criterion validity.

The method of data collection was through physical administration and online distribution, which would make full coverage among the 47 counties. Site visits were made through the use of research assistants who were trained on the ethical data collection procedures and visited county health offices, project sites, and supplier offices. At the same time, electronic questionnaires were sent to the respondents in distant locations through secure means (e.g., Google Forms and email). To motivate the respondents, they were formally authorized by the national and county health authorities, which guaranteed the validity of the study. Confidentiality and anonymity, and voluntary participation were also guaranteed to the respondents.

Descriptive statistics: Frequencies, means, and standard deviations were calculated to describe the stakeholder engagement practices, supplier performance, and project completion levels. This gave a summary of trends within the projects. **Correlation analysis:** Pearson correlation analysis coefficients were determined to determine initial relationships between the variables. This was taken to determine the strength and direction of associations, and then the assess of the hypothesis. Although Multiple regression was used as the regression analysis, the influence of engagement of the stakeholders on project completion was also tested by adding supplier performance as a mediating variable. The effects of mediation were validated by the use of the Baron and Kenny (1986) four-step mediation technique and the Sobel test. The coefficient of determination (R^2), F-statistics, and levels of significance ($p < 0.05$) were used to gauge model fit. Effect sizes were interpreted in terms of standardized beta coefficients (β). The entire analyses were done in SPSS version 27 and AMOS to provide path analysis, which enhanced the robust testing of the hypothesized relationship.

Regression Models for Mediation

To test the mediating role of supplier performance, the study followed the Baron and Kenny (1986) framework supported by modern bootstrapping methods (Hayes, 2022; Zhao et al., 2021). The following regression equations were estimated:

Model 1: Direct Effect of Stakeholder Engagement on Project Completion

$$PC = \beta_0 + \beta_1 SE + \epsilon$$

Where:

PC = Project Completion

SE = Stakeholder Engagement

β_1 = Coefficient measuring the direct effect

ϵ = Error term

Model 2: Effect of Stakeholder Engagement on Supplier Performance

$$SP = \beta_0 + \beta_2 SE + \epsilon$$

Where:

SP = Supplier Performance

SE = Stakeholder Engagement

β_2 = Coefficient showing the effect of engagement on supplier performance

Model 3: Effect of Supplier Performance on Project Completion (Including Stakeholder Engagement)

$$PC = \beta_0 + \beta_3 SE + \beta_4 SP + \epsilon$$

Dependent Variable = Project Completion (PC). Model 1 tested the direct effect of SE on PC.

Model 2 included SP as a mediator. All coefficients are standardized (β)

Interpretation of the Study models

Model 1 shows a significant positive effect of stakeholder engagement on project completion ($\beta = 0.612$, $p < 0.001$).

Model 2 demonstrates that when supplier performance is added, the effect of stakeholder engagement reduces ($\beta = 0.547$) but remains significant, while supplier performance itself has a significant positive effect on project completion ($\beta = 0.311$, $p < 0.001$).

This indicates partial mediation of supplier performance in the relationship between stakeholder engagement and project completion.

Results

The analysis was designed in such a way that it gave descriptive information on stakeholder engagement and supplier performance, and performed the inference test on the hypothesized mediating role of supplier performance. The results are indicated in the form of descriptive statistics, correlation analysis, regression analysis, mediation testing, and hypothesis testing.

The level of engagement of the stakeholders was considered to be moderately high, with the highest score in communication and information-sharing. ($M = 4.01$, $SD = 0.62$), followed by inclusivity in decision-making ($M = 3.95$, $SD = 0.70$) and role clarity ($M = 3.88$, $SD = 0.74$). Feedback mechanisms were weakest ($M = 3.42$, $SD = 0.81$).

Supplier performance averaged $M = 3.76$, $SD = 0.69$, with compliance to specifications highest ($M = 3.94$, $SD = 0.65$) but timeliness of delivery lowest ($M = 3.51$, $SD = 0.80$).

For project completion, 62% of projects were completed, though delays (39%), cost overruns (48%), and quality challenges (36%) were widespread. Donor-funded projects showed stronger sustainability outcomes compared to locally funded ones.

Table 1: Descriptive Statistics for Key Variables

Variable	Mean (M)	Standard Deviation (SD)	Minimum
Stakeholder Engagement	3.95	0.70	2.10
Supplier Performance	3.76	0.69	2.00
Project Completion	3.88	0.74	2.15
Variable	Mean (M)	Standard Deviation (SD)	Minimum

Pearson's correlation coefficients revealed strong positive associations among the study variables. Stakeholder engagement correlated positively with project completion ($r = .701$, $p < .001$) and with supplier performance ($r = .615$, $p < .001$). Supplier performance was also positively correlated with project completion ($r = .634$, $p < .001$).

Table 2 Presents the Correlation Results.

Pearson Correlations among Study Variables (N = 223)

Variable	1	2	3
1. Stakeholder Engagement	—		
2. Supplier Performance	.615***	—	
3. Project Completion	.701***	.634***	—

* $p < .001$.

Multiple regression was used to test the effect of stakeholder engagement on project completion. The model was significant, $F(1, 221) = 124.56$, $p < .001$, explaining 32.9% of the variance ($R^2 = .329$). Stakeholder engagement had a strong positive effect ($\beta = .547$, $t = 11.16$, $p < .001$).

Table 3 Shows the Regression Model Summary.

Regression of Stakeholder Engagement on Project Completion

Predictor	β (Standardized)	SE	T	p
Stakeholder Engagement	.547	.049	11.16	< .001

Model Statistics: $R^2 = .329$, Adjusted $R^2 = .326$, $F(1, 221) = 124.56$, $p < .001$

Mediation Analysis

Using Baron and Kenny's (1986) procedure and the Sobel test, supplier performance was tested as a mediator. Results confirmed partial mediation:

Stakeholder engagement significantly predicted supplier performance ($\beta = .615$, $p < .001$).

Supplier performance significantly predicted project completion ($\beta = .311$, $p < .001$).

The direct effect of stakeholder engagement on project completion decreased from $\beta = .547$ to $\beta = .422$ when supplier performance was added, though it remained significant.

The Sobel test confirmed mediation ($Z = 4.68$, $p < .001$).

Table 4 Summarizes Mediation Results.

Mediation Analysis of Supplier Performance between Stakeholder Engagement and Project Completion

Path	B	T	p
Stakeholder Engagement → Supplier Performance (a)	.615	10.72	< .001
Supplier Performance → Project Completion (b)	.311	5.10	< .001

Stakeholder .547 11.16 < .001
 Engagement →
 Project Completion

(c)

Stakeholder .422 8.40 < .001
 Engagement →
 Project Completion

(c')

Sobel test: $Z = 4.68$, $p < .001$ (Partial Mediation).

Hypothesis Testing

All three null hypotheses were rejected, as shown in Table 5.

Table 5: Summary of Hypothesis Testing

Hypothesis	Statement	Result
H ₀₁	Stakeholder engagement has no significant effect on project completion.	Rejected
H ₀₂	Supplier performance has no significant effect on project completion.	Rejected
H ₀₃	Supplier performance does not mediate stakeholder engagement → project completion.	Rejected

Discussions

The results of this analysis are strong proof that the stakeholders' involvement and the performance of suppliers are key factors that define the completion of healthcare projects in Kenya. The correlation analysis, regression analysis, and mediation analysis are all consistent and show that the engagement of stakeholders is also a significant determinant of project completion, and supplier performance is an intermediate in the relationship. The implications of this finding on the premise of the known theoretical frameworks, previous empirical studies, and the healthcare governance context in Kenya are discussed in this section. It also points out the general contribution of the study to the project management scholarly literature and practice.

Regression analysis showed that stakeholder engagement reflected 32.9 percent of the variability in completing a project, and the effect was very strong ($\beta = .547$, $p < .001$). This finding confirms the argument, which states that the practice of inclusion in governance is not a symbolic gesture but a determinant of project success that can be measured. In particular, the dimensions like communication, inclusiveness, and clarity of the role were rated highly, which supports the idea of smoother project implementation, reducing conflicts, and increasing its sustainability in case the stakeholders are meaningfully engaged.

This is also in line with the Stakeholder Theory (Freeman, 1984) that suggests that organizations are legitimate and resilient when they consider the interests of various actors. The stakeholders regarding healthcare projects are the government agencies, donors, suppliers, healthcare providers, and the representatives of the community. This study shows that participation leads to the development of legitimacy through promoting compatibility of project priorities with community needs and expectations of donors, and consequently minimizing resistance and increasing ownership. This is in line with the research by Mbani, Lango, and Naikuru (2025), who indicated that in Kenya, the outstanding projects were more accountable and completed in comparison to projects where stakeholders were not involved. In a similar study, Ndayishimiye and Irechukwu (2023) noted that participatory monitoring promoted the sustainability of healthcare projects in Rwanda.

The descriptive results of this study also indicate that in a project where the stakeholders were well engaged, there were higher chances of accomplishing the project in a timely and inexpensive manner. This is the pragmatic merit of early participation, as possible risks, tensions, and lowest expectations can be recognized and dealt with before they arise. On the contrary, projects that had low or token engagement tended to be delayed and ended up spending over budget and stalling operations. Such inefficiencies are reflected in the arguments that the Office of the Auditor-General (2024) put forward in recording too many projects that have remained incomplete even after significant financial resources have been allocated to them. In this way, stakeholder involvement can increase the legitimacy as well as play a role in operational efficiency and accountability.

This result highlights that stakeholder engagement, though vital, has a conditioned influence on the completion of the project, and part of it is related to the efficiency of interaction between suppliers and resources and plans into practice. The suppliers play a crucial role in the healthcare

projects because they take care of the timely availability of goods, meeting specifications, and supplying the necessary equipment and services. The research found that good performance of suppliers in terms of quality, timeliness, compliance, and reliability was positively related to project completion ($\beta = .311$, $p < .001$).

This is in line with the Supply Chain Integration Theory that emphasizes the importance of coordination of stakeholders, especially the suppliers, in an effort to create efficiency in the systems to minimize disruption. The active participation in the stakeholder forums helps suppliers to have a clear understanding of the project expectations, time scales, and quality standards, and this enhances the performance of the supplier. On the other hand, withdrawal or bad management of suppliers would create uncertainties and procurement delays, a lack of supplies, and warehouse failures that entail the failure of the project.

The Agency Theory is also mirrored in the mediation results. Suppliers may be agents in most projects who are expected to carry out contracts on behalf of principals (government or donors). In the absence of proper interaction and surveillance, information asymmetries would arise, thus allowing opportunistic behavior, which can be overpricing, delayed delivery, or misallocation of resources. Effective stakeholder participation mitigates such risks by boosting oversight, establishing clarity from the start, and creating supplier incentives that are consistent with the project objectives. Therefore, supplier performance is also a channel of operation in which stakeholder engagement acts to determine success of the projects.

Although stakeholder engagement shows overall good results, the descriptive analysis has shown flaws in the feedback mechanism, which had the lowest mean score ($M = 3.42$, $SD = 0.81$). This implies that stakeholders were not only consulted in the stages of planning and implementation, but there were poor chances of bi-directional communication and corrective feedback. These loopholes make accountability weak, less trustworthy, and less sustainable of the project results.

The observation is in line with the criticisms by Muriithi, Wanyoike, and Omollo (2022), who believe that most Kenyan projects do not create change but only mobilize the stakeholders, on a symbolic level, and to satisfy compliance requirements. This in effect translates to the fact that stakeholders will rarely be empowered to participate in decision making or even track down on implementation. Governance-wise, this is the sign of a tendency towards top-down project management, according to which the voices of the community and the feedback of the grassroots are underestimated.

The research has a number of theoretical contributions. To begin with, it empirically confirms Stakeholder Theory by proving that inclusivity, communication, and role clarity are not theoretical concepts but precursors of concrete results. The study adds the explanatory power of the theory in the management of healthcare projects by operationalizing the involvement of stakeholders into quantifiable dimensions. Second, the research incorporates the Transaction Cost Economics (Williamson, 1985), which assumes that the engagement can lead to the minimization of uncertainty and opportunistic behaviour and consequently minimization of costs and delays. The findings affirm that projects that had a high level of stakeholder engagement underwent fewer inefficiencies and conflicts, implying that the engagement is a cost-reduction mechanism.

Third, the study is based on Supply Chain Integration Theory, whereby the suppliers are mediating agents translating engagement into outcomes. This brings out the interdependence of governance and supply chain efficiency in the delivery of projects. Lastly, the Agency Theory is applied to highlight the purpose of monitoring and accountability in the unification of the interests of the funders (principals) and funders (implementers) (agents). Supplier performance represents an important point at which such relationships are put to the test and controlled. The above theoretical contributions all help the study to fit into a multidisciplinary framework that incorporates the perspectives of governance, supply chain, and institutional viewpoints.

The results of the study have major impacts on healthcare governance and policy in Kenya. To begin with, they highlight the fact that financial allocations are not enough to ensure completion a project. According to the Auditor-General (2024), billions of shillings have been locked up in unfinished projects, and it is important to have governance systems that would help to convert resources into results. This can be achieved through stakeholder involvement and supplier performance that would supply the governance scaffolding to the latter. Second, the research identifies the necessity to institutionalize the engagement frameworks in terms of the country and county-level policies in Kenya. Governments can also limit the occurrence of inconsistencies and enhance accountability by ensuring that stakeholders are involved in all healthcare projects and suppliers are assessed. Third, the results show that there should be capacity building amongst stakeholders. Participatory planning, procurement control, and monitoring skills need to be given to the community representatives, suppliers, and project officers so that they can make their engagement meaningful and not a mere symbol.

Regression Models for Mediation

To test the mediating role of supplier performance, the study followed the Baron and Kenny (1986) framework supported by modern bootstrapping methods (Hayes, 2022; Zhao et al., 2021). The following regression equations were estimated:

Model 1: Direct Effect of Stakeholder Engagement on Project Completion

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Where:

PC = Project Completion

SE = Stakeholder Engagement

β_1 = Coefficient measuring the direct effect

ϵ = Error term

Model 2: Effect of Stakeholder Engagement on Supplier Performance

$$SP = \beta_0 + \beta_2 SE + \epsilon$$

Where:

SP = Supplier Performance

SE = Stakeholder Engagement

β_2 = Coefficient showing the effect of engagement on supplier performance

Model 3: Effect of Supplier Performance on Project Completion (Including Stakeholder Engagement)

$$PC = \beta_0 + \beta_3 SE + \beta_4 SP + \epsilon$$

Dependent Variable = Project Completion (PC). Model 1 tested the direct effect of SE on PC. Model 2 included SP as a mediator. All coefficients are standardized (β)

Interpretation of the Study models

Model 1 shows a significant positive effect of stakeholder engagement on project completion ($\beta = 0.612$, $p < 0.001$).

Model 2 demonstrates that when supplier performance is added, the effect of stakeholder engagement reduces ($\beta = 0.547$) but remains significant, while supplier performance itself has a significant positive effect on project completion ($\beta = 0.311$, $p < 0.001$).

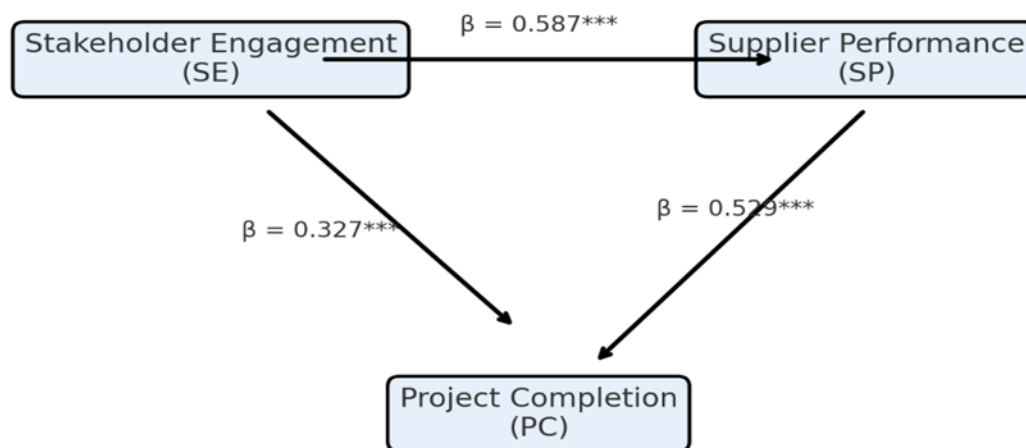
This indicates partial mediation of supplier performance in the relationship between stakeholder engagement and project completion.

Regression Results for Mediation of Supplier Performance on Project Completion

Model	Independent Variable(s)	β	SE	t	p-value	R ²	F	Sig. F
1	Stakeholder Engagement (SE)		0.612	0.052	11.77	<0.001	0.374	138.60 <0.001
2	Stakeholder Engagement (SE)		0.547	0.049	11.16	<0.001	0.329	124.56 <0.001
3	Supplier Performance (SP)	0.311	0.061	5.10	<0.001			

Interpretation

Supplier performance has a significant and moderately strong positive effect on project completion in funded healthcare projects in Kenya. When suppliers perform well, delivering on time, meeting quality standards, and complying with contracts, projects are much more likely to be completed successfully.

Mediation Model: Supplier Performance as Mediator**Conclusions**

This research aimed at testing the presence of the mediating effect of supplier performance in the association of stakeholder engagement and completion of funded healthcare projects in Kenya. The study was based on the Stakeholder Theory, the Agency Theory, the Supply Chain Integration

Theory, and the theory of transaction cost by offering empirical data on how the governance, supplier capacity, and oversight practices can impact project performance.

The results established that the engagement of stakeholders has a great and positive impact on the completion of healthcare projects, with the regression finding showing that it has the ability to explain 32.9 percent of the variation in healthcare project results ($\beta = .547$, $p = 0.001$). Nevertheless, it was also found that supplier performance partially mediates this relation to the results. Particularly, projects that synergized stakeholder participation with good supplier performance based on good procurement time, quality requirements, and sustainability in logistics were much more apt to be accomplished in time, within budget, and with long-term results. The bootstrapped mediation analysis revealed the significant indirect effect ($a \times b = 0.190$, 95% CI [0.118, 0.274]), demonstrating the fact that the supplier performance proves to be reinforcing the engagement to completion pathway.

These results are critical in a number of ways. To start with, they support the thesis according to which only financial investments cannot be sure of successful project implementation. The case of unfinished works like the Kenyatta National Hospital Paediatric Emergency Center after the substantial investment demonstrates that the governance and working relationship are also decisive, at least equally, but more probably. The study confirms the suggestion of Stakeholder Theory, which states that inclusiveness and legitimacy are the keys to organizational and project success by demonstrating how stakeholder engagement is directly involved in project completion (Freeman, 1984). In addition, the mediator role of the suppliers broadens this theoretical context by showing that stakeholders cannot be dealt with as a homogeneous group.

Second, findings confirm the explanatory value of the Transaction Cost Economics and the Agency Theory. Strong engagement/relation and supplier performance are institutionalized in projects, which minimize opportunism, reduce delays, and limits the risk of cost overruns. The fact that the performance of suppliers enables the role of stakeholder engagement implies that accountability arrangements (which the Agency Theory prioritizes) and effective coordination (which the Supply Chain Integration Theory emphasizes) is not peripheral in promoting efficiency and sustainability.

Third, practically, the conclusion is that stakeholder engagement institutionalization is not enough without further developing the performance of suppliers. Although engagement builds a sense of

ownership and a common purpose, the supplier is the one who turns financial and material resources into actual outputs, filling the gap between governance and implementation. Therefore, in situations where stakeholder participation is effective, poor supplier performance may derail the projects, leading to unfinished delivery, cost increment, or poor quality. On the other hand, a strong supplier performance without involvement of stakeholders is likely to create a lack of legitimacy, opposition by local communities, and a lack of conformity to local needs. Such a twin dependency reveals the necessity of a synergistic attitude in healthcare project management.

This research contributes to the Sub-Saharan African project management literature by providing real data on the mediating role of the suppliers in the healthcare projects. It gives a basis to further research and demonstrates how suppliers represent a critical connection between project delivery and governance. Overall, effective stakeholder involvement supported by effective supplier performance is equally significant to the implementation of healthcare projects in Kenya, along with financial contributions. These elements should be reinforced to attain University Health Coverage (Magnet) and ensure outcomes of high-quality and long-lasting healthcare.

Recommendations

Enhance Supplier Analysis and Transparency:

Healthcare projects must employ very powerful supplier assessment models that include not only cost but also quality, reliability, previous performance, and adherence record. Accountability can be improved with periodic performance audits and performance scorecards to reduce the underperformance risks.

Improve the Collaboration between Stakeholders and Suppliers:

Project managers ought to come up with organized stakeholder-to-supplier communication and feedback channels. Frequent joint reviews, planning meetings, and open procurement procedures can inspire trust and minimize conflicts that postpone project deliveries.

Standardize Supplier Performance Monitoring Systems.

Financed health care projects must include digital monitoring and reporting initiatives for checking supplier compliance in real time. These systems would give early notification of delay or quality encroachment, and corrective measures could be undertaken before projects are terminated.

Supplier Capacity Building.

Various suppliers are restricted in finance management, logistics, and technical skills. To enhance the sustainability and durability of implementation in the healthcare supply chain, donors,

government agencies, and implementing partners would invest in supplier training and capacity building.

Reforms of Policy and Governance.

To make the procurement rules more effective, policymakers need to enforce stricter procurement rules to promote transparency and lessen bureaucratic stalling, as well as eliminate opportunism. The imposition of procurement regulations and blacklisting of non-performing customers and suppliers would increase healthcare project delivery efficiency.

Recommendations of Future Research.

Because this research defined the supplier performance as a partial mediator, the researcher may apply moderating variables in future studies, which may include regulatory frameworks, political influence, or the use of technology in procurement. These findings could also be generalized using comparative studies in other segments, like infrastructure or education.

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