Why Do Projects Crash & Burn in Fragile Countries?

Review of Integrative Business & Economics Research

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ABSTRACT

In a utopian setting every project would be "on time, within scope and cost". But reality based on valid statistics reveals a very different story. It's not unusual for projects to fail. The standard definition is: 'a project is considered a failure when it has not offered what was required, in line with expectations. Therefore, in order to succeed, a project must deliver to cost, to quality, and on time; and it must offer the benefits reflected in the business case or scope'. True, project performance must be evaluated on all three components: scope, cost and time. Otherwise, a project could be considered a "failure". Even if the work, budget and schedule were met would not guarantee that the expected results and quality were achieved. In some situations, the cause of project failure is obvious, and in many cases it is not. This means that the definition of failure is vague, because it is not always clear. Sometimes, time-delays might be attributed to project failure; yet another, with a similar time- delay, might be seen as a success. So, why do project fail? How do we determine 'when' and 'why' a project has failed? These are very potent questions to be examined. In developing, fragile and conflict affected countries such issues are unfortunately all too common and improving success rate is one of management's greatest challenges. This paper explores the key reasons of project failure in the poorest countries and advice on what can be done to make them successful.

Keywords: Project Management; Information Communication Technology; Poor Management; Political and Culture Factors

INTRODUCTION

Many projects fail, in fact, statistics show that projects fail more often than they succeed. And the reason they fail range from late delivery, over-budget, non-delivery of product to some being totally cancelled anything was produced Shauchenka (2012).

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The impact of culture, political and social instability on project management over the years has become one of the critical areas of focus by project managers in recent times. As such, professionals in project management fields have spent so much on research in an attempt to find head ways in dealing effectively with cultural, political and social differences in the developing societies in order to gain competitive advantage for their organizations in the world of business. This paper is intended not only for those in project management or in business, but for everyone who wants to know why some projects fail while other succeeds. It attempts to find the root causes that influence the outcome of projects particularly running in the developing countries.

In the following section we will describe the famous *Iron Triangle* followed by a survey of projects that were failed in the developed countries in the past. The root cause analysis has also been provided to help the readers learn from the failure of others and avoid pitfalls. It contains statistics, analysis, case studies, lessons learned and many facts and arguments.

THE SO-CALLED IRON TRIANGLE

Iron triangle shown in Fig.1, is like a framework that manager can properly evaluate the competing demand of scope, time and cost that producing a project in a quality basis Atkinson (1999). Similarly Lock (2010) and Maylor (2010) identified that scope; time and cost have a direct connection among each other and shows quality that measure success/failure causes in a project. So according to these factors and criteria's project manager can easily determine which elements are more essential for a project success.

However, measuring success every time is not clear and realistic, but suitable criteria for project success are measuring project objectives. According to De Wit (1988) described that project manager can easily identify project success/failure factors in a developing project when project objectives are clear.

Iron Triangle is a specific and so important tool for a project manager in both developed and developing project to find out the primacy and inspiration of many stakeholders about project to understands well.

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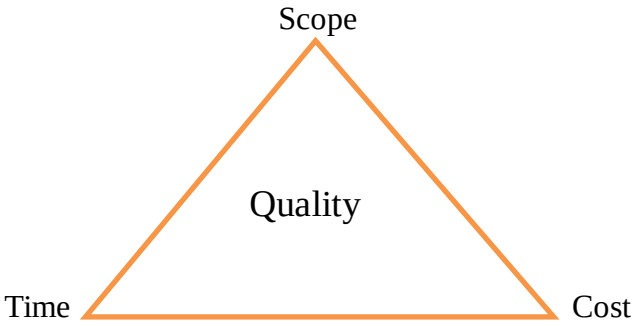

Fig.1 the Iron Triangle

A project manager can determine the success/failure rate in a project and have acknowledged on three main criteria that is using regularly in a project. So, Fig.1 is also showing that "time" is one of the main factor for a project success that manager can determine whether a project will finish before deadline or not. Therefore, mostly project are completely dependable on time closing, while other projects can extend deadline according to the situation when needed.

According to Turner (1993) described that time is the main root cause for success/ failure of any kind of project that impact on project manager to show the quality of a project. Similarly, Wright (1997) indicated that time and budgets are two essential factors for project success/ failure. So in developing country failure projects rates are much high than developed countries because beside of these three criteria we have other failure factors also such as political, social and culture.

According to De Wit (1988) described that project manager have been knowing and evaluate which factor play main role during project completion. However, this is not a simple task for a manager and may be one main factor will change the whole life cycle of a project. For instance, after making proper scheduling for a project, manager more focus on cost reduction in the middle of the project. But after completion of project manager also wants to put quality on project De Wit (1988).

According to Atkinson (1999) and as well as other researcher identified that Iron Triangle is not provide suitable success result for each project in any situation, therefor focusing just on scope, cost and time are not main factors in every time. Moreover, the objectives of these three criteria are old and unrealistic, and it must be developed to measure the real success rate of a project today.

A SURVEY OF FAILED PROJECTS IN DEVELOPING COUNTRIES

The aim of this overview of failure projects in Africa and Asia countries are to collect relevant data and to identify the similarities and contrast of failure factors in

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developing and fragile countries projects. Here is the list of common causes of project failed both African and Asian fragile countries.

1.1 Low Productivity, Delays and Cost Overruns in Project Execution

Low productivity is one of the common problems in construction projects (*see Table 1*) in usually developing countries that directly impact on project performance level. So, Makulwasaatudom et al. (2003) identified twenty-three critical factors that influence on construction productivity in mostly developing countries. Some factors were finding more critical such as, insufficient materials, lack of equipment's and tools, poor communication, lack of supervisor's sills, poor drawings, loading work, personnel absenteeism, investigation and response delay. However, Mutijwaa et al. (2007) research showed that African developing countries are under pressure to improve performance level, deliver and implement project successful on time with scope and cost. Why these problem are increase day by day. Because, existing lack of skilled people in each infrastructural department. Here we can see in the Table 1.1.1 some causes of delay projects.

Table1.1.1 Causes of delay in construction industry

Main Causes of Delay in Construction Industry		
S.No	**According to** Chan DWM (1997) **in Hong Kong**	**According to** Mansfield NR (1994) **in Nigeria**
1	Poor supervision and management	Finance and payments
2	Unpredictable site conditions	Poor handling of contract
3	Slow decisions	Shortage of materials and equipment
4	Variation by client	Inaccurate estimations
5	Variations of work	Fluctuations in prices

1.2 Causes of Software Project Failures in Nigerian

According to Egbokhare et al. (2008) researched showing main failures factors in software development project are disregard and neglect of people. Similarly Geethalakhmi et al. (2008) identified that user involvement is one of the main cause and play powerful contribution for software project success/ failures. So, it means that level of user involvement have positive impact on each phase of software development. They introduced three Ps (problem, process and people) for proper managing software developing project, if one of them missed then project will be

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going to failure stage. Similarly, Abbas & Sanavullah (2008) also determined that three Ps factors are the main roots for success and failure in software projects developing. While Al-Ahmad et al. (2009) declared after studying appropriate literature review that main root causes for software project developing are six: lack of top management involvement, lack of ICT, organizational culture factors, week process, lack of knowledge about project management, and complex system.

So here Egbokhare (2014) listed some essential factors that lead to project failure:

a) The customers find it difficult to express what they really want.
b) Lack of documentation from past software projects.
c) Poor maintenance culture
d) Lack of experienced software development personnel and more preferring to young programmers.
e) Organizational politics
f) Slow response rate to change technology

1.3 Community Development project failure in African countries

The actual meaning of launching a development project for each community is to improve the prosperity and happiness level of the people, but unfortunately this definition not implemented properly. However, meaning and concept of the project not cleared for members of community; therefore mostly projects were going to fail stage. According to Hanachor (2012) described that each project is belong to find out main issue, spending specific budget on and to enhance the consumption benefits level of community members through providing goods and services. So usually community projects implementation in development countries face some failure causes such as, wrong site selection for a project, project without need analysis, poor financial planning, poor bidding system and lack of ICT expertise (see Table 1.3.1).

Table 1.3.1 Causes of community project abandonment in fragile countries

1	*2*	*3*	*4*	*5*	*6*	*7*	*8*
Select a project site or location	Embarking on Projects without need analysis	Low considerati on on social factor	Improper financial analysis	Lack of technical analysis	Project imposition	Effect on individual, community or government	Under bidding projects

1.4 Critical Failure Causes for Business Software (India)

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According to Lau et al. (2001) identified that usually business software are belonging to Enterprise Resource Planning (ERP) system to proper manages all resources (human resources, financial resources and materials) efficiently and effective way and find out a simple solution for organization. So recently, early studied showing that ERP implementation successes rate is lower than failures. Similarly, Garg (2010) explored that three basic failure factors have close connection on IT projects- one is lack of business management support (failure rate is 73%), second is change in business goals during the project (failure rate is 75%) and final one is poor management (failure rate is 77%). Moreover, Tapp (2003) also declared that ERP projects implementation failed according to four main causes-unrealistic expectation from stakeholders, lack of top management involvement, resistance to change and poor training program. Here we can see three main dimensions in the Table 1.4.1 for each project.

Table 1.4.1 Three main dimensions for each project

Strategic Factors	***Tactical Factors***	***Operational Factors***
Lack of top management Commitment	Inadequate functional requirements, unrealistic expect	Inadequate training and education/ Poor user involvement
Poor middle management Commitment	Inaccurate data, Poor consultant Effectiveness, poor IT infra	Users' resistance to change
Treated as an IT project	Poor quality of Testing, Too tight project schedule	High Attrition rate of project team Members
	Poor project management	Inadequate resources

1.5 E-Government Project Failure Factors

Several related researchers identified success/ failure causes through models in government ICT projects. According to Bhatnagar (1999) modified such model that consist of seven key main factors – information, technology, process, organization culture, personnel skilled, proper management system and other resources- that direct impact on e-government ICT projects in developing countries.

Similarly, Yeo (2002) described three main factors that impact on e-government project- context, content and process driven approach. Context driven approach

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factors belonged to organizational, culture and leadership issues. However, content driven approach related to business and technology factors that what to do and how to do. While process driven factors related to with change management and strategic formulation.

However, Al-Ahmad et al. (2009) and H. S. A. Nawi (2011) also identified six dimension factors that lead to ICT projects fail and each of them have other sub factors: poor planning or poor project management (lack of skill and knowledge, in adequate estimation of work, washy project plan etc.), poor top management involvement (incapable decision making), defenseless process (end user not involved the acceptance process, poor communication between vendor & user, in adequate evaluation process etc.), lack of technology (poor quality and design, weak hardware system and etc.), organizational (wrong cost estimation, complete paper base and bureaucracy system etc.) and high degree complexity (big project size and unrealistic user expectations).

So finally Muhammad sohail Younis (2014) explored that project success / failure in development countries belonged to a project planning and control, determine soundness of business and workforce through financial progress, physical resources and security, project quality performance (minimize cost and increase profit by delivering standard product) and look at past performance of the success project like time, cost and scope.

So here we listed some factors that effect on ICT project:

a) Financial problem
b) Staff related problems
c) Lack of leadership and commitment
d) Infrastructural problems
e) Low adoption rate

ROOT CAUSE ANALYSIS: WHY PROJECT FAIL?

1. Project Management

According to PMI (2008) project has started and end date to achieve unique goals and objectives through project life cycle within a defined scope, budget and time frame. So each project goal has been achieving through these five processes; project initiation, project planning, project execution, monitoring and controlling, and project closure process. We can see many projects around the world going to failure stage and typically in developing countries.

According to Cotterell (1999) described that each project have particular

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characteristics such as coordinated unique activities, clear and specific objectives, team expertise, proper scheduling for each activities, enough budget and performance level. Similarly Avotos (1969) identified project management factors that lead to project failure- unskilled manager, lack of executive supportive, weak planning, inappropriate distribution task, and lack of project management technique.

Moreover, Duncan (1983) discussed three dimension factors that lead project failure; under costing, overspending money and late delivery of a project. So to overcoming these problems we need proper planning, therefor Lackman (1987) explored some essentials tools for a project manager to achieve success properly such as making work breakdown structures, strong planning and having stakeholder information.

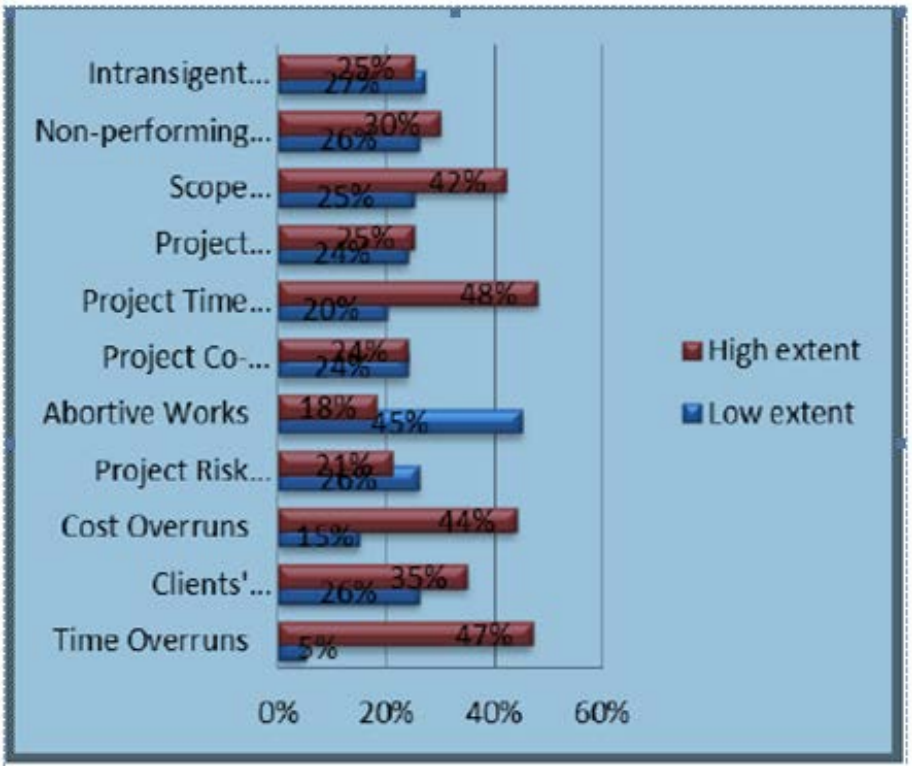

Fig.2: Analysis of current project management practices problems

Source: Field Survey 2013

2. Lacking Information Communication Technology

The past studies showing that till failure rate of ICT projects in developing countries are much high than developed countries. According to Heeks (2003) identified that ICT projects success percentage in developing countries are much less than project failures rate. So the result of this research showing that success rate of ICT projects are 15%, the total failure rate of ICT projects are 35% and the partial rate of ICT projects are 50% in developing countries. While Al-Ahmad et al. (2009) and H.

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S. A. Nawi (2011) explored that six dimension factors lead to ICT project fail.

So these six major factors are visible during implementation of ICT project – poor planning or poor management (lack of skill and knowledge, in adequate estimation of work, washy project plan etc.), lack of executive involvement (incapable decision making), defenseless process (user not involved the acceptance process, poor communication, wrong evaluation process etc.), lack of technology (poor quality and design, weak hardware system and etc.), poor organizational culture (wrong cost estimation, complete paper base and bureaucracy system etc.) and complexity of project (big project size and unrealistic user expectations).

3. Poor Management

Usually project fail on the basis of weak planning or poor management in developing countries. According to Honadle (1980) described many developing programs fail in developing countries (Tanzania, Nepal, Liberia, Cameroon, Philippines, Jamaica and Thailand) through lack of managerial skills, lack of training and poor supervision. Similarly, E.Philip (1984) explored that mostly managers graduated from different faculties, but they work on project manager position even they don't have any managerial skills, training and practices. Moreover, MacKenzie (1969) discussed that usually in developing projects involve lack of professional communicators therefore project lead to failure because no proper collaboration between team members and stakeholders.

According to Agunga (1992) stated that participatory approach should follow in developing countries. It means give opportunity for local people that involve in two sessions- project planning and implementation, because mostly developing countries focus on top down approach. While Ellis (1985) showed that poor management is mostly coming through more difficulties. He pointed that cost overrun is one of the major failure factor in a project. Similarly, Christensen (1995) indicated that usually projects fail through lack of human capacity such as insufficient financing skill, human skills and local implementation skills. So finally we can say that these all poor management factors are occurring in development countries through poor planning and managerial skills.

4. Ignoring Political and Cultural Considerations

Culture: the word culture has taken from Latin word in which means to live or populate. According to Hofstede (2005) defined that culture is consisting group of peoples that have separate thinking, feeling and acting from other group. 1980s the

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word culture was introduced to business life that directly link the attitudes and behavior of the members of an organization. Similarly, Hofstede (2005) identified three homogenous factors based on people thinking, feeling and acting. These factors are- individual, collective and universal. So the purpose of organization culture is to know, how culture differences can impact on development project. Therefore understanding of culture is so typical before starting a project, because each culture people implement project differently from another such as time orientation, power distance, centralization, task culture and so on.

Political: Political is one the external factor of environment and it's essential for a project manager that have experience and knowledge about each members of the organization. In this present situation more developing countries projects are going to failure stage, because usually high authority members involve in corruption to take one side benefits from project. So some of research studies showed that collective action is best practice for developing project, but Godfroij (1981) was opposite of this idea because he explored that people who gather in a collative action project, may be have unequal, opposite and inconsistent interest in the future. Similarly, While Morgan (1986) stated that actors might have different source of power in a project such as formal power (traditional source of power, legislation power etc.), experience power, networking power and status power.

Table.6 List of projects failed in developing countries

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Project Name	Location	Started	Ended	Implemented Agency	Cost (Dollar)	Failure Factors
Judicial Reform Project	Afghanistan	19-May-2008	31-Dec-2009	World Bank	27.5 M	Personnel, political changes
Family Welfare Projects	India	16-June-1994	31-Dec-2001	World Bank	103.80 M	Limited capacity, Lack of commitment, Inadequate delegation.
HIV/AIDS Prevention Project	Afghanistan	17-July-2007	31-Dec-2010	World Bank	10 M	Fragile security environment, culture and political sensitive
Ekiti Akoko Agriculture Development Project	Nigeria	27-May-1980	Nil	World Bank	32.50 M	High staff turnover rate, poor and irregular funding, unskilled personnel
Expanding Microfinance outreach and improving sustainability project	Afghanistan	08-Jan-2008	30-June-2012	World Bank	30 M	Security, international microfinance models.

5. Conclusion

The inevitability of project failure is a myth spread by unqualified and weak professionals. Projects can and should be successful and there is no magic in doing project management the right way Shauchenka (2012). The potential pitfalls can be learned and avoided with a simple set of guidelines. What are the criteria that define failed or successful projects in developing world? What are the main elements of project failure? This paper provided a closer look at all the visible internal factors i.e.

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poor management and external factors such as cultural, political and social considerations.

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