

## Challenges of Project Management in Developing Countries

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### **Abstract**

Every project is implemented and managed locally, even if this is being done in accordance with some widely accepted standard. The nature of the project, its location, owner, purpose and objectives can have significant impact on the management methods to be used (Chmieliauskas). Thus, it is important to study project management practices in the context of developing countries to better understand and able to manage projects successfully in those countries. However, research works on project management in those countries has not yet received enough attention and still they are at infant stage (Jekale, 2004). In addition, the available information in the area is few and lack detail. Moreover, many of the available literatures focus on the so called “development projects” financed either by governments and/or donors. Hence, it is very difficult to find literature on the management of projects in the private sector or about project management by the private sector on the management of those development projects. Further, almost all materials in the area are written from the perspective of the client or financier, thus it is difficult to get literatures written on project management from the perspective of contractors. This seems also the case for project management in developed countries. Thus, the review presented in subsequent paragraphs is only an attempt to summarize the fragmented descriptions. Project management methods have been extensively used by many public and private entities to solve their problems, manage scarce resources and, achieve important objectives (Andersen, 2008). For developing countries, the potential benefit of project management is extremely high and the proper application of it may even be critical; as in 24 those countries; resources are extremely scarce and, achievement of project objective, in most cases, is extremely important. The work of (Voropajev, 1998) also indicated that PM is much more important in developing economy (transitional economy) than it is in developed economies (as risk and change are extremely high in the developing countries). As the majority of projects in the developing countries are development related, failure of a project usually have a far reaching effect beyond financial losses; It may result in a “death”, or delay of many children’s hope to go to school or the hope to save many from poverty and frequent drought. Likewise, successes in projects in developing countries may mean a considerable contribution in improvement of the life of millions.

**Keyword:** Project Management, Project Challenges, Project Development

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### **1.0 INTRODUCTION**

The nature of projects and the environment in which they are implemented in developing countries is different from that of the developed countries where PM is originated and developed [ (Cusworth & Franks, 1993), (Voropajev, 1998), (Jekale, 2004)]. Most Projects in both developed and developing countries are complex and operate in a dynamic environment. However, projects in developing countries are highly uncertain, and operate in a highly unstable, unpredictable and poorly resourced environment. This poses a challenge on project manager in developing countries which is not seen by their counter parts in the developed nations. [(Cusworth & Franks, 1993), (Jekale, 2004)]. According to (Voropajev, 1998) Project management functions (processes) that are sensitive to changes such as management of risk, procurement, contracts, scope, configuration, communications, and information are more important in managing projects in developing countries than in developed countries” context (see Figure 1 ).

The 25 Project management functions less exposed to change such as management of quality, time, cost, human resources become more important in the developed economies than developing countries” context. Further, according to [(Muriithi & Crawford, 2003), (Cusworth & Franks, 1993)] management of externality of projects and the political and risk management skill become very important in the context of the developing countries. Table I presents a summary of the major difference in the nature of project and the project environment in developing and developed countries

### **1.1 General Condition of Project Management in Developing countries**

Project Management in developing countries is facing many challenging problems and non-conductive environment (Jekale, 2004), (Abbasi & Al-Mharmah, 2000)]. Many projects in such countries end up uncompleted, abandoned or unsustainable (Sonuga, Aliboh, & Oloke, 2002), (Andersen, 2008)]. For example, the cost of abandoned

projects in Nigeria is estimated to be \$12.65 billion, requiring at least twice as much additional fund for their completion [ (Alutu & Udhawuve, 2009) citing Aliyu \_2000]. Further, the implementation of most projects in those countries is amalgamated with normal operational undertaking in functional organizations that have low capacity

## 2.0 CHALLENGES OF PROJECT MANAGEMENT IN DEVELOPING COUNTRIES

A number of factors have been identified for the poor performance of projects in developing countries. Generally factor such as government policies, insufficient funds, withdrawal by donors, shortage of foreign exchange, inappropriate contract conditions, political priorities, poverty, socio-cultural conditions, corruption , low institutional and human capacity ,and occurrence of unexpected events such as war, drought are considered to be the major factors behind the poor performance of projects in developing countries [ (Idoko, 2008), (Jekale, 2004), (Andersen, 2008)]. Subsequent paragraphs provide detail discussion of the challenges.

Projects in developing countries are highly influenced by their external environment. [ (Kuruoglu & E.Ergen), (Jekale, 2004)]. Moreover, the project environment in many developing countries is unstable and characterized by rapid change of markets, shift of funding sources, frequent change of government policies and the business environment [ (Kuruoglu & E.Ergen) ]. In addition, projects in those countries are affected by prevalence of corruption, war, drought and governments political priorities [ (Alutu & Udhawuve, 2009), (Jekale, 2004)]. For example in Nigeria, the cost of construction materials was reported to have shown a 400% increase over a period of two years because of change in government policies (devaluation of its currency and inflation) (Sonuga et al,2002).

Likewise, in Ethiopia inflation has increased in double digit and cost of construction has almost doubled in the last three years. According to (Cusworth & Franks, 1993) “Most of the special problems of project management in developing countries is related to the environment, which can generally be attributed to the turbulence (the tendency of unpredictability) and rapid change in the project environment; and severe scarcity of resources in those countries”. These prevailing external factors are making the planning and generally management of project extremely challenging for the poorly trained highly constrained project managers in those countries. The above generalizations are in contrast with those in the developed countries .According to the Standish Group 2004 Report: the main reason for project failure (in developed countries) is not the absence of general resources or financial resources, but the lack of Project management capability (Malan et al, 2007). Further, in the developed countries external conditions such as market & politics are less important for the success of projects (Torp, Austeng, & Jekale).

Lack of institutional capacity and trained personnel is also another main reason why projects fail in developing countries (Voropajev, 1998). Further, the lack of awareness about the benefit and application of Project Management in many developing countries“ organizations combined with the presence of few trained project managers and wrong perception that sees project managers as an unnecessary expense has contributed to the low level of development of project management in those countries. [ (Andersen, 2008), (Idoko, 2008)].The presence of only three PMI chapters in Africa countries attest to the value and attention given to project management in developing countries. Further, according to (Nguyen, 2007), many of the efforts to transfer Project management knowledge and technology to the developing countries were not successful mainly due to : lack of support of senior management and a perception that project management methodology is not applicable in developing countries. In addition to lack of institutional capacity and trained PM professionals, the nature of project management in itself is a challenge for many project managers in developing countries. According to (Pant, Allinson, & Hayes, 1996), the principles of PM are contrary to what the managers in developing countries are accustomed to do and trained for. (Muriithi & Crawford, 2003) Concluded the same based on similar study done on PM in Africa.

Conventional project structure breeches classical principles (of management-which is practiced in many developing countries); such as division of labor, organizational hierarchy and unity of command (which are adhered to in developing countries). It demands certain qualities from its members including objectivity, flexibility, and preparedness to take risks, ability to make decisions independently, low preference for conformity, low power orientation and low rule orientation (rare attributes in Developing Countries (see (Muriithi & Crawford, 2003)). Individuals employed in project organizations are expected to be able to work well in teams, to have the ability to lead and to maintain close ties with other organizational members (almost none existent in developing countries). On the evidence of this ... , it may be difficult for (project managers in Developing countries). to fulfill requirements of project management . (Pant, Allinson, & Hayes, 1996)

Another important reason for failure of projects in developing countries is the way projects are set up and implemented in those countries (Sonuga, Aliboh, & Oloke, 2002). This is mainly applicable to the so called “development projects.” In such projects, it is common to see lack of involvement and consultation of users and the tendency of some donors to finance only what they wanted or perceived to be important for the recipient rather than based on need of the users (Andersen, 2008). Sometimes public projects in developing countries (both government and donor financed) fail due to lack of comprehensive planning and study .Such projects fail to consider the capacity

and nature of the local support organization, economic, technological, and physical environments in the planning. Because of this, many of such projects left non-operational simply because there were no parallel work done to train staff or plan how to pay for the staff that runs them and provide the necessary support (such as spare parts, maintenance crew etc ) to run them .

Most of the reasons for failure of projects and their poor management in developing countries can be associated with the failure to consider the specific context of developing countries and critically adopt the PM methodologies to the context of developing countries. [ (Muriithi & Crawford, 2003), (Abbasi & Al-Mharmah, 2000), (Jekale, 2004), (Voropajev, 1998), (Pant, Allinson, & Hayes, 1996)...]. This is because the inherent assumption about people, culture, the environment and economic condition that PM methodologies (which are developed in the developed nations) consider, vary significantly in the developing countries [ (Muriithi & Crawford, 2003), (Jekale, 2004)]. Unfortunately, the literature review has revealed that only few studies are done considering the above , except very few such as [ (Muriithi & Crawford, 2003), (Cusworth & Franks, 1993) ] the majorities of them offer little insight on how to adopt the project management methodologies , tools and techniques to the cultural and economic condition of the developing countries context. Some researchers such as [ (Muriithi & Crawford, 2003), (Cusworth & Franks, 1993)] have tried to use Hofstede's four dimensions framework in their study of PM in developing countries (in Africa) to explain application of project management in the context of developing countries. They showed how cultural variation in the developing world affects application of PM and the need to critically adopt PM to the context of the developing countries.

Hofstede's four dimensions framework for cultural study are: → Power distance: the tendency to accept unequal distribution of power in a society. → Uncertainty avoidance: the extent to which ambiguity is perceived as threatening and risk-taking behavior is avoided. → Masculinity/femininity: the extent to which masculine traits such as achievement, courage and competition are valued over feminine values and behavior such as caring and sympathy. → Individualism/collectivism: the extent to which people define themselves as individual entities or in terms of groups as the primary source of solution to their problems. According to (Muriithi & Crawford, 2003) , the above tendencies are reflected in organizations in the way people behave in their work and structure their work .For example , tall organizational structure, unwillingness of middle managers to make decision without reference to superiors, rare open criticism and willingness to disagree with supervisors are indicative of high power distance.

Low risk taking, emotional resistance to change, a preference for clearly laid out rules and heavy involvement of managers in details is indicative of high uncertainty avoidance. Many African cultures score high on Power distance and Uncertainty avoidance and Medium on Masculinity and low on Individualism [ (Muriithi & Crawford, 2003) citing Kiggundu MN 1989 & Blunt P, Jones ML]. The implications of these findings to project management were discussed in detail by (Muriithi & Crawford, 2003). The high power distance in developing countries (Africa), implicate the importance of high level of commitment, follow up and fast decision making by top management in such countries. This is because middle 33 managers do not feel empowered to make decision and defer always to the top. Further, it emphasis the importance of having a clearly defined rules, structure, processes, methodologies, roles, responsibilities and authority. This provides clarity and minimizes uncertainty and the need to take risk by the middle managers, thus creating a better atmosphere that encourages the middle managers to make decision and take responsibility.

The above discussion shows the importance and benefit of achieving at least level -2 (formally performed level15) of PM maturity (which requires use of structured approach based on some guide –as practitioners will have something to guide and usually do not need to make decision). In addition, the higher power distance and uncertainty avoidance shows the need to build a culture that foster project management before trying to attain maturity above Managed Level process Maturity. Those levels are defined at higher level of generalization as guidelines and users need to tailor them to their specific needs, thus requiring higher input and frequent decision making at lower level. Further, the higher power distance implicates the need to have a method that solicits the input of subordinates in a manner that make them feel secure. In summary, success and implementation of projects in developing countries is influenced much more by the external environment than the internal environment. Thus project management in those countries should focus more on the management of the externalities of the project environment [ (Muriithi & Crawford, 2003), (Jekale, 2004) ]. According to (Muriithi & Crawford, 2003)], project Managers should be skilled in politics and interpersonal relationship skills, and use it to the advantage of the project.

This has been found to be the crucial factor behind the success of Kenyan managers. In addition, continuous planning, risk management, resource planning and management should be given special consideration in the management of projects in developing countries. Further, the PM should work to continuously involve top management to get easily the necessary resources and facilitations, which otherwise would be very difficult [ (Muriithi & Crawford, 2003)and others]. In addition, procurement and contract administration should be given special attention

as it has significant impact on the cost and time of projects and is an area that is highly susceptible to risk and corruption. Further, the integrating function of project management is difficult in developing countries because top management is slow to delegate and the external environment is overpowering [ (Muriithi & Crawford, 2003)]. Hence, PM's should work on relationship with the top management to get fast decision and the necessary power to get the support of others. As discussed in the above paragraphs the environment in developing countries does not foster the application of project management. Thus, in the past, the efforts to promote development of PM in developing countries mainly dealt with how the environment in those countries should be changed to make it conducive and more favorable to PM (Cusworth & Franks, 1993). Now the tendency has shifted to the importance of critical works to adapt PM to the developing countries' environment rather than the other way around. The later one was advocated by many of the recent researchers in the area such as [ (Jekale, 2004), (Voropajev, 1998), (Muriithi & Crawford, 2003) , etc]. However, any sound approach for the development of PM in developing countries should combine both approaches; as some times it may be easier and more valuable to change the PM environment to adapt it to the need of PM rather than to adapt PM to the environment. Hence, there should be a planned effort to bring both, changes in the project environment to make it more favorable to the need of PM, as well as, critical adaptation of PM concepts and tools to the developing countries' project environment

### 3.0 CONCLUSION

The low level of construction PM maturity found for the Grade-1 Contractors shows how poor the PM practice in the industry overall is. Thus, improvement efforts need be under taken to improve the current condition. In this regard this research recommends the following specific actions to be undertaken.

Providing training and mentoring to the contractors to improve their PM knowledge and practice capacity. In this regard, the higher maturity found for contractors that have participated in the Capacity Building program (CBP), to some extent, shows the potential success to be gained.

Encouraging contractors to obtain ISO certification as this would help them improve also their PM capability. The high maturity found for ISO contractors, in this regard, indicates the potential success to be achieved. 3. Giving special attention to resource, risk and change management. As the review of literature showed management of projects in developing countries is highly constrained by scarcity of resources and high uncertainty (very volatile environment, extremely fast and less predictable changes).

Thus, focusing on the management of resource, risk and change can significantly help lower their negative impact and improve performance of projects through better planning and use of the resources; planning and monitoring of the risks and management of change.

Encouraging contractors to attain at least formal level of process maturity and basic level of practice maturity in order to obtain successful result and ensure control of their projects. As the review of literature showed, the high uncertainty avoidance and power distance common in developing countries means workers in developing countries have a tendency to avoid risk and tend to prefer clarity and rules, and defer making decision to their superiors.

At formal level of process maturity; structured approach, guides and standards are used, and expectations are more or less clarified, thus helping create clarity and lowering risks assumed by subordinates and increase their confidence to make decision. Further, the use of guides ensures consideration of important aspects, thus significantly contributing to the performance of the knowledge areas. The use of generic guides such as PMBOK in this regard may significantly help.

The attainment of basic level of practice maturity means that the organization is performing all the practices that are basic (must) to attain the goal of the knowledge areas, thus maximizing the chance of attaining knowledge area goals and hence, attainment of project objectives. 5. Conducting continuous assessment of maturity by the contractors to know the success of improvement efforts they undertook and to chart a new action plan for further improvement measures.

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