

ASSIGNMENT – PART 1 & 2

“CRITICAL SUCCESS FACTOR”

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Part 1-Top Management Support

Introduction and explanation of critical success factor

Critical success factor is the term used for an element that is necessary for the success of an organization or project. This element is critical because it is required for the success of a project or organization. In the beginning this term was used in data analysis or business analysis. For example in an information technology project user involvement is the critical success factor. (Feng Guo et al, 2013)

"Critical success factors are those few things that must go well to ensure success for a manager or an organization, and, therefore, they represent those managerial or enterprise area, that must be given special and continual attention to bring about high performance. CSFs include issues vital to an organization's current operating activities and to its future success." (Xianbo Zhao,,2012, p 554)

D. Ronald Daniel first presented the concept of "success factors" in 1961. (Daniel, D. Ronald, 1961) This concept was further refined by John F. Rockart during the years 1979 to 1981. Finally in 1995, James A. Johnson applied this concept to many sectors including healthcare. (KT Yeo, 1995)

In project management this concept is being very widely used. Previous literature reveals that a large number of projects are not able to achieve their objectives which show the importance of setting critical success factors. As James D. Westphal (2012) pointed out that notwithstanding the advancement and developments in project management almost 65% of today's projects are not able to reach their objectives that are why search for critical factors that influence project success has been of interest to both managers and researchers. Application of the CSF approach is very encouraging. CSFs can be used to focus on vital issues in developing

strategic plans (Munro and Wheeler, 1980), devising effective strategies, and to identify serious problems associated with implementing a plan (Boynton and Zmud, 1984).

Literature on Top Management Support

From list-a, I have selected top management support. This section discusses the previous literature on top management support and its importance for project success. Previous literature suggests that in any project top management is considered to be the main success factor. While considering top management from a behavioral perspective top management support can be viewed the critical behaviors shown by top managers during the lifecycle of a project. Different support behaviors have been identified by different authors (Guillaume Marques, 2011) yet a careful review of the literature revealed that support behaviors can be categorized into five main categories which include; complete observation planning and progress of a project by top manager, communicating the vision of project to the managers and project team, providing all the resources required to execute a project, attending meetings of project, steering committees by top manager and establishing critical structural changes in the organization (Kloppenborg, Tesch, Manolis, and Heitkamp, 2006; Young and Jordan, 2008).

As regards importance of top management support, it has been found that executive project sponsor is the important member in top management. According to Irene Goll et al (2005), “human resources are the primary resource input to information system planning” (p. 2) the researchers conducted a survey with 246 top managers in software projects to explore impact of top management participation and information input on human resources.

Further some scholars have considered top management support as the most critical success factor that affects almost all strategic planning of an information system projects (Liu Jun, Wang Qiuzhen, Ma Qingguo, 2011). The literature on general information systems’ (IS) also confirms this concept by referring top management support as a meta-factor (Young

&Jordan, 2008) or “the most important critical success factor for project success and is not simply one of the many factors” (p. 713).

Besides describing its importance and significance for a project’s success previous literature has also identified that it is not easy to measure the its impact for example Boonstra (2013) pointed to this fact described that that the key issues with top management support that is has not been clearly defined. The researcher defined top management support as “the expression of support by top management in the form of promoting communication with project managers, showing enthusiasm for the project and expressing a real interest in the project”. (p 482)

The same concept has been supported by McComb et.al. (2008) who considered top management support as positive attitudes of top management toward project managers and its team. Other researchers are of the view that top management support is the attitudes and behaviors that are shown by board members of a firm for successful completion of a project (Naranjo-Gil, 2009). In addition to that a measure of top management supported was developed by Ragu-Nathan (2004) in the form of a set of attitudinal statements and expressions shown by top managers toward the management of project team.

Another stream of literature exists showing the contribution of top management support towards the success of a project. For example Juliane Teller, Alexander Kock (2013) found using a survey of 69 firms that “high levels of top management support indirectly influence EIS success by creating a supportive context for the IS organization” (p. 31). Similar results were reported by Shiyu Mu et al (2013) stating that “Findings from 183 new product projects indicate that top management support has a more positive effect on innovation speed under conditions of high technology novelty and high technological turbulence” (p. 28).

Many researchers have conducted theoretical research on the top management concept by different perspectives. As stated by Feng Guo et al, (2013), pointed to the traditional approach considers top management support as making required sources available to the project team. There are other power sources that are used to control project team and managers. These include reward, coercive power and legitimate power. The empowerment of project managers by top managers is also a type of top management support. This helps to ensure accomplishment of project goals. Hence, top management support has an inverse relation to the power gap which reveals the difference of power and control required by project managers and the power and control granted to them by top management. If this gap is wide it is the evidence that a project manager is not getting support by top management.

On the other hand, Boonstra (2013) is of the view that concept of top management support comes under change management theories. From this perspective, this concept is described as the role of top management to formulate a clear vision, to influence strategic performance as well as in team effectiveness and making sure that project is completed successfully. Boonstra's based his model on interpretative and integrationist models of change by identifying four levels to express top management support toward project managers. At level-1 top management expresses its support by providing financial and human resources required for the project completion. At the second level involves communication between top managers and project managers and other organization or team members in order to guarantee project progress and completion. At the third level top managers provide training to develop and deploy expertise level required for successful project completion and manage change. At the last level the top managers use their power to resolve conflicts and to protect the members of project team from any political conflict present at top management level. (Boonstra, 2013)

How convincing is the evidence in the literature about the factor's influence?

The literature on this critical success factor reveals its importance for project success. The previous research studies have explored top management support from much point of views. These perspectives include definition of the top management support, measuring top management support, importance of top management support for project manager and projects, and theoretical consideration of top management support. It is evident from the above analysis that though most of the researchers agreed to the importance of top management support for project success by stating that it is necessary for the success completion of a project however little agreement is there on the definition of this concept. Rather, it seems that several different angles and perspectives of top management support have been identified. Many definitions have been made using behavioral perspective of top management support. Besides all this, many conclusions can be drawn on different levels.

The literature however emphasis that at top management level specially CEO of the company must manifest support for its employees. Further this support must be in the form of practical participation and involvement but top manager must not undermine the authority or power of the project manager. Also, involvement of top managers is necessary to plan, monitor, and review the project and making decisions accordingly. This involvement shows the top manager's strong interest in the project and its results.

Top management support helps to provide direction for the project managers and team members. Top manager support them by removing different barriers that may cause delay of failure in project completion. Also it is the responsibility of top management to provide necessary materials, funds and human resources to project managers so that they may continue their work smoothly and complete project as per schedule

Projects are becoming essential for the success of companies yet it has been observed that mostly projects are failing. Further much research has been conducted on project success in developed countries while it has been found that there is difference in the success factors for projects in developing and developed countries. So, it was necessary to find out success factors for projects in developing countries.

Moreover, identified success criteria and success factors list in the project management literature is without distinction between domestic or international projects. Further, it is also important to evaluate the country specific project risks and find the differences in the extent of influence on domestic and international projects. In order to know the role of success factors in achieving project success, the causal relationships among the success factors and actual success also need to be identified.

Part 2-Risk Management

Define the second factor and summarise what is known about the factor

Risk management in project management can be defined as tools or set of practices that are used for project risks. Different lists of tools and practices have been suggested by different authors. For instance it was in 1950 that first project management tools were developed in the form of PERT model or GERT model. The purpose of designing these risk management tools was to respond to the predictable risks related to uncertain project contexts. The tools in the form of Pert models are usually referred to as planning tools instead of risk management tools yet almost all of these tools are related to risk management. It is planning through which project managers try to look forward to future action, so planning and control are the tools to manager risks from a risk management perspective (Ekaterina Osipova, Per Erik Eriksson, 2013)

Different negative and positive impacts of risks have been identified by different project management standards. The literature on unpredictable risks has identified many risks. Here is a list of these risks;

- The project may face shortage of equipment, material during project completion. This will cause a delay in the project as without material and equipment no work will be possible. (Vered Holzmann, Israel Spiegler, 2011)
- Second key risk that project can face is shortage of skilled labor without which completion of project is not possible. Thus if during project life cycle, it faces shortage of skilled labor not only project will be delayed but also its cost will increase due to low productivity of the UN skilled labor. (Juliane Teller, Alexander Kock, 2013),
- Thirdly there is potential of unforeseen engineering, environmental and/or geological issues that cause hindrance in the on time completion of the project... Also problems can arise when project owner, manager and architect are unable to agree upon a design. (E. Kutsch, M. Hall, 2005))
- Potential work stoppages is another problem that a project may face might be due to weather conditions, non availability of equipments, non availability of material, non availability of skilled labor, late arrival of construction workers on site and maybe there are problems between management and workers due to which they stop work. All these risks which will result in stoppage of work can cause a great loss to the project and even lead to project failure.
- Weather is the most unpredictable thing and it is possible that weather may be not favorable during a construction project to continue work which may cause a delay

in the project and increase its cost. Both, too hot and too cold weather impacts workers' performance. In addition to that if Construction Company does not provide necessary facilities required to sustain in a severe weather will also impact project.

- The increase in cost due to an unknown and unanticipated reason will also cause loss to the project. A project has a set budget and in case project faces many losses and increase in cost on different aspects like labor, equipment, construction material or health and safety issues it will face shortage of funds. Now the project owner will either arrange more investment or stop the work.

Yet, there is a distinction between risks and opportunities as identified by the APMBOK of the Association for Project Management (APM, 2006) The Guide to Project Management Body of Knowledge (PMBOK Guide) (PMI, 2008, p. 438) has defined risk as “An uncertain event or condition that if it occurs, has a positive or negative effect on a project’s objective”. The PMBoK also refers to “known risks” vs. “unknown risks that cannot be managed” (p. 275); thus cleared that only known risk events can be managed.

The risk management in project is required in order to identify any potential risks in the beginning, assess their potential effects and where possible steps may be taken to minimize its impacts. The process of risk management Risk management involves many phases. These phases include identification of the risk, assessment of its impact or severity, responding to potential risk and monitoring and controlling the risks. A risk owner is assigned to each risk that is responsible for taking action to manage risk. (Geoffrey Q.P. Shen, 2010)

Some scholars have also discussed difference in important of risk management under different project contexts for example, Kelly J, et al. (2004) reported that projects that occur one

or more of the following contexts will probably require more comprehensive and more detailed process of risk management as compared to other projects; these are projects with longer time period, projects that are larger, projects that are more complex, projects involving substantial resources. Similarly Kwak (2003, p. 6) describing the impact of context on risk management approach stated that “As the size and complexity of the project increases, the effort for risk management increases exponentially”.

Further project stage has also been discussed in terms of risk management because it has an influence on the selection and use of risk management tools. As described by traditional approaches of project management the initial phases of project life cycle involve more uncertainty. (Budi Hartono, et al, 2013). Xie et al. (2006) argued that risk management is required in each stage of project yet it should be focused more in the bidding stage of a software project. Similarly Uher and Toakley (1999) pointed out that highest uncertainty is found in the conceptual phase of a project development cycle yet in construction projects conceptual phase does not involve as much uncertainty. In addition to that Kwak and Dixon (2008) who conducted research on projects in the pharmaceutical industry suggested that sometimes project managers only do the front-end risk management because it is a requirement for approval of project plan.

• **How convincing is the evidence in the literature about the factor’s influence?**

The most of the literature on risk management is convincing as presents empirical evidence. The risk management is a critical success factor in all types of projects. Planning of risk management at all stages of project life cycles is important because it helps to better understand the needs of a business as well as the flexibility that is required for meeting future needs. Secondly it helps to clearly define the needs of each stakeholder. The project team is able to consider all the available options, alternatives and new ideas. Through risk management practices optimum value for money can be achieved at the same time satisfying user

requirements. This also prevents unnecessary expenditure through because it helps to reduce waste and inefficiency. Finally it results in improved team working along with combined ownership of solutions.

In brief for a successful and on time completion of the project there is a need of prior risk assessment and management. Projects face many risks and problems such as shortage of equipment of staff, problems in getting any required license, permit of authorization from concerned regulatory authorities. All these risks may possibility increase the total cost of the project, prevent the completion of projects or affect building design or features...

While planning a project we usually anticipate that only some of the subcontractors engaged for the construction of hotel and club will post bonds ensuring on time completion of his work as well as payment of all the labor and materials used for construction. It is not necessary that these bonds are appropriate enough to ensure on time completion of hotel and club building. Further the project team may not be able to start the project as scheduled due to which construction the cost of hotel and club will increase. If the project manager fails to construct the hotel and club as scheduled or within given budget it will negatively affect the client and the project manager because the client may have to take loans for making payments.

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