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Research on project management barriers in Western Balkan region

Misko Dzidrov

Abstract— Project management has proven to be an effective management approach that has potential of being of great value for development of the Western Balkan countries. Without successful project identification, preparation and implementation, project plans are no more than just wishes for doing something. This affects developing countries since they remain stagnant or they regress. Proper allocation and mobilizing of resources are needed so that the country's development is stimulated with appropriate goods and services production. This research focuses on Western Balkan countries and their inability to identify, formulate, prepare and execute proper projects. Common challenges are defined and major barriers are elaborated in detail.

Index Terms — Project management, project, developing countries, barriers, government, Balkan, challenges.

1 INTRODUCTION

Projects are seen as a basic structural element of countries development. Without clear project plan and scope, well defined and executed preparation phase and implementation, projects remain more of desire to do something rather than to represent a growth force for developing countries around the world. United Nations [21] declares, "Programs and projects are increasingly used in developing countries in the process of economic and social development", that is why they are "privileged particles of the development process" [16].

There are numerous examples of project fails around the world where the basic project management principles and methodologies were not implemented properly. The situation is particularly severe in the developing countries where many challenges remain unanswered and represent real menace for implementing project management knowledge for successful project delivering. Western Balkan developing countries are faced with fluctuational economic development challenged by industrialization, modernization and globalization, where needs for improvement of project management processes is needed in the wide variety of different industries with deferent complexities.

In the same time the need of manpower with developed project management skills and adapted project management tools represent main challenge. The need for educated project management professionals is affecting the projects in the competitive market economies in each of the Western Balkans developing countries.

Other barriers are also present in the region and will be deliberated here related to the political and social system, as well as the financial aspect of bringing better project management practices in developing countries.

All of this is mitigated and stimulated for progression by the effective transfer of project management knowledge and expertise from the developed countries of the world that have foreign direct investments (FDI) in the analyzed countries.

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Here in this research we will make effort to show the exist-

ing problems and discuss the challenges regarding the effective project management practices in developing countries in Western Balkans.

2 WESTERN BALKAN COUNTRIES

Western Balkans countries (Albania, Bosnia and Hercegovina, Kosovo, Macedonia, Montenegro and Serbia), Figure 1, have strong economic potential but face a major challenge in comparison to the countries in the European Union. "Encouraging progress has been made in the past two decades in terms of regional cooperation and advances towards eventual EU membership, and these trends are likely to continue, boosting growth and investment" [8].



Figure 1 Map of Western Balkan countries and their EU status

The ease of doing business, as presented in the World Bank's Doing Business reports show that "several east European countries feature prominently in the list of top reformers. The region is now second only to the developed OECD according to its average ease of doing business ranking" [23]. Macedonia and Montenegro get relatively good scores in terms of favorable business environment, that gives optimism for new projects to be started in the upcoming period (Figure

2).



Figure 2 Ease of doing business, 2010 and 2015

All countries in the Western Balkans suffer from high levels of unemployment (Figure 3), especially among the youth, where emigration outflows and brain drain worsen the situation. In addition, the ageing populations pose a significant challenge to long-term growth and development of the countries.

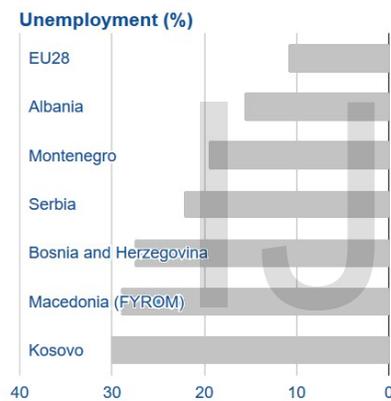


Figure 3 Unemployment by country, 2016

Another problem is the proper education, where in the BEEPS 2013-14 survey, 34 per cent of firms in the Western Balkans stated that an inadequately educated workforce is an obstacle to current operations, where one-third of these firms consider the problem to be major or very severe for their normal functioning [3].

Another survey of the employees needed skills have identified important gaps in soft skills, especially communication, teamwork and collaborative problem solving in Western Balkans countries [14], where those skills are some of the key skills needed for successful project management practice.

3 PROJECT AND PROJECT MANAGEMENT

In Project Management Body of knowledge, project is defined as a “temporary endeavor undertaken to create a unique product or service, temporary means that the project has a definite ending point, and unique means that the product or service differs in some distinguishing way from all similar products or services” [1]. Each project has activities that are imitated with time and resources. All of this relates to the be-

fore mentioned definition that each project is “temporary endeavor”.

In the same reference, Project management is defined as “application of knowledge, skills, tools, and techniques to project activities to meet project requirements. Project management is accomplished through the use of the processes such as: initiating, planning, executing, controlling, and closing” [1]. Mintzberg (1983) and Soderlund (2004) [2] conclude that emerging industries around the world are project intensive, especially after WWII. This led to needs of scientific approach so that each project endeavor will meet the defined objectives in defined time and budget. In the beginning the researchers were focus on the implementation, but now modern project management knowledge extends on all level of project work offering expertise for superior project development.

There are different kinds of projects in each developing country that are differ in size and complexity, but those projects are the ones that make the potential to move the country from developing to developed country. The number of projects vary in relation of the size of the country and those projects are related to development of housing, industrial potential and facilities, electrical power related projects, commercial and community buildings, health and educational projects, roads and transportation projects and others. The projects can be sponsored by the government or any other organization that is interested in the development of the country.

Large and medium size project represent biggest problem for developing countries and that is where the researchers are concentrated of finding the reasons. For instance, Frimpong [10] and Long et al. (2004) identified 26 and 64 causes of project failure respectively. Knowing that each project endeavor means something new and unique that brings the problem with unsimilarity of each new project [15] and this means that causes for project failure are widespread. Though, researchers defined in the project management literature some common ones as: expertise or knowledge of the human resources [19], economic and funding problems [5], proper project planning [18], resources [19], communication [17], scope change during project [12].

4 COMMON CHALLENGES

Regardless of the phase of development is each of the analyzed country and what experience the country has with transferring project management knowledge in real project management cases all countries in the region have some of the following common problems and challenges:

- Inconsistency in planed project length, staring and competition date and scope additions that result in unrealistic project plans and budgets
- Problems with external contractors that have disrespect for project time management
- Rigid organizations with lack of project management experience
- Modest experience in team work in some of the analyzed countries
- Problems with project control
- Problems with proper project management trainings and understanding of the importance of the PM knowledge in

- all levels of education
- Balkan adaptation of the modern project management body of knowledge

5 PROJECT MANAGEMENT BARRIERS

Overall, from what has been said the common problems can be divided into two related groups, where one is linked to the proper human resource development and one group of problems is related to the government functioning.

Human recourse barriers

The developing countries in Western Balkans are obviously on a different position in using project management knowledge for delivering projects, but they share mutual interest in improving the knowledge in the area of expertise. This can be done by project management trainings for professional project managers that will implement project management knowledge in future projects. The need of trained project management professionals is needed since the number of official certified professionals, compared with the EU member countries is far than satisfying. As seen in the Table 1. the number of professionals defer from country to country, where the situation in Montenegro is more than alarming. The number of professionals in Albania and Kosovo are combined, because some of the certified professionals have stated under country Albania and under city, they have declared that they come from Kosovo. The results have to be taken in reservation since not all professionals have been included in the Credential Registry, but the number of registered professionals in the registry is more than 95% of those that have gained certificate.

TABLE 1.
Trained PM (project management) professionals in Western Balkans

Country	PM professionals
Albania / Kosovo	42
Bosnia and Hercegovina	49
Macedonia	72
Montenegro	6
Serbia	308

Governmental barriers

From our experience, field observation of selected projects and extensive literature review for this and other researches, we have observed some potential and real barriers for project management success in developing countries, more specifically into the West Balkan countries.

Systematic barriers are present in development countries and they are related to the infrastructure. It is expected to have energy, water, road, transportation etc. for ease delivering of the project results. There are examples where frequent power outages or voltage fluctuation damages equipment, inadequate water quality affects the product quality, road infrastructure prolongs the project deadline, etc. For example, in Serbia and Bosnia and Herzegovina, "improving the transport and telecommunications networks would be linked with significantly increased productivity of firms" [20]. Comparison with EU countries and infrastructure challenges are shown in

Figure 4 where the it is easy noticeable what are the systematic barriers and challenges facing the region.

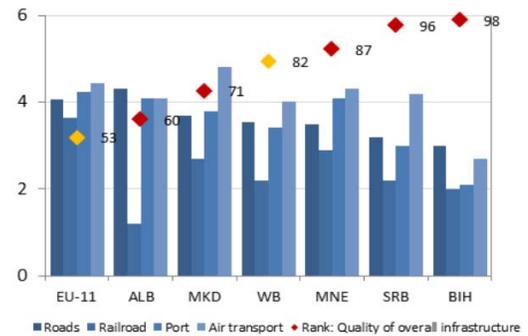


Figure 4 Quality of infrastructure

Economical barriers

Economical barriers are related to freedom of the market, centralized government control and transition of the economy. "The communist system collapsed in the Western Balkan countries at the same time as in the Central and Eastern European (CEE) countries. However, the conflicts and wars which accompanied the dissolution of Yugoslavia impeded the economic transformation from a socialist self-management system to a market economy. The reforms of transition have been achieved over the past 15 years." [9].

EBRD defined six qualities of a sustainable market economy (competitive, well-governed, green, inclusive, resilient and integrated) and from the analyses of the region it is concluded that the "countries state must play an important growth-enabling role by providing the rule of law, a stable macroeconomic environment and clear rules of the game for businesses" [8]. Companies productivity is significantly below EU standards, that is reflection of years of under-investment, frail institutions and a difficult business environment existing in the region. All of this leads to the need of complete reforms for promotion of dynamic, vibrant private sector, supported by strong investment flows from both, domestic and foreign investors and government support for each of the six measures mentioned before.

Financial institutions and fiscal responsibility

These barriers are related to the limited financial institution capacity, weak accountability processes and weak procurement system at different level of governance. Ensuring fiscal sustainability continues to be a priority for the Western Balkans because of the high public debt levels. One of the biggest differences between the Western Balkan and EU countries is the areas of macroeconomic environment, particularly the challenging fiscal situation in the region compared with the EU. Although revenues went up in the region, budgets continue to be overburdened by non-productive recurrent spending, which limits the scope for growth-enhancing policies. It is recommendable for all Western Balkans countries to "improve the quality of their fiscal policy by reallocating spending from a multitude of untargeted social benefits to productivity-enhancing investment. This would support growth and, during difficult times, help safeguard gains already achieved"

[22].

Governing

Governing as barrier is related to lack of sustainable governance and misalignment between the ongoing politics and policies in the country that beside country's disturbance it might affect the region with bringing imbalance. More detailed the problems are grouped in:

- Legislative institutions – Justice delays and denials
- Transparency – Lack of transparency in the system
- Public security – Lapses in internal security systems
- Citizen participation in political processes – Educated elites influence decisions; Limited civil rights and/or civil societies [4]

This region is known for having governance problems throughout the years. The World Bank's Worldwide Governance Indicators show the largest distance between the Western Balkans and the EU member countries lies in the rule of law, or legislative institutions, control of corruption, effectiveness of the government and regulatory quality.

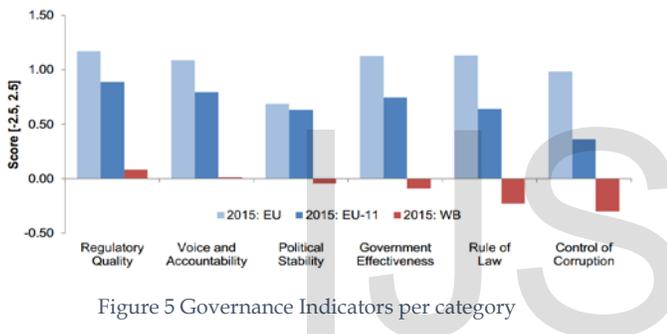


Figure 5 Governance Indicators per category

There is still a lot to be changed so that the Western Balkans meets EU standards in governing, but there is a positive stable change in each country, in the recent years, especially in political stability, with notable improvements also in rule of law and government effectiveness. The corruption still remains major challenge for all the Western Balkan countries.

Forms of authority

This is related to the centralized or decentralized decision making in the country. The strong centralized decision-making system represents mix of traditional functional organizational structures which do not support the needs of projects process cutting across functional departments. All of this is connected to the corruption levels and authority delegation based on political connection with limited awareness of value of project management.

In the recent years there has been significant improvement in strengthening decentralization activities in the region. Such trend is a result of the overall positive economic developments, mainly due to the strong economic growth and implementation of the reforms in economic policies, public institutions and civil service reforms. All of this is characterized by few trends:

- EU integration striving has a significant influence over the governments in the region and is stimulating the public administration reforms. All Balkan countries have focused

their medium or long-term objectives for further development for EU accession. "EU regional policy and, legislative and other requirements are contributing to the promotion of decentralization reforms in all countries in the region" [6].

- Regional cooperation has improved during the last decade and it represents important role in strengthening the overall stability and democratization and decentralization of the region. This is main political objective that will help overcome major obstacles for the regional stability and development in Western Balkan.

Infrastructure

Here the barriers are related to better regional connectivity and IT infrastructure. Years of neglect and under-investment have left even major infrastructure in a poor state. There is a gap in Western Balkans countries in comparison to the EU-11 regarding all six sub-indices that The World Bank's Logistic Performance Index ranks, where one of them is infrastructure [11] Improvements are needed so that cross border trade, investments and productivity would be stimulated in the region. The weak connectivity links in the moment are affecting the potential of the region. Grants and loans from different organizations, as well as investments from the private sectors can move the potential in all Western Balkans countries.

Informal sector

This is linked to the limitation that comes from the informal competitors. All Western Balkan countries see this barrier as "number one, major or very severe obstacle" [8] and in the same group with corruption and political instability. Unfair competition from the informal sector is a particular burden for smaller businesses where, the smaller the company, the more likely it is to find informal competition to be a major problem [3]. This affects the development and improvement of any processes in the companies and also the plans for development and improvement of project management. Small innovative companies are especially affected since they rely a lot on modern approaches in project managing.

6 CONCLUSION

Analysis from international organizations on development, planning and administration practices, highlight the importance of well prepared and executed project as a way of developing countries. Project management has proven to be an effective, flexible and stimulating management approach, which has the potential of being of great value to all developing countries and in our case for the Western Balkan countries. Critical leverage point in the development process represent the project translation of plan into actions. This represent represents force for social and economic change with proper mobilizing of resources and allocation of them to the production of new goods and services. The inability to identify, formulate, prepare and execute projects will continues to be a major obstacle for increasing the flow of capital into the underdeveloped societies.

Our analyses structured the common project management barriers by nature and it was done on selected ongoing projects and successfully finished projects and extensive literature reviews. In the same time our observation revealed that many projects do not start, are stopped in mid-way, miss the quality specifications, are several years behind and do not stay within the scope limitations. All of this, together with the elaborated barriers represent great burden on the project managers in the region. Great analysis is needed by country so that more specific problems and barriers will be addressed in way that they will be in relation to the five processes (initiating, planning, executing, controlling and closing) suggested in PMI PMBOK. Success in meeting the challenges of transferring project management knowledge can only be achieved if the common challenges and issues caused by the abovementioned barriers as well as the project management maturity of the developing country involved, can be overcome.

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