Projects Implementation Failure and the Role of Change Management Practices in Malaysian Government-Linked Companies (GLCs)

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Abstract: **Link Company (GLC) is company that is own by government by at least 20% of the issued and paid-up capital. The usage of Information Technology in GLC is vital in bringing it as one of potential competitive advantage. Information Technology projects can be a long term or a short term based on the requirement and the scale of the project itself. Project obstacles that lead to failure were caused by different factors and one of the obstacles is the change management. The purpose of this paper is to address the practices of project change management in the context og Government-Linked Company (GLCs) in Malaysia focusing on the Project Management Factors, Change Management Factors, Top Management Factors, Organizational Factors and Process Factors. Furthermore, this paper will evaluate the validity of number of critical failure factors introduced by Walid Al Ahmad. A questionnaire will be distributed to staff in GLCs that is or has involved in IT project management.**

Keywords: **IT Project, Change Management, Project Failure, Government-linked Company, Malaysia.**

1. INTRODUCTION

Project management is an efficient tool to manage project that have been recognized from over the last 30 years. An article from Avots[1] on Why do project management fail has come out with a suggestion that is more efficient compared to the traditional method of project management.

As per mention in PMBOK 5th edition, "Project management is the process of the application of knowledge, skills, tools, and techniques to project activities to meet project requirements." AK Munn (1996)[2] defines that a project can be considered as an accomplishment of a specific objective that involves activities and task which is in need of resource. While project management is a process of controlling the accomplishment of a project by utilizing the organization's resource and structure, to manage project by applying techniques without interrupting the company's routine operation. The requirement of work, establishing the extent of work, monitoring the progress of a project and allocating resource to perform task is the purpose of project management.

Change management is an approach that is developed to move staff, teams, and organizations from current state to a more comprehensive look for future state in order to implement or accomplish a vision and strategy.The organizational process objective allows employees to accept and adapt to changes on their current state. Change management does not only involve the movement of staff but it also includes the organizations process. Change can sometime be a loss rather than gain towards a certain organization. The introduction of change will not only affect one segment of a company but it will affect more segments. IT project is considered tough and obtain a certain characteristic that distinguish them from the other engineering project the chances of failure increase. The characteristics are defined by Peffers, Gengler & Tuunanen (2003)[3] and Salmeron & Herrero (2005)[4] are:

  i. Difficulties of visualization

  ii. Extreme perception of flexibility which contributes to over budgeting, time and frequent changes request by user.

iii. Abstract constrain which generate unrealistic expectations and overambitious project.

iv. Hidden complexity which refers to the difficulties of estimating the project offset and interfaces with the reliability and efficiency of the system.

v. Uncertainty

vi. The tendency of software failure

vii. The goal to change existing business process that requires the business understanding by IT practitioners and process concerned in the IT system.

2.   GOVERNMENT-LINKED COMPANIES (GLCs)

GLC is a legal entity created by a government to carry out business activities or commercial on their behalf as a rightful owner. It can be fully or partially owned by the government. The term GLC is sometimes used to refer to corporate bodies that may be public or private where a government owns a stake using a holding company. In 2007, there were 47 GLCs listed on Bursa Malaysia. They accounted for 34.9% of market capitalization with the 15 largest GLCs representing 65% of market capitalization. In terms of employment, they contributed an estimated 5% of the national workforce (MOF, 2009)[5].The two main characteristics of GLC are that government owns an effective controlling interest and the government is one of the shareholders in the GLC The role of a GLC is to grow and shape the economy. A study by Khazanah Berhad and University Putra Malaysia stated that approximately 16-18% of nation's gross capital formation and 9-10% of national GDP is contributed by GLC[6].

1. Success and Failure Factors:

Project failure will cost billion dollars of lost and many expensive projects had to be shelved after sometimes due to the massive resistance from end user. The increasing cost if IT project failure is caused by the complexity of a development project. The body of knowledge that resides in literature which addresses this phenomenon is enormous. Conceptualized is one of the issues that lead to IT Project failure. IT Project failure is defined by any project that is assigned to support the organizations operation by exploiting the information technology resource that fails to deliver the intended outcome,as well as within the schedule, allocated cost or initially approved functionality (Walid Al Ahmad,2009)[7].

Robinson (1994)[8] suggest that IT project failure or success is determine in relation to a particular group with its own roles, goals, expectations and interest. All the elements were access in the context of an organization and its social and political environment. However, Kelly (2003) argues, rather provocatively, that "There is no such thing as a computer project. There are business change projects that involve IT. For a project to be defined as success the organization must consider the people dimension, motivating and training staff, making staff aware that productivity will initially fall with the move from the old to the new ways of doing things. The high failure rate for the implementation of information technology projects is a world-wide phenomenon as per stated by Charlie[9].Admittedly, information technology projects have unique characteristics that make them fragile against collapse.

3.   LITERATURE REVIEW

Several studies have been performed on the concept of success and failure factors in IT projects. From the studies, some models have been established. Heeks (1999)[10] has come out with ITPOSMO factors that consist of seven key dimensions obtaining the concept of success and failure factors for analyzing projects. The seven dimensions are:

i. Information (factors related to quality and prerequisites of system inputs and outputs);

ii. Technology (factors such as the availability and compatibility of hardware and software);

iii. Processes (alignment and integration between the system and existing/new processes to achieve stated objectives);

iv. Objectives, Values, and Motivation (e.g. organization culture, guiding values);

v. Staffing and Skills (factors such as the availability of skilled personnel and adequacy of training provided for using the system);

vi. Management Systems and Structures (factors such as managerial practice and flexibility of organizational structures); and

vii. Other Resources (money and time required).

A survey conducted by Yeo[11] in 2000 with 100 respondents that are associated with a major project failure, grouped failures in three organizational categories below:

i. Context-driven: Factors dealing with culture, leadership, and organizational issues.

ii. Content-driven: Factors related to technology and business process.

iii. Process driven: Factors related to strategic formulation and change management or under the influence of the project manager.

A different approach by Wallace[12] (2004) when author categorized the framework consisting four quadrants below:

i. Customer: focuses on risk factors relating to customers and users. These factors are often beyond the project manager's control.

ii. Scope and requirements: focuses on risk factors associated with a project manager's inability to judge a system's scope.

iii. Execution: focuses on such risk factors as inadequate project staffing, inappropriate development methodology, failure to define roles and responsibilities, and poor project planning and control.

iv. Environment: focuses on risk factors in both internal and external environments, including changes in organizational management.

The primary focus on the empirical study will be conducted using a questionnaire formulated from the failure factors of Change Management as describe by various research papers.

Conceptual Framework: Al-Ahmad[13] established a framework, shown in Figure 1 on the symptom of a project failure that belongs to one of the 6 generic types of IT project failure root cause.

i. Project management factors:

The failure root cause by project management is where the involvement of user is very minimal in term of the requirement of the project. Other than that mismanaging of project risk where the risk of project were not determine upfront before project start the development. Resource planning leads to inadequate estimation of job division among the team members.

ii. Top management factors:

This happens when top management is incompetent in making decision in selecting IT projects.
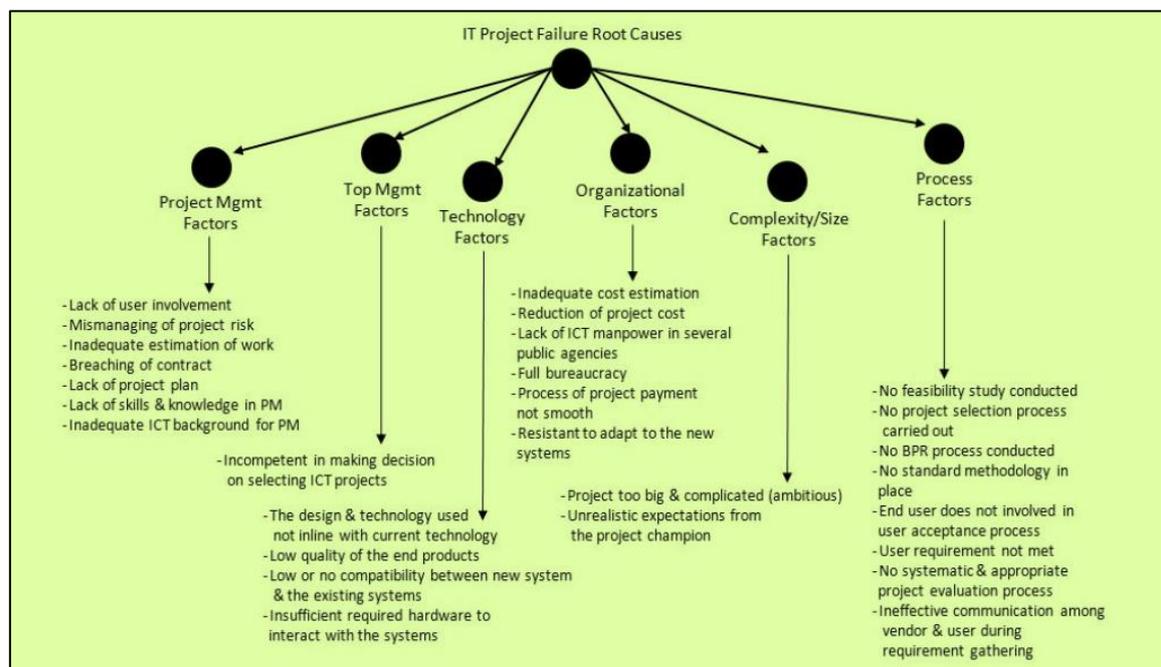

Figure 1: IT Project Failure Root Causes

iii. Technology factors:

The design and technology used is not in line with the latest technology that will lead to low quality end product. Without a proper input and requirement provide by the user, failure of project might be caused by non-compatibility between the new system and the existing design.

iv. Organizational factors:

Organizational factor involve the inadequate cost estimation as project cost will increase with the additional requirement request by user. Lack of manpower to support a project will result a project failure.

v. Complexity/size factors:

The unrealistic requirement or expectation by user will bring down the project plan as the impossible will not be achieve to meet the objective of the project.

vi. Process factors:

No feasibility study conducted, project selection process carried out, BPR process conducted, standard methodology in place. Without a proper process, project will not run smoothly as expected to meet the timeline.

4.   PROJECT SUCCESS

In an organization, the challenging of management is how to make project become successful. Therefore, there are several term to identify the project to be success. According to Al- Tmeemy[14],the project success is that a strategic management concept where project efforts must be aligned with both short and long-term goals of the company. Where there are two elements that affect the success and failure the project which are organization and people[15].

According to Safitri[16],there are three elements of project success and change management which are business, project management office (PMO) and project team. As can be seen from figure 2, business factor include with services, knowledge and product. Therefore, organization has to make sure that they give a good service to the customer and can be able to produce high quality of products that achieve customer needs. Whereby, PMO contained with tools, standards and process. The willingness of top management to be involved and to give a certain amount of resources is the key to a successful implementation[17]. A consistent set of tools and processes for projects provides a basis for measuring performance and can act as a communication and training vehicle for developing project skills. Project team has to consider about the trust, time, budget, scope and people[24]. Leadership is very important skill needed in order to lead and influence people to work on the project. Moreover, project manager is necessarily required to have good leadership skill and experiences to achieve project requirement. Building the right group of people for a particular project is not an easy task[26]. Project team must be able to plan and control budget, scope and people inline through over the process. Planning is very significant process in developing a project. A good and solid project plan is needed to support the initiative. The Malaysian Government-Linked Companies (GLCs) stated that any project has to be totally clear. Therefore, all of this process must be in line with business plan and project requirement.
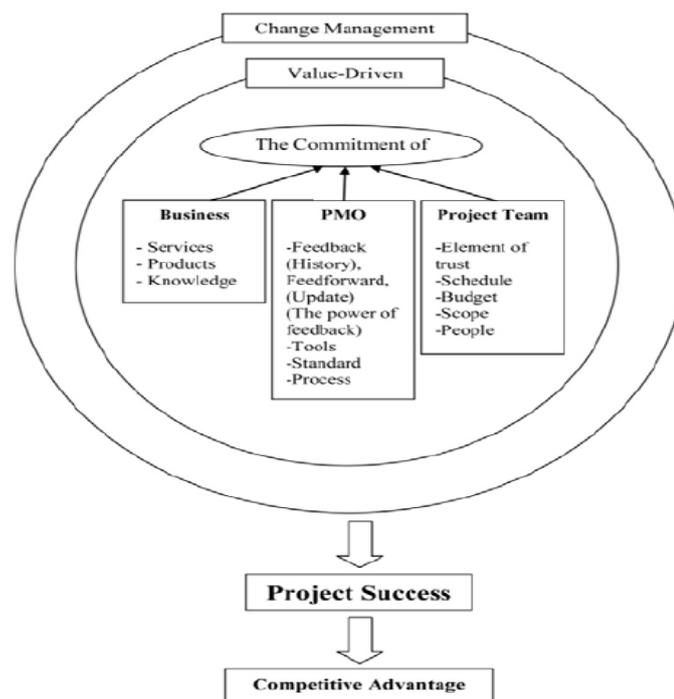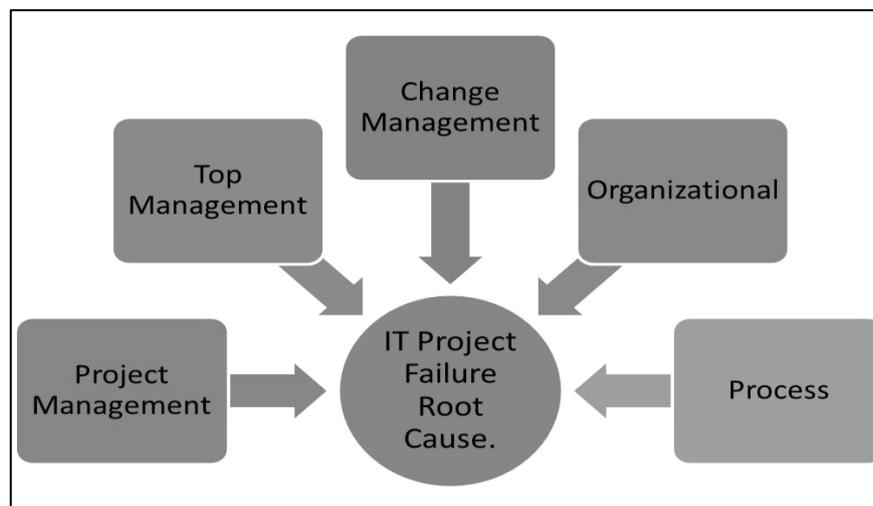

Figure 2: Project Success Framework[25].

In addition, project management is a key element that leads to make project successfully. According to [19] defines the project management is that a potential process that handles most critical elements of various managements such as people, business, technology, risk management and any other critical management required to implement a project successfully. Furthermore, Successful project management is through the correct utilization for knowledge, tools, skills and techniques that may elevate the project to the success point[27].

5.   CONCEPTUAL FRAMEWORK

There are many models regarding the change management step by step methods illustrated by Lewin[28] a classical three-phase model of change [unfreeze, move or change, and refreeze], Kotter[29] popular eight-step change model, and the McKinsey's 7-S model (McKinsey). In this study, the focus will be on some of the critical failure factors, from IT Project Root Cause Taxonomy derived from empirical study done by Walid Al Ahmad, there are six main factors of IT project failure. From the six factors, we are focusing more on five factors that includes Change Management Factor that is not included in study by Walid Al Ahmad.

6.   CONCLUSION

The focus of this paper to understand the reasons of IT project failure in GLCs. It is clearly defined that there are several factors that lead to the failure of IT projects which is project management, top management, technology, organizational, complexity/size and process factors. However, IT project successes and failures are complex concepts and their perceptions are complicated, unstructured and not readily quantifiable. In general, IT projects have certain attributes which is the project objective, resource to complete the project, time frame as well as customers that might lead to failures

7. FUTURE WORK

An empirical study will be conducted using a questionnaire formulated from the failure factors of Change Management as described by multiple research papers. The survey questionnaire will be distributed in both Electronic form and Paper form. The electronic version has been developed through Google Docs format, which would record the data in a spreadsheet for further analysis and statistical reporting.

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