

Causes of Public Sector Project Abandonment in Nigeria: A Significance Index Analysis

Mee-Edoiye Meeting Andawei

Department of Civil Engineering, Niger Delta University,
Wilberforce Island Yenagoa, Bayelsa State, Nigeria

Abstract: Public sector projects are targeted at meeting the housing, energy, healthcare, transportation and other basic needs of the citizenry, particularly the low and middle income groups which make up a large segment of the society. Therefore abandonment of any of these schemes that provide these services do not just deface the environment and create economic losses to the central governments but also make life a lot more difficult for this cluster of citizens that depend primarily on these subsidized facilities. The landscape of Nigeria like every other developing nation is dotted with several abandoned public sector projects making the realization of basic public utilities a mirage. This paper undertook a significance analysis of eleven key causes of project abandonment as it applies to public sector projects. It was revealed that poor funding by the client organization - the government is key if project abandonment must be checked in our public sector.

Keyword: public sector project, abandonment, significance analysis, central government

I. BACKGROUND OF STUDY

Public sector projects are those activities or projects undertaken by public agencies or organizations to provide services to the public at subsidized cost. They are fundamentally created by government at federal, state and local authority levels to provide specific services such as electricity, water and healthcare services to the citizenry. These services are provided to bridge the income gap between the poor, average and the rich. Often times, these projects are abandoned or completed after several years without meeting the expectations of stakeholders and the reason for which they were initiated. To abandon means to stop doing something due to numerous problems and the difficulty in continuing that particular thing. Project abandonment therefore is the art of stopping a project due to some known and unknown challenges that have made the continuation of the project practically impossible. Technically speaking, a project can be considered to have been abandoned when activities in the project site are completely suspended for a reasonably long period of time. In most cases, the plants, men and materials for the project are usually moved out of the project site by the performing organization resulting to a complete stoppage of productive work on site. Under this condition the performing organization have completely surrendered to other superior

project forces and have ultimately brought productive activities to a complete halt in the project site.

II. LITERATURE REVIEW

Project abandonment is as old as creation. The Tower of Babel built by the men of Genesis chapter 11 of the *Holy Bible* was one of the early projects that were abandoned. The reason as we were told by the scripture above was not lack of fund, or lack of materials or expertise, but lack of integration resulting from communication barrier amongst the team members. There is no gain saying that scholars have investigated the root causes of project abandonment in Nigeria and have also proffered diverse solutions to check the menace but the several abandonment projects dotted around the entire landscape of Nigeria seems to suggest that the country is far from arresting the devastating virus in our body polity. While private developments are hardly abandoned, the public sector projects are either abandoned or completed far beyond the estimated project schedule with excessive budget overrun.

In Nigeria, an estimated 11,886 number of federal government projects which have already gulp over ₦7.78 trillion were abandoned in the past forty years across the country as was revealed by the Presidential Project Audit

Committee in 2011. In stressing the economic implication of project abandonment to the society and the nation, the committee cited the case of Ajaokuta Steel Complex which commenced in 1979 with an estimated project cost of \$650million which remains uncompleted after spending over \$5billion. It was also revealed that during this period, the country has spent about =N=2.1trillion, an equivalent of \$10.5billion in importing steel into the country (Bunu 2011). One of the consensus reason advanced for the regular abandonment of public sector projects is change in political leadership. Since the attainment of independence, Nigeria has witnessed successive governments both military and civilian. Each of the government always comes up with new programmes and projects. Akuta (2009) in agreeing with this assertion posited that policy continuation is something lacking and contributing to project abandonment in Nigeria. He stated that once a new government takes over power, they usually abandon previous government policies or programs. This policy inconsistency is made worse by past frequent military interventions in Nigerian polity.

Johnson et al (2001) identified lack of executive support, user involvement, experienced project managers and clear business objectives as factors that could hamper the IT project success. In knowledge management projects, Lam and Chua (2005), identified three main categories of causes poor project implementation, organizational mismatch and content deficiencies. According to Akinolu (1980), delays and cost overruns are considered to be responsible for the rampant abandonment of public sector projects in Nigeria.

This is collaborated by El-Rufia (2012) who attributed the reasons for project abandonment to poor planning, haphazard procurement practices, incompetent project management, lack of coherence and consistency with other programs and pervasive lack of continuation in policies as occupiers of political offices change. David (2009) categorized the reasons of failure into common factors, which are common to all types of projects private or public sector projects and factors which are unique public sector projects. The common factors include: failure to identify the needs of customers or users of the project deliverables, over optimistic schedules and failure to anticipate impact of late deliverables, uneven supply of project resources, poor planning, frequent change in management priorities, application of technology that function sub-optimally, poor risk management plan and stakeholder management amongst others. The factors that unique with public sector project failure include run afoul of political process, bureaucratic constraints, lose budget authorization, lose support at the change of administration due to electoral cycles, failure to satisfy oversight agencies, use of conservative project management approaches and failure to identify project goals given the wide array of project stakeholders in a public sector project.

III. STATEMENT OF THE PROBLEM

Public organizations primarily initiate, plan, execute, monitor, control and close out public sector projects that provide basic services to citizenry and hardly complete them and when completed are often over budget. David (2009) cited

the case of Big Dig project in Boston which originally planned to cost \$3billion, ended up with \$14billion as its completion cost with additional legal costs mounting. Projects get finished late and more often than you might believe and they do not get finished at all in most cases, he concluded. This paper is therefore aimed at determining the significance index of the key technical and managerial causes of public sector project abandonment in Nigeria.

METHODOLOGY

For the purpose of this study, a total of eleven (11nr) causes were identified and grouped into two major categories: technical and managerial factors. Structured questions were administered on public sector project client organizations, contractors and design team members who are regularly involved in the initiation, funding, design and construction of public sector projects in the study area. Respondents were requested to give their opinion on the probability of occurrence and degree of impact of each of the listed causes on the failure of public sector projects. The factors that are likely to cause abandonment considered in this paper include poor funding, poor risk management, faulty project priotization, frequent change orders, poor scope definition, inadequate budget, poor quality management, poor planning, incomplete project brief and unrealistic schedule

IV. DATA PRESENTATION AND ANALYSIS

The data was analyzed to determine the significance, the sample mean for each factor with respect to degree of impact and probability of occurrence. For the purposes of this paper, the probability of occurrence of each cause is assessed as insignificant, low, moderate, high and extremely high with the numerical weightings of 0.10, 0.25, 0.50, 0.75 and 1.00 respectively, while the degree of impact is assed as extremely rare, rare, occasional, frequent and extremely frequent with the numerical weightings of 0.10, 0.25, 0.50, 0.75 and 1.00 respectively.

A. PROBABILITY OF OCCURRENCE OF CAUSES OF ABANDONMENT

The ranking of all causes in the order of their probability of occurrence by the respondents showed that poor funding has the highest probability of occurrence with poor scope definition, faulty project priotization, poor risk management, poor stakeholder management, frequent change orders and poor planning have significance index of above 70% of likelihood of occurring during the life of public sector projects as shown in table 4.1 and figure 4.1 below

Rank	Reason for Abandonment	Mean
1	Poor Funding	0.98
2	Poor Scope Definition	0.96
3	Faulty Project Priotization	

		0.95
4	Poor Risk Management	0.94
5	Poor Stakeholder Management	0.93
6	Frequent Change Orders	0.90
7	Poor Planning	0.78
8	Poor Quality Management	0.61
9	Unrealistic Schedule	0.51
10	Incomplete Project Brief	0.44
11	Inadequate Budget	0.39

Table 4.1: Ranking of causes of abandonment in public sector projects in order of probability of occurrence

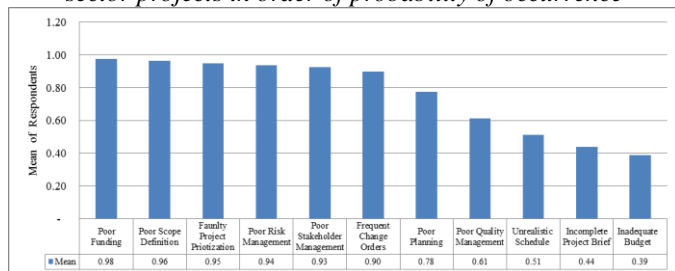


Figure 4.1: Ranking of causes of project abandonment in the public sector in order of probability of occurrence

B. PROJECT FAILURE IMPACT OF CAUSES

Out of the eleven listed causes of public sector project abandonment, poor funding got the node of the respondents as having the highest failure impact followed by poor risk management and faulty project prioritization as shown in table 4.2 and figure 4.2 below.

Rank	Reason for Abandonment	Mean
1	Poor Funding	0.988
2	Poor Risk Management	0.938
3	Faulty Project Prioritization	0.763
4	Frequent Change Orders	0.725
5	Poor Scope Definition	0.713
6	Inadequate Budget	0.688
7	Poor Stakeholder Management	0.663
8	Poor Quality Management	0.575
9	Poor Planning	0.538
10	Incomplete Project Brief	

		0.413
11	Unrealistic Schedule	0.325

Table 4.2: Ranking of causes of abandonment in public sector projects in order of degree of impact

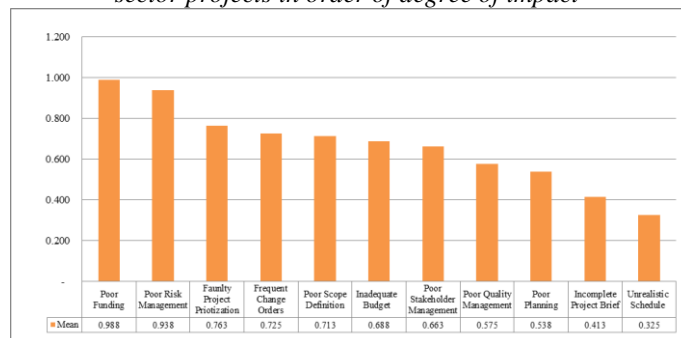


Figure 4.2: Ranking of causes of project abandonment in the public sector

C. SIGNIFICANCE INDEX

The significance index of each cause of abandonment is computed as the product of the probability of occurrence and the failure impact means. The result showed that poor funding topped the list as having the highest significance index with at least eight other causes as having significance index of over 50% as shown in table 4.3 and figure 4.3 below

Rank	Reason for Abandonment	Mean
1	Poor Funding	0.975
2	Poor Risk Management	0.963
3	Faulty Project Prioritization	0.950
4	Poor Scope Definition	0.938
5	Frequent Change Orders	0.925
6	Poor Stakeholder Management	0.900
7	Poor Planning	0.775
8	Poor Quality Management	0.613
9	Inadequate Budget	0.513
10	Incomplete Project Brief	0.438
11	Unrealistic Schedule	0.388

Table 4.3: Ranking of causes of abandonment in public sector projects in order of significance

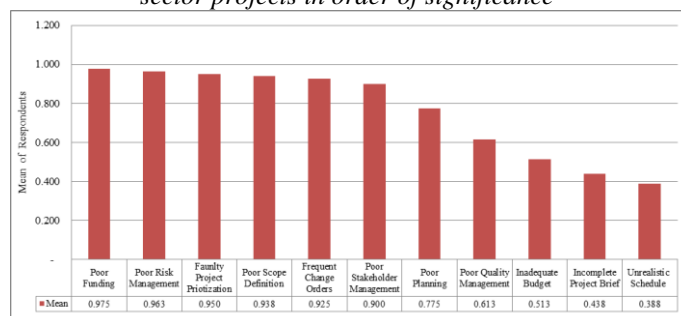


Figure 4.3: Ranking of causes of project abandonment in the public sector

V. CONCLUSION

The results on table 4.3 shows that project funding, faulty project prioritization and frequent change orders are among the first six causes that are instrumental to the abandonment of public sector projects. These causes are usually initiated by the client organizations. Poor risk management, poor scope definition, poor stakeholder management which are some of the responsibilities of the design team and indeed the performing organizations are also considered key, if abandonment must be checked in our public sector project delivery efforts. In view of the interconnectivity and inclusive nature of project management process of public sector projects, it is recommended that the client organization, design team and performing organization should have close technical and managerial collaboration from the inception to the closing out of the project.

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