ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

ASSESSMENT ON THE CHALLENGES OF PROJECT EXECUTION IN INVESTMENT PROJECTS OF ETHIOPIAN LEATHER PRODUCTS INDUSTRY DEVELOPMENT

A PROJECT PAPER SUBMITED TO ADDIS ABABA UNIVERSITY, SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR AWARD OF MA IN PROJECT MANAGEMENT

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June, 2019

Addis Ababa, Ethiopia

DECLARATION

I, the undersigned, hereby declare that the work contained in this project paper is my own original work and that I have not previously in its entirety or in part submitted at any university for a degree.

Signature: _____ Date: _____

CERTIFICATION

This is to certify that the project work entitled "ASSESSMENT ON THE CHALLENGES OF PROJECT EXECUTION IN INVESTMENT PROJECTS OF ETHIOPIAN LEATHER PRODUCTS INDUSTRY DEVELOPMENT" undertaken by Melkamu Meseret in Partial fulfillment of the award of Master's degree in Project Management at Addis Ababa University school of Commerce, is an original work and not submitted earlier for any degree either at this University or any other University.

Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the project work (paper) to the department.

_____	_____	_____
Name of advisor	Signature	Date

Addis Ababa University

School of Graduate Studies

This is to certify that the project work prepared by *Melkamu Meseret*, entitled: *Assessment on the Challenges of Project Execution in Investment Projects of Ethiopian Leather Products Industry Development* submitted in partial fulfillment of the requirements for the degree of Degree of Master of Arts in *Project Management* complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Abstract

In Ethiopia, the government has planned to attract many investment projects in manufacturing industry sector to meet the growth plans. Currently, there are 17 new and expansion leather products manufacturing investment projects which are under different phases of investments. Though these projects are initiated to meet the growth and transformation plans portioned for the sector, the lagged performances of these investment projects are contributing to inefficient growth plan of the sector. This study aimed to assess the internal and external challenges during project execution that have contributed to the lagged performances of investment projects. The research design used for this study was descriptive study to focus on the existing internal and external situations that have been negatively affecting the investment projects of leather products industry. A well-structured questionnaire was used to collect data, so that 52 questionnaires were distributed for the census survey of study population of 7 selected projects and 47 surveys were returned from respondents which accounts to 90% response rate. The data have been analyzed using descriptive statistics on SPSS in ways that enable to answer the research questions and achieve the research objectives. Both the internal and external challenges of project execution in Ethiopian leather products manufacturing industry development found to be moderate challenges. Based on the assessment results, the first top three internal challenges of project execution in the leather products manufacturing investment projects are: internal financial resources; practical project execution capability; and people readiness (project staffing). The first top three external challenges of project execution in the leather products manufacturing investment projects are: supply issues; loan issues; and government support issues. By making a comparison between the results of internal and external challenges based on the overall mean and relative importance indexes (RII) that is 3.13 and 0.626 respectively for internal challenges; and 2.71 and 0.542 respectively for external challenges. Therefore, the success of project execution in Ethiopian leather products manufacturing industry development projects have been challenged by external challenges than internal challenges within the project undertaking companies.

Keywords: Challenges, Investment, Leather Products Manufacturing, Project Execution

Acknowledgements

My Special and most high praises and love go to the Lord God for His incomparable and invaluable love, provision, helps and protection in every aspect of my life.

I am so grateful to my advisor Solomon Markos (PhD) for his academic guidance, timely and deep comments, and patience on this research paper.

I would like to extend my thanks to Mr. Mengistu Abebe, Mr. Terefe Alemu, and Mr. Dereje Tolasa for their kind cooperation in distributing and collecting questionnaires as well as their supports during the courses of my study. I would also like to thank Mr. Fitsum Ambachew, a project follow up team leader at LIDI, for his cooperation in providing me necessary supports for data collection.

My honor and love goes to my parents, my sister Derartu Meseret and my friend Eyerusalem Fekadu for whom I have no fair words to describe my true feelings and have great share in my achievement.

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Lists of Abbreviations

DBE: Development Bank of Ethiopia

EIC: Ethiopian Investment Commission

FDI: Foreign Direct Investment

Gov't: Government

GTP: Growth and Transformation Plan

LIDI: Leather Industry Development Institute

LPMID: Leather Products Manufacturing Industry Development

NPC: National Planning Commission

PM: Project Management

SPSS: Statistical Package for the Social Sciences

RII: Relative Importance Indexes

ROI: Return on Investment

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The development of any country depends on the investments of resources in different sectors of public and private enterprises. The primary objectives of investment projects are the successful completion and operation of projects to overcome the problems these investments are intended to solve and generate profits in return. Manufacturing industry development investment projects are among different sector projects that are given high attention by developing countries to exploit their resources and become competitive in the world market. There is weak industrial competitiveness in Africa and relatively poor experience with industrial zones to date and factors that contribute to weak industrial competitiveness include lack of policy stability, poor infrastructure, and high indirect costs related to a poor business environment. Many of the problems that plague the wider investment environment in Africa have hindered development of most special economic zone projects on the continent and these problems include infrastructure shortfalls, administrative weaknesses, ineffective management, policy uncertainty, and poor strategic and operational planning (Brautigam et.al., 2010).

In Ethiopia, the government has planned to attract many investment projects in manufacturing industry sector to meet the growth plans of GTP-I and II, that was closed and that is in progress respectively, in order to sustain the economic development of the country. Among the industry developments in manufacturing industries textile, leather, and agro-processing manufacturing industries have been given the priority by the government of Ethiopia due to the fact that these industries are labor intensive that can create vast job opportunities, raw material are abundant, ease of technology transfer, high market demand etc. FDI investors migrate to Ethiopia to enjoy these benefits and other incentive schemes designed by the government. The key motive for investment in the zone is labor exploitation, relatively cheap land and input materials. Against the background of increasing labor costs in China and over-supply in the domestic manufacturing sector some Chinese producers find Ethiopia attractive. For example,

footwear manufacturer Huajian Group, uses the zone to make shoes for the American and European markets (Giannecchini et.al., 2018).

According to the GTP document, the leather and leather products industry is one of the priority industries that are expected to contribute considerably to export diversification and foreign exchange earnings through greater value addition and productivity improvement (FDRE, 2010). Ethiopia's footwear industry and its leather sector in general enjoy significant international comparative advantages owing to its abundant and available raw materials, highly disciplined workforce and cheap prices (Mulat, 2015). Investment projects in Leather products manufacturing industry sector are the means to pull the development of the leather industry in general to exploit these comparative advantages. There is a tendency, at present, for policies and incentive structures to focus on leather products manufacturing in the hope that this will improve export performance (Mekonnen and Gezahegn, 2008). The leather products industry which have been in operation and also which are under project execution of various stages are privately owned enterprises. Ethiopian high-performing enterprises are not state-owned enterprises but private enterprises and are building or planning to build new large factories to start mass production of high-quality leather shoes for foreign markets (Sonobe et.al., 2009).

1.2 Statements of the problem

Investment projects are the backbones of economic growth for any nation. Investments in Ethiopia are trapped with extensive challenges that pullback the effectiveness and sustainability of industrialization. Nearly all investment projects in Ethiopia whether public or private exhibit lagged performances. Lagged investment has significant negative effect on private investment; the significant and negative effect of lagged private investment might be because of frequent changes in investment policies and requirements, inefficient bureaucracies, poor institutional arrangement and rampant corruption, and the associated high transaction costs of doing business among others (Hailu, 2013). In the Ethiopian context, given Ethiopia's infant private sector, underdeveloped transport facilities and unpredictable infrastructure and utilities, the industrial zones face major obstacles (Giannecchini et.al., 2018). FDI for example Chinese developers expect host governments to actively support industry zone

development; instead, they are finding in some projects (such as in Ethiopia) that governments allocate land to developers and do little else so that developers have also been frustrated by the lack of progress or poor quality of infrastructure provided by some local governments outside the zones (Brautigam et.al., 2010).

According to Fitsum et.al. (2018), currently, there are 17 investment projects in leather products industry development in Ethiopia that are owned by both FDI and domestic investors in the sector. Investment projects in leather products industry development are manufacturing industries that are engaged in leather Footwear, Leather Garment and Goods, and Leather Glove manufacturing and they are located in Addis Ababa city and Around, Adama, Modjo, Bahirdar, and Debre Birhan cities. The projects under investments are new investments as well as expansion investment projects.

Currently the investment projects in leather products industry development are found at three different project stages as: (1) investment projects that commenced production operation, (2) investment projects under execution, and (3) investment projects that are licensed but not provided the investment land. These projects have experienced schedule slippages and cost overruns due to complex and interlinked challenges that have been influencing the performance of investment projects. All the leather products industry development investment projects have been unsuccessful to start the operations on schedule and to generate the foreign currency for the country according to their initial project proposals. Even though some investment projects from FDI and domestic investors commenced operation in the GTP-I and contributing to export growth still there are many investment projects that could not start the operation yet as per their project plan (Fitsum et.al. 2018).

Also, there are many stakeholders in these investment projects with multifaceted problems and bureaucratic systems that holdback the performance of the projects. The sum of every problem that emanates from each stakeholder is complicating the progression of the projects and affecting the overall project performances. Beyond the performance delays, these situations are leading to loss of trusts among the stakeholders and are negatively affecting the benefit of the investors that was initially planned to generate revenues and similarly the benefit of the country as a result.

On the other ways, though many researches have been done in challenges of PM in different sector projects including Ethiopia they have been conducted with high attention to construction industry sectors. Very few researches were conducted in the area of manufacturing industry investment projects. The conducted researches were mainly focus on investment practices in general in Ethiopia, their challenges, and opportunities in several manufacturing industries. The researches were also conducted in leather and leather products industry development specific sector in Ethiopia with more emphasis to challenges and opportunities in industry along the leather value chain. In investment projects of leather products manufacturing industry related to the project management practices it is difficult to get published studies. Therefore, this study fills the literature gap by focusing on the challenges that face the investment projects during the project execution phase in leather products industry development.

The problems stated above can be considered as the internal environment problems that can be studied in connection to the capacity of enterprises and external environment problems that can be outwardly studied which have challenged the effectiveness project execution. Therefore, this study aims to assess these challenges that are negatively influencing the project execution as a result limiting the performance of investment projects in Ethiopian leather products industry development.

1.3 Research Questions

The research questions the researcher wanted to answer at the end of the study are the following:

1. What are the major internal challenges affecting the performances of investment projects in leather products industry development sector?
2. What are the major external challenges affecting the performances of investment projects in leather products industry development sector?
3. How these problems can be prioritized in order to solve the problems to increase the overall project performances?

1.4 Objectives

1.4.1 General objective

The general objective of this study is to assess the main challenges of project execution in investment projects of Ethiopian leather products industry development that have been affecting the overall performances of investment projects in this particular sector.

1.4.2 Specific objectives

The specific objectives of this study are:

- To identify major internal challenges in the project execution of new and expansion investment projects in the leather products industry development;
- To identify major external challenges in the project execution of new and expansion investment projects in the leather products industry development;
- To prioritize the challenges according to the measure grand mean of the internal and external challenges in order to address the challenges and to enhance the performance of the investment projects.

1.5 Significance of the study

This study will reveal the challenges that have been hindering the performance of new and expansion investment projects during project execution in the leather products specific sector in Ethiopia. It assesses the major internal and external challenges and proposes possible solutions that will be used as an input for different stakeholders in the investment of industry development. Hence, the output of this study will directly or indirectly be used by Leather Industry Development Institute (LIDI) who has the mandate of facilitating the development the leather sector as a whole. It will also help the other development promoting government organizations like Ethiopian Investment Commissions and Development Bank of Ethiopia while reviewing their systems and policies. It will also increase the awareness of challenges to the investors and provide them the appropriate recommendations to accelerate their project performances to gain the maximum possible benefits from the project's completion. On the other hand, apart

from the practicality as this study has the academic intention it will add knowledge to the literature in the area of project execution of investment projects in manufacturing industry. Finally, it will help the business consulting firms and individuals in investment promotion to enhance their knowledge and provide relevant consultancy services for their clients.

1.6 Scope of the study

Among the different areas of project management studies this study focuses on the project execution. The study will mainly concentrate on major internal and external challenges that have been hindering the overall performance of the projects during the project execution of new and expansion investment projects of leather products industry development. The challenges going to be studied are confined to internal project management capacity of the companies during project execution and external forces that have constrained the progress of the projects execution. The study focuses on the investment projects of both new and expansion projects that have commenced in GTP I and II and are under different investment stages including recently completed projects. Also, the researcher will limit the study on such investment projects in the leather products industry like leather footwear, leather goods, leather garment, and leather glove manufacturing investment projects. In this study, the researcher also emphasizes only on FDI and domestically owned projects that develop their own manufacturing units inside or around Addis Ababa.

1.7 Definition of Terms

To make the concept of the study clearer to the readers the researcher has defined the following terms used throughout the study with respect to their conceptual and operational definitions.

- **Challenges:** the undesirable situation of being faced with project execution that needs great mental or physical effort in order to be done successfully and therefore tests a project's performance.

- **Project execution:** the project phase in which the plans are carried out and the majority of the actual work of the project is achieved (Williams, 2008).
- **Internal challenges:** the challenges related to project execution/implementation that is bounded within the capacity of the project implementing company.
- **External challenges:** the challenges related to project execution/implementation that is outside the capacity of the project implementing company.
- **Investment projects:** a detailed proposal of an expenditure of liquid resources, with the objective of taking action that will lead to future profits.
- **Leather products industry:** manufacturing industries that are engaged in the manufacturing of leather Footwear, Leather Garment and Goods, and Leather Glove products.

1.8 Limitations of the Study

The study has the limitation of generalizability to whole investment projects in Ethiopian leather products manufacturing investment projects as it failed to include all 17 current projects where only 7 projects were included. Also, other external participants like form banks and government institutions were not included that limits the data validity.

1.9 Organization of the Study

The research report has been organized in the following ways and comprises of the following five chapters.

Chapter 1: Introduction: - this chapter deals with introductory part consisting of background of the study, statement of the problem, objectives of the study, definition of terms, significance of the study and scope of the study.

Chapter 2: Literature review: - this chapter discusses the introduction to project management, concepts of project execution, project control, project success and failure, factors affecting project success, challenges in project management, challenges of project implementation in developing countries, and challenges of manufacturing industry investment projects.

Chapter 3: Research Methodology: - this chapter explains the research methodology part used to undertake the study consisting of the research approach and design, target population, data sources, data collection method, validity and reliability, data analysis methods, and ethical consideration.

Chapter 4: Results and Discussion: - this chapter presents the results of the study and discusses them in details. Mainly, it answers the research questions and consists of: internal challenges of project execution, external challenges of project execution, and prioritization of internal and external challenges.

Chapter 5: Summary, Conclusions and Recommendations: - this chapter states the summary of study results, conclusions and provides recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Introduction to Project Management

Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project management is accomplished through the appropriate application and integration of five Process Groups i.e. Initiating, Planning, Executing, Monitoring and Controlling, and Closing (PMI, 2013).

Project management consists of the knowledge, skills, methods, techniques, and tools used to plan and manage project work. It establishes a sound basis for effective planning, scheduling, resourcing, decision making, management, and plan revision. Project management skills help complete projects on schedule, within budget, and in full accordance with project specifications. At the same time, they help achieve the other goals of the organization, such as productivity, quality, and cost-effectiveness. The objective of project management is to ensure that projects meet agreed goals of time, cost, and scope (Richman, 2011).

2.1.2 Concepts of Project Execution

The Executing Process Group consists of those processes performed to complete the work defined in the project management plan to satisfy the project specifications. This Process Group involves coordinating people and resources, managing stakeholder expectations, as well as integrating and performing the activities of the project in accordance with the project management plan (PMI, 2013).

There are two aspects to the process of project execution. One is to execute the work that must be done to create the product of the project. This is properly called technical work, and a project is conducted to produce a product. Executing also refers to implementing the project plan. It is amazing to find that teams often spend time planning a project, then abandon the plan as soon as they encounter some difficulty. Once they do this, they

cannot have control of the work, since without a plan there is no control. The key is to either take corrective action to get back on track with the original plan or to revise the plan to show where the project is at present and continue forward from that point. What often gets lost in project execution is the absolute necessity to keep the plan current based on the changes that have affected the project from day one (Heagney, 2012).

When preparations are made the execution phase can start. Activities examples during the project execution include acquire resources, project staffing, follow up project staffs and manage changes, maintain continuous communication, and complete project evaluations. Before project can be executed the project group must be staffed and other resources committed. Projects which need to acquire resources, material, or equipment externally must carry out a procurement process which is initiated by identifying the needs which are best satisfied by the help of external resources. To ensure that projects stay on truck, continuous review of the process is necessary, and appropriate adjustments are to be made (Tonnquist, 2009).

The execution stage of a project is the transformation of a theoretical and planned concept into physical and material structures. During this stage, we see the actual site preparation, buildings, equipment, and machinery constructed (systems) and begin functioning to deliver the project objectives (Lutchman, 2011). To implement a project, it requires carrying out activities proposed in the application form with the aim to achieve project objectives and deliver results and outputs. Its success depends on many internal and external factors.

Philips et.al. (2012), in project execution, the project manager will allocate much effort here to develop the project team. Time and effort must be applied to ensure that they perform at a high level and that the project's mission is accomplished. Here are some of the tools and knowledge areas project managers need to execute projects.

- **Team Development:** ''No project ever failed because of a bad Gantt chart.'' Projects succeed because of people. The challenge is to utilize resources from many different organizational departments to accomplish any project. Developing

this group of resources and turning them into a team requires leadership from the project manager.

- **Leadership Development:** Developing the leadership skills of a project manager incorporates many methodologies and concepts.
- **Quality Assurance:** Quality assurance is done throughout the project development and the product should be evaluated to make sure that quality standards are being achieved.
- **Distributing Project Information:** A project manager can spend up to 90 percent of their time communicating information on a project. They are gathering data, generating reports, and providing data.
- **Procurements:** Identifying the requirements for the work to be done is critical to determine what services are needed. There are many contract structures that a project manager can use to improve the ROI of the project.

2.1.2.1Project Control

The control and controlling is the ongoing process which enables the project to flow on a predetermined course (Mishra, 2005). While the project teams are physically constructing each deliverable, the project manager undertakes a series of management processes to monitor and control the activities being undertaken (Westland, 2006).

Processes are established to identify and resolve issues, and manage changes that affect project, cost, timing, and quality. A process to measure and record project metrics is also established and implemented in the executing phase of the project (Bolles, 2002).

As described by Philips et.al. (2012), As the project is executed, monitoring and control activities are continuously accomplished to ensure that the project is on track. Corrective and preventive actions are implemented to ensure that the project stays on plan. Some of the tools and knowledge used to monitor and control projects are:

- **Change Control:** Change control is advocated rather than change prevention on projects. Change can run rampant on projects, resulting in a phenomenon known as ‘‘scope creep.’’ Scope creep occurs when the project/product features change and grow as the project develops.

- **Earned Value Management:** Earned value is a useful tool to assess project budget and schedule performance. This will allow for a three-dimensional view of work planned, percent of work completed, and the actual cost for work completed. EV should be embraced as a performance management tool that will assist the project team in assessing project status. It will help to develop budget and duration estimating proficiency, allowing for better estimating and variance control on future projects.
- **Monitoring and Controlling Risks:** Risks are monitored continuously throughout the project, as they can change the impact and/or probability assessed. Maintaining risk management plans is imperative to the success of the project. It is important to recognize that risk management is not only performed at the beginning of the project, but throughout the life of the project.

2.1.3 Project Success and Failure

2.1.3.1 Project Success

Since projects are temporary in nature, the success of the project should be measured in terms of completing the project within the constraints of scope, time, cost, quality, resources, and risk as approved between the project managers and senior management. To ensure realization of benefits for the undertaken project, a test period (such as soft launch in services) can be part of the total project time before handing it over to the permanent operations. Project success should be referred to the last baselines approved by the authorized stakeholders (PMI, 2013).

Historically, the definition of success on a project was viewed as accomplishing the work within the triple constraints and obtaining customer acceptance. Today, the triple constraints are still important, but they have taken a "back seat" to the business and value components of success. In today's definition, success is when the planned business value is achieved within the imposed constraints and assumptions, and the customer receives the desired value (Kerzner, 2011). Very few projects are ever completed without trade-offs or scope changes on time, cost, and quality. Project success is often measured by the

“actions” of three groups: the project manager and team, the parent organization, and the customer’s organization (Kerzner, 2009).

The success of any project can be defined in terms of several things and this includes timeliness, working within the budget and meeting stakeholder’s expectations. Top support management was of importance by being active stakeholders and the clarity of goals throughout the project management and implementation. The top management offers direction, motivation and support to the team implementing the project. The top management also monitors the project throughout its implementation and communicates progress of the project to the stakeholders. Therefore, top management is one of the major factors that influence project success or its failure.

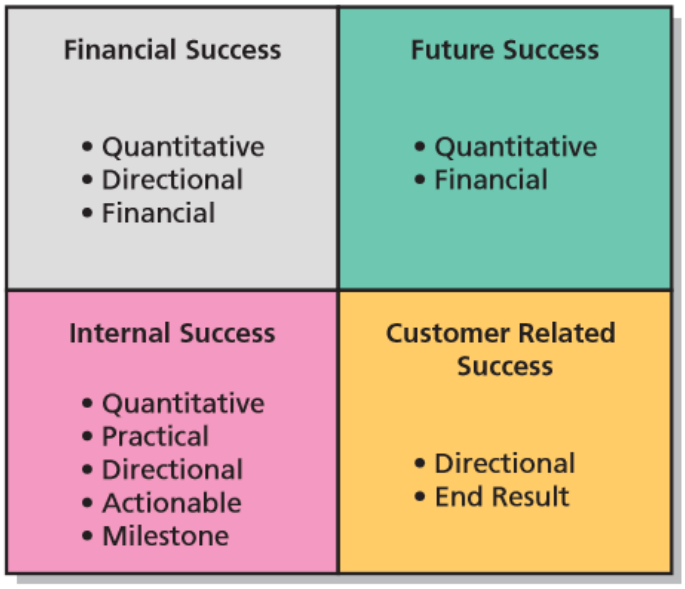
Lutchman (2011), concluded that: Success in project execution is dependent on the leadership skills of the project leadership team and having the right people and processes in place to support execution. Undoubtedly, the way we equip our personnel before they are allowed to function in frontline leadership roles in any of the organizations will ultimately determine commitment, motivation, and productivity of workers. The full support of all stakeholders is required to ensure success during execution.

2.1.3.2Factors Affecting Project Success

Ten key factors found critical to project implementation success that makes practical sense in that it has important implications for project managers. These critical success factors are: project mission; top management support; project schedule/plan; client consultation; personnel recruitment, selection, and training; technical tasks; and client acceptance (Pinto et.al., 1987).

The project success is determined by four cornerstones of success in four quadrants. Each of the quadrants the can have its own unique set of critical success factors and likewise their own unique metrics and key performance indicators (Kerzner, 2011).

Figure 2.1: Categories of Success Matrix



Source: Kerzner (2011), page: 142.

Better and effective project management practices are essential for the success of projects. Adopting project management best practices can produce the desired project outcome; thereby strategically help the organization to achieve its organizational goals and objectives. As a critical success factor, top management support is most essential for the development of best practices (Menon, 2015).

Chan (2004), after carefully studying previous literatures, suggested that critical success factors (CSFs) can be grouped under five following main categories.

- **Project-Related Factors:** The attributes used to measure this factor are type of project, nature of project, complexity of project, and size of project.
- **Procurement-Related Factors:** procurement method (selection of the organization for the design and construction of the project) and tendering method (procedures adopted for the selection of the project team and in particular the main contractor).
- **Project Management Factors:** A number of attributes will affect this factor, including the communication system, control mechanism, feedback capabilities,

planning effort, organization structure, safety and quality assurance program, control of subcontractors' works, and finally the overall managerial actions.

- **Project Participants-Related Factors:** The attributes of this factor can be mainly divided into two categories: one is related to client, another is the project team.
- **External Factors:** The attributes used to measure this factor are economic environment, social environment, political environment, physical environment, industrial relation environment, and level of technology advanced.

2.1.3.3Projects Failure

According to Kerzner (2011), while we seem to have a reasonably good understanding of project success, we have a poor understanding of project failure. The project manager and the stakeholders can have different definitions of project failure. The project manager's definition might just be not meeting the competing constraints criteria. Stakeholders, on the other hand, might seem more interested in business value than the competing constraints once the project actually begins. Stakeholders' perception of failure might be:

- The project has become too costly for the expected benefits or value.
- The project will be completed too late.
- The project will not achieve its targeted benefits or value.
- The project no longer satisfies the stakeholders' needs

A failure may mean that the project produced little or no results, delivering a negative ROI. Sometimes they produced less-than-desired results, disappointing the client. Perhaps the results were acceptable, but there was significant room for improvement. In any case, the project did not live up to its expectations. Key reasons that projects fail are: lack of business alignment, inappropriate project solution, project participants are not engaged, lack of focus on business results, failure to prepare the environment for the project, lack of accountability within the project, problems with data collection, failure to isolate the effects of the project, and lack of involvement with key managers (Philips et.al., 2012).

The failure of any project would entail several things which may include: lateness of the project in terms of not adhering to the initial schedule, cost effectiveness dissatisfied stakeholders and failure to be accountable (Mahianyu, 2016).

Wysoki, (2004), explained that Laurie constructed a fishbone diagram from the data of the nine most recent project failures in an attempt to isolate the reason(s) for the failures. Several statements confirm that conclusion of fishbone diagram of reasons for project failures: Unclear process documentation; Process does not meet needs; Weak change management, faulty acceptance criteria; Faulty acceptance criteria; Poor client involvement.

2.1.4 Challenges in Project Management

Project management is not operations or service management. The challenges and best practices for ongoing day-to-day operations are very different from those involved in project management. Anyone can write a project plan or update an issue list. On the other hand, writing a project plan that everyone will actually follow, or creating an issue list management process that people will actually use, are separate challenges. Project management isn't about going it alone and creating all the artifacts (the plans, schedules, issue lists, status updates, and so on) by yourself. It's about running the project; those artifacts should be no more—or less—than useful and effective by-products of a project that's going well (Williams, 2008).

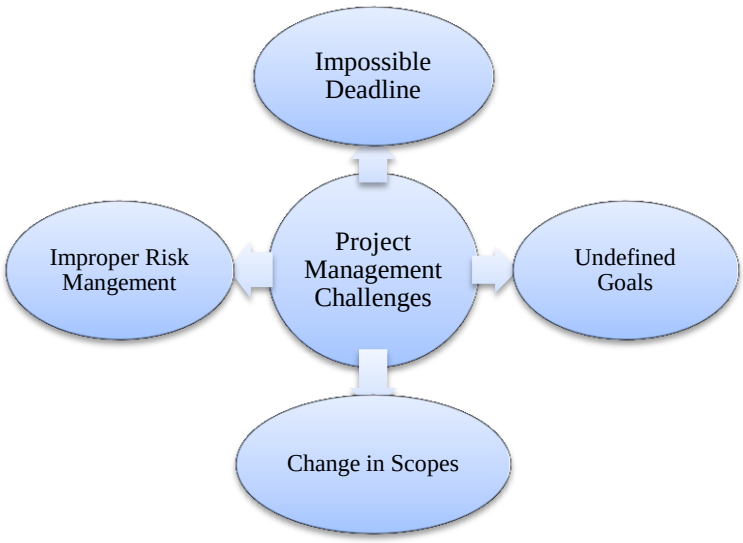
Projects have unique characteristics, unique deliverables, unique people, and unique circumstances. This characteristic makes them hard to estimate and hard to manage. Even if the project is similar to one you have done before, new events and circumstances will occur. Each project typically holds its own challenges and opportunities. Managing expectations is one of the biggest challenges facing project managers. It seems as if your client always wants more than you can deliver—for less cost and effort than it really takes. This mismatch of expectations is one of the primary reasons projects don't end successfully (Mochal et.al., 2011).

During project execution stage of the project cycle, the project has the greatest potential for falling off the rails since both schedule delays and cost overruns generally occur in

this stage. Both the project cost and the schedule can be influenced by variables within and outside the control of the organization. Variables that fall within the organization's control include the approach to construction, labor productivity, site policies, safety culture, working conditions and wage rates, personnel turnover, level of training, and working hours, all of which can have a significant impact on the project schedule and budgets. Cost overruns can be further influenced by the organization's procurement policies, underestimation during the budgeting process, the absence of control and appropriate measures to ensure adequate control, and accounting procedures and practices. Some variables external to an organization's control include environmental and seasonal conditions. Sometimes, governmental intervention, regulations, and approvals can hinder progress and may be considered external to control. For smaller organizations for which the volume of business generated is insufficient to influence a supplier's behavior or when long delivery times exist in the supply chain management process, these factors may also be considered external to the control of the organization (Lutchman, 2011).

There are four major problems faced by a project manager; undefined goals, change in scopes, improper risk management and impossible deadlines (Patil, 2016).

Figure 2.2: Project management challenges



Source: Patil (2016), page: 6020.

According to Menon (2015), Lack of senior leadership support, ineffective project management office, people factors, and lack of formal PM training are some of the significant challenges organizations face, while implementing project management best practices.

2.2 Empirical Review

2.2.1 Challenges of Project Implementation in Developing Countries

According to Rondinelli (1976), even the most efficient multinational corporations undertaking new ventures in developing countries find unanticipated crises arise continuously to obstruct the smooth execution of major projects. The following problems are those that occur most frequently in developing countries in challenging project implementation.

- Ineffective project planning and preparation: Some of the challenges are – Inability to commit available resources to feasible projects; inadequate analysis of the absorptive capacity of developing countries to finance, execute and operate specific types of projects in each sector; insufficient preparatory analysis, sectoral assessment, feasibility studies and technical appraisal to provide required information for subsequent design
- Faulty appraisal and selection processes: Some of the challenges are – Objectives and expected outputs of projects not clearly defined; Overemphasis on financial targets in project appraisal and selection; Overemphasis on economic and technical criteria in project appraisal and selection; Long lag periods in the processing and approval of projects.
- Defective project design: Some of the challenges are – Underestimation of resource needs leading to heavy additional unplanned borrowing; Inadequate or inappropriate specifications, poor siting, use of defective or improper materials causing inferior construction of capital facilities; Insufficiently detailed designs creating the need for frequent design changes; Lack of interaction between project planners and ultimate users, clients and beneficiaries during design; Failure to account adequately in

financial plans for inflation, price increases, and rises in salary levels affecting overall cost of the project.

- Problems in start-up and activation: Some of the challenges are – lack of cooperation in allocating and disbursing resources required for project activation; Difficulty in obtaining local resources during construction of the project leading to delay and cost-overruns; Insufficient analysis and comparison of alternative methods available for attaining project objectives during start-up; Inadequate organizational planning leading to creation of inappropriate or ineffective project implementation unit.
- Inadequate project execution, operation and supervision: Some of the challenges are – Cost over-runs due to delays in project construction, completion and implementation; Failure to maintain adequate information flows to indicate achievement of detailed performance targets; Insufficient capacity or incompetence of local contractors; Lack of adequately trained and competent project managers; Inadequate resource and work scheduling systems; Inadequate equipment specifications; Delays in delivery and inability to procure required resources, materials and supplies; High turnover in personnel, poor personnel training, inadequate salary structures; Conflict among project staff or between project administrators and professional staff; Inability to attract foreign consultants and contractors to supplement local consultant and contractor capability
- Inadequate or ineffective external coordination of project activities: Some of the challenges are – Insufficient supporting facilities, infrastructure and services; insufficient coordination among organizations operating projects; Political interference in construction or internal operation of project; insufficient use of foreign technology; excessive investment in local technology as opposed to technology transfer and adaptation.
- Deficiencies in diffusion and evaluation of project results and follow-up action: Some of the challenges are – Inappropriate utilization of complete projects; Faulty supervision and control; Poor internal reporting and monitoring procedures; Inadequate monitoring and control for project implementation; Long delays in submitting project completion reports; ineffective project post-evaluation methods and procedures

As per the Olima (1999), the problems of project implementation, the analysis reveals that delays in land acquisition among other factors had a serious impact on the overall performance of development project. The impact of delays in acquisition resulted into cost overruns due to price variations and time overruns. Problems in project implementation were: land acquisition effort encountered many difficulties, projects encountered los because of bureaucracy, resettlement issues for land acquisition, resistance from land owners affected the project execution performance, finance for paying compensation affected the projects, technical variations and under measurements, macro-economic instability, funding of project was major challenge.

Doloi (2012), concluded construction projects in India are experiencing widespread delay and the delays cane can be attributed to project execution factors in construction projects. The researchers used selected set of 45 attributes by first identifying the key factors impacting delay in Indian construction industry and then established the relationship between the critical attributes. From the factor analysis, most critical factors of construction delay were identified as (1) lack of commitment; (2) inefficient site management; (3) poor site coordination; (4) improper planning; (5) lack of clarity in project scope; (6) lack of communication; and (7) substandard contract. These findings are expected to be significant contributions to Indian construction industry in controlling the time overruns in construction contracts.

The study results of Jeffrey et.al. (1987) revealed factors influencing project execution as: (1) The first factor that was developed was related to the underlying purpose for the implementation and was classified project mission; (2) The second factor discerned was that of top management support. Top management's support of the project may involve aspects such as allocation of sufficient resources (including financial, manpower, time, etc.) as well as project management's confidence in their support in the event of crisis. (3) The third factor to be classified was that of project schedule/plan. The schedule should include a satisfactory measurement system as a way of judging actual performance against budget and time allowances. (4) The fourth factor that was determined is labeled client consultation. (5) The fifth factor was concerned with personnel issues, including recruitment, selection, and training. An important, but often overlooked, aspect of the

implementation process concerns the nature of the personnel involved. (6) The sixth factor to be discussed was labeled technical tasks. It is important that the implementation be well managed by people who understand it. (7) Client acceptance; in addition to client consultation at an earlier stage in the project implementation process, it remains of ultimate importance to determine whether the clients for whom the project has been initiated will accept it. (8) The eighth factor to be considered is that of monitoring and feedback. (9) The ninth factor was that of communication. The need for adequate communication channels is extremely important in creating an atmosphere for successful project implementation. (10) The tenth and final factor to emerge from classification of the model is trouble-shooting.

Also, Aziz (2013), identified and recognized the main factors affecting performance of construction projects to improve delay control or enhance project performance in construction projects in Egypt. Based on previous literatures, the explored factors were classified under the following nine (9) primary classifications as delay factors related to: Consultant; Contractor; Design; Equipment; External; Labor; Material; Owner; and Project itself.

Akogbe et al. (2013), conducted the study that focused on the analysis of delay factors which affect the delay in construction completion in Benin in order to teach construction project managers a specific managerial method that would be very useful for the success of new development projects. The top ten important delay factors by their rank were further identified as: Financial capability by contractor, financial difficulties by owner, poor subcontractor performance, materials procurement of contractor, changes in drawings of architect, inadequate planning and scheduling of contractor, slow inspection of completed works by the consultant, equipment availability of contractor, preparation, approval of drawings of consultant and acceptance of inadequate design drawings by consultant.

2.2.2 Challenges of manufacturing industry investment projects

Manufacturing industries investment projects are exposed to wide ranges of challenges that range from manageable internal challenges to huge impact imposing external challenges. In the context of developing countries the challenges are more difficult to identify and it is problematic to dispense the ownership for the challenges. The challenges begin at the investment decision making stages and continue throughout the life cycle of investment projects by varying in types of challenges and impact magnitudes.

Today, leaders are increasingly realizing that manufacturing is a major factor in helping Africa achieve their goals of successfully reaching the next stage of economic development. The African Union has put the sector front and center in its Agenda 2063. African governments are seeking new and innovative ways to attract investment and nurture industry, implementing strategies that involve targeted investment in infrastructure, improved regional integration, and the establishment of special economic zones (SEZs) for priority subsectors. The following challenges of manufacturing investment in Africa are summarized by (Signe, 2018).

- Although an abundance of low-cost, under-employed labor exists already, Africa's workforce is perceived to be lacking in skills and efficiency, a major hindrance to investment, especially in more specialized forms of production.
- Electricity costs three times more in Africa than in comparable developing regions and most manufacturers operating in West and East Africa have to rely on expensive backup generators as a primary energy source, which adversely affects their profit margins.
- Burdensome port and tax bureaucracies in Africa have contributed to the highest direct and indirect costs of international trade in manufacturing in the world.

The factor influences mostly variation in the three highest-ranking variables: quality of infrastructure, economic stability, and transparency of investment climate identified as motivating factors (MF) for initial FDI in Sub-Saharan Africa (SSA). FDI location decision in SSA is determined most strongly by political economy considerations. Also,

the policy and managerial implications are crucial to efforts to increase FDI flows to SSA. The challenge is, once the FDI is made, bargaining power shifts from investor to host because of sunk costs and the cost of early exit (Bartels et.al., 2015).

FDI can play an important role in the development efforts of the region; yet African countries have not been successful in attracting significant FDI flows, reflecting largely the combined effects of political and macroeconomic instability, weak infrastructure, poor governance, inhospitable regulatory environments, intensification of competition for FDI flows due to globalization, and poor marketing strategies. Investment promotion activities in the region were carried out in an environment in which domestic policies were by and large not conducive to foreign investment and so were not successful (Dupasquier and Osakwe, 2005).

Institutions in the lines ranging from handling licensing to providing logistical support of export of manufacturing industries require international standard of efficiency and it remains to be a challenge in the years to come. The modern sector to which manufacturing industry is a part involves many stakeholders who would be tempted to get their share in the fast growing niche industries in the manner that corrupts the growth of the sector. An apparent challenge in the industrialization process is the seemingly misallocation of human capital; with the booming of the construction sector, daily wage in the sector is by far greater than in the manufacturing as well as the service sector (UNDP, 2017).

Public investments in basic infrastructures and social overheads are essential for private investment in countries like Ethiopia where such basics are in serious shortage, and where private sectors do not usually dare to go for. External debt, as long as it is used in productive investment (without creating serious debt servicing burden on the economy) has favorable effect on the private investment in countries like Ethiopia where there is serious shortage of finance. High and protracted inflation rate could undercut private investment by signaling macro-economic instability, and thereby weakening investors' desire and ability to invest. Likewise, unpredictable and inefficient investment climate (which could be due to reasons such as frequent changes of investment policies and requirements, inefficient bureaucracy, prolonged poor governance and rampant

corruption among others), would deteriorate investors' confidence and appetite (Adugna, 2013).

Because of existence of a number of comparative advantages in the country and to strengthen its competitiveness the Government of Ethiopia offered multiple incentives for the growth of the manufacturing sector. Though the manufacturing sector is a way out for sustainable economic development its growth is not without challenges. Even though the Ethiopia is blessed with natural resources, the manufacturing sector hasn't contributed more than 5 percent to GDP. This is mainly attributed to challenges of the manufacturing Sector in Ethiopia. The main challenges of the sector are low productivity of labor force including entrepreneurial and managerial skills limitations, obsolete technologies used, limited infrastructure development including trade logistics, limited access to finance, insignificant research and development work done so far to the sector, poor institutional framework and poor market information system (Eshetie, 2018).

2.3 Literature Gaps

Many researches have been done in challenges of PM in different sector projects as explained in literature review. In Ethiopia also various PM practices and challenges of effective PM have been conducted in various sectors with high attention to construction industry. But very few researches were conducted in the area of manufacturing industry investment projects. The conducted researches were mainly focus on investment practices in general in Ethiopia, their challenges, and opportunities in several manufacturing industries. These studies give more emphasis on investment environments, policy frameworks, industry performances etc. Based on the literature review, relatively many researches were also conducted in leather and leather products industry development specific sector in Ethiopia such as researches done by (Eshetie, 2018); (Adugna 2013); (Bartels et.al., 2015). The studies give more attention to challenges and opportunities in industry along the leather value chain. As investment projects, it is difficult to get detail studies in leather products manufacturing industry related to the project management practices. Therefore, this study fills the literature gap by focusing on the challenges that face the investment projects during the project execution phase in leather products industry development.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Under this chapter, how the research has been undertaken will be explained. The chapter presents the research approach, research design, target population, data sources, data collection methods, and analysis methods are clarified. To undertake this study, after the research approach and research design was chosen the initial stage was the identification of new as well as expansion investments of leather products industry that are owned by domestic investors and FDI. After the targeted investment projects were identified data was collected from various data sources and analyzed using appropriate data analysis tools.

3.2 Research Approach and Design

3.2.1 Research Approach

In this study, the researcher has used quantitative research approach. The quantitative approach was used to generate data in quantitative form which quantitative analysis could be done from the study population that lead to interpret the results and reach at appropriate conclusion.

3.2.2 Research Design

To undertake this study, the research has been designed in the more convenient manner to collect sufficient data from the targeted investment projects. The research design used for this study was descriptive study to focus on the existing problems that are negatively affecting the investment projects of leather products industry. Descriptive research includes surveys and fact-finding enquiries of different kinds and the major purpose of descriptive research is description of the state of affairs as it exists at present (Kothari, 2004).

3.3 Target Population

According to Fitsum et.al. (2018), currently there are 17 investment projects in leather products industry development that are found at three different project stages i.e. investments that commenced the operation, investments under execution, and investments licensed yet not provided investment land – which are scattered throughout the country over different cities. The projects selected for this assessment were projects that have started in GTP I and II are under the stated three different stages where 3 projects are operational; 3 are under execution; and 1 local project is under preparation that is included to extract the information the about the current situation for preparation/readiness of project execution.

Due to inconvenience and time constraints to collect data from dispersed geographic location of projects the researcher selected the projects within and around Addis Ababa in their location. Accordingly, 7 (3 FDI and 4 domestic) investment projects out 17 total projects are located within and around Addis Ababa city – most industrialized area in the country. Hence, census survey method was used to collect primary data by which all population was studied to provide information that can be used to draw conclusions about the whole population. The sources of the data for this study were the project manager and project team members of each project. Therefore, 52 questionnaires were distributed for the census survey and 47 surveys were returned from respondents which accounts to 90% response rate.

3.4 Data Sources

Quantitative data have been collected for this study. The primary data types have been directly collected from project managers and project execution team members of the project. The owners of investment projects were also the other sources of the primary data were where the project manager was not hired or assigned for the projects and the owner act as project manager that was true for domestic investments.

3.5 Data Collection Methods

For collecting the primary data, due to the time constraints and sufficient data were required in short time duration the researcher mainly used questionnaire data collection method. There are several methods of collecting primary data, particularly in surveys and descriptive researches; important ones are observation method, interview method, through questionnaires, through schedules (Kothari, 2004). So, by taking in to account the constraining factors the researcher applied data collection through structured questionnaires.

3.6 Validity and Reliability

The concept of validity refers to what the test or measurement strategy measures and how well it does so. Conceptually, validity seeks to answer the question: whether the instrument or measurement approach measures what it is supposed to measure (Marczyk et.al., 2005). Therefore, to maintain the internal validity the researcher developed well-structured questionnaires, to collect valid data from the respondents. All population has been studied to keep the content validity throughout the study.

The reliability of the collected data has been tested using Cronbach's Alpha. According to George and Mallery, 2003, Cronbach's Alpha is used to measure the reliability of the questionnaire between each variables and the mean of the whole variables of the questionnaire. The range of Cronbach's coefficient alpha (α) value is between 0.00 and + 1.00, and the higher values reflects a higher degree of internal consistency.

Table 3.1: Cronbach's Alpha

Reliability Statistics

Cronbach's Alpha	N of Items
.975	67

The above table 3.1 shows the cronbach's alpha calculated using SPSS for all variables the respondents asked to respond on 5 point Likert scale. The result indicates that cronbach's alpha is measured 0.975 which reflects very high degree of internal consistency.

3.7 Data Analysis Methods

The collected primary data were analyzed and presented in a way that helps the researcher answer the research questions and meet the objective of the study. The researcher used appropriate methods to analyze qualitative and quantitative data types. In most types of research studies, the process of data analysis involves the following three steps: preparing the data for analysis, analyzing the data, and interpreting the data (Marczyk et.al., 2005). Accordingly, the preparation of all the relevant data was carefully done; the data were analyzed using descriptive statistics for quantitative data; and finally the interpretation of the analysis result was done to reach at valid conclusions.

3.8 Ethical Considerations

The ethical consideration has been given high attention in this study during the courses study processes. To minimizing the bias during data collection well-structured standard questionnaire was used for data collection that has avoided sensitive and leading questions to be asked. Additionally, the aim of the study was clearly explained for understanding of the respondents and only volunteered respondents are included in the research to avoid the offended responses by the participants. To avoid the likelihood of plagiarism, all the consulted literatures in this study are properly acknowledged.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, the collected data from primary sources, the analysis of the data to answer the research questions from which objectives of the study was derived, and the findings from the data analysis are presented.

The primary data were collected through well-structured questionnaire from the owners/clients, project sponsors, project managers, project teams, and consultants of 7 selected leather products manufacturing investment projects in Addis Ababa. As explained in chapter 3 (3.7), the collected primary data were analyzed using descriptive statistics using Statistical Packages for the Social Sciences (SPSS). The findings from the analysis are presented using tables and graphs and interpreted to reach at valid conclusions.

4.2 General Demographic Characteristics of the Respondents

Based on the information gathered through the questionnaire, the demographic characteristics of respondents are explained below.

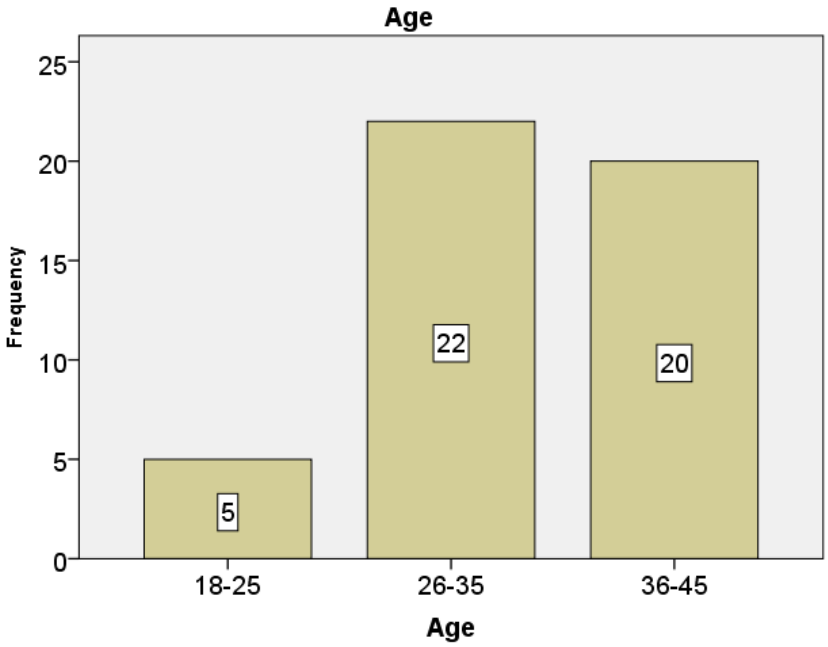
4.2.1 Sex of Respondents

The following graph (Figure 4.1) shows the sex analysis of the respondents. From total of 52 questionnaires distributed, 47 questionnaires were fully responded. Out of the total respondents, 38 were male and 9 were female which approximately accounts to 81% male and 19% female. From this result, it is well understood that most of participants in the project execution in leather products investment projects are male.

Figure 4.1: Sex of Respondents

4.2.2 Age of Respondents

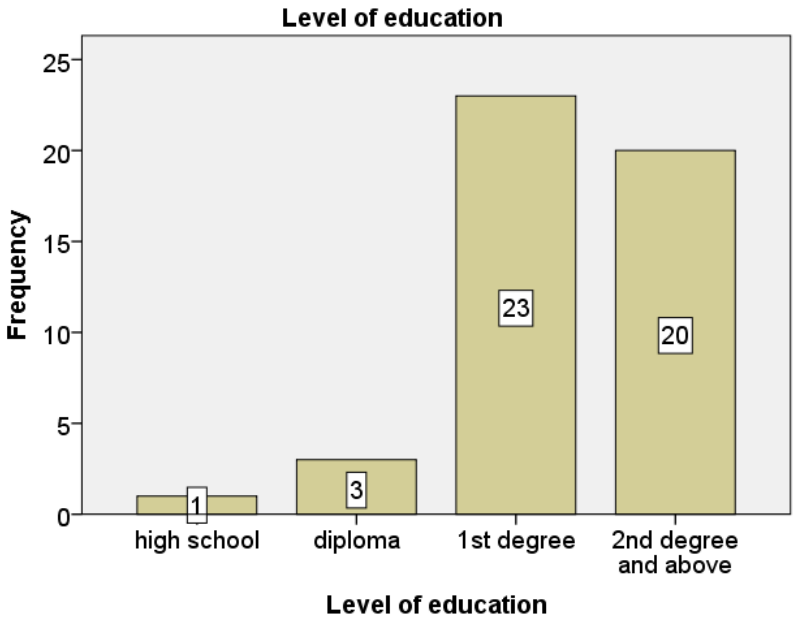
Figure 4.2: Ages of Respondents



The above bar chart (Figure 4.2) shows the age analysis of the respondents. The age of respondents was analyzed from the responded questionnaire. Accordingly, the frequency of age group shows that the respondents are within the productive age that ranges from 18 – 45. As shown in the bar chart, from 47 respondents 5 respondents were between 18 and 25, 22 respondents were between 26 and 35, and 20 respondents were between 36 and 45 age groups.

4.2.3 Educational Level of Respondents

Figure 4.3: Educational Levels of Respondents



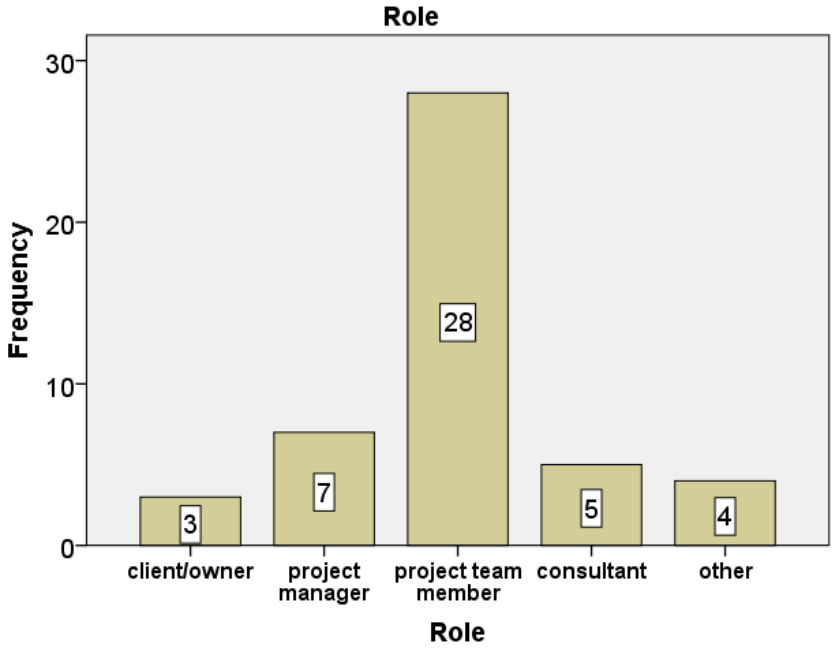
The above bar chart (Figure 4.3) depicts the educational backgrounds of the respondents. As it is clearly shown in the chart, most of the respondents have high educational backgrounds with better analytical skills to respond to the questionnaires. From total of 47 respondents, 20 respondents have 2nd degree and above, 23 respondents have 1st degree, 3 respondents have diploma, and one respondent is high school.

4.2.4 The Role of Respondents in the Project

The role of respondents in the project was analyzed and the result is shown in the following bar chart (Figure 4.4). As the frequency analysis has indicated in the chart, the maximum numbers of respondents are project team members followed by project

managers which are 28 and 7 respectively. The remaining respondents are 5 consultants, 4 other employees, and 3 clients. So, the respondents have sufficient information about the projects to confidently respond to the questionnaires.

Figure 4.4: Role of Respondents in the Project



4.3 General Information about the Project

4.3.1 Forms of Business

The following table 4.1 shows the frequency table of data analysis result about the forms of business of the investment projects.

Table 4.1: Form of business

Form of business

Forms business		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private limited company	28	59.6	59.6	59.6
	share company	15	31.9	31.9	91.5
	corporate	4	8.5	8.5	100.0
	Total	47	100.0	100.0	

As we can see from the table, 59.6% respondents were from private limited companies, 31.9% respondents were from share companies, and 8.5 respondents were from corporate business forms. This indicates that there are no state owned projects in this study.

4.3.2 Ownership of Investment Projects

The following table 4.2 shows the frequency table of data analysis result of ownership of investment projects. The data analysis result shows the frequency and percentage of ownership of investment projects in which respondents were working. Accordingly, out of 47 total respondents, 19 or 40.4% participants were working in domestic investment projects and 28 or 59.6% were working in FDI projects during the survey. So, this proportion of respondents is good enough to get necessary information for analysis of comparison between the two ownership of investment.

Table 4.2: Ownership of investment

Ownership of investment

Ownership		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	domestic investment	19	40.4	40.4	40.4
	foreign direct investment	28	59.6	59.6	100.0
	Total	47	100.0	100.0	

4.3.3 Type of Investment Project

This analysis result indicates the types of investment projects that divide the projects into two main categories as new and expansion of existing projects. So, the below frequency table 4.3 illustrates the distribution of respondents in each investment categories. Accordingly, out of 47 total respondents, 28 or 59.6% participants were working in new investment projects and 19 or 40.4% were working in expansion during the survey.

Table 4.3: Types of Investment Project

Type of investment project

Type		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	new investment	28	59.6	59.6	59.6
	Expansion investment	19	40.4	40.4	100.0
	Total	47	100.0	100.0	

4.3.4 Product Category of Investment

The analysis of product category of the investment project is to asses in which leather products category are the projects currently involved. The frequency table 4.4 depicts the result of data analysis about the product category that was analyzed from the census survey of leather products industry development project. The table shows that 46.8% of respondents work in investment projects engaged in footwear manufacturing, the largest frequency indicated in the table. The second large frequency indicates that the companies engaged in the manufacturing two and more product category. In this survey, the respondents from projects engaged in leather goods and leather glove are equal whose frequencies are 2 or 4.3%. Only one participant responded working in project engaged in leather garment manufacturing.

Table 4.4: Product category of investment

Product category of investment

Product type		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	footwear	22	46.8	46.8	46.8
	leather goods	2	4.3	4.3	51.1
	leather garment	1	2.1	2.1	53.2
	leather glove	2	4.3	4.3	57.4
	two and more product category	20	42.6	42.6	100.0
	Total	47	100.0	100.0	

4.3.5 Time of Implementations Started

The frequency table 4.5 indicated below illustrates the year of the leather products manufacturing investment projects implementation started. The analysis result shows the distribution of when projects under this assessment were commenced. The table clearly indicates the large number of respondents, 23 or 48.9, were working in projects started in 2015. The next large percentages of respondents were working in projects started in 2016 (recent projects) and projects started before 2014 (very old projects) which is 17% for each or total of 34%. The remaining participants were working in projects that have started in 2017 and 2018 whose percentages are 8.5% and 4.3 respectively. This distribution makes the gathered data more reliable as it helps to gather data from the combined proportion of old and recent projects.

Table 4.5: Time of Implementation Started

Time of Implementation Started

Time		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	before 2014	8	17.0	17.0	17.0
	2014	2	4.3	4.3	21.3
	2015	23	48.9	48.9	70.2
	2016	8	17.0	17.0	87.2
	2017	4	8.5	8.5	95.7
	2018	2	4.3	4.3	100.0
	Total	47	100.0	100.0	

4.3.6 Current Status of the Investment Projects

The current status of the projects was analyzed to understand in which state were the projects exist during the survey as shown the following table 4.6. So, out of the 47 respondents 24 people or 51% of total participants responded the project they were working in was operational. Next populous participants, 12 people or 25.5% of total respondents responded the project they were working in was under construction. The remaining participants working in projects: under installation are 12.8%, ready/preparation for project execution are 10.6%. Therefore, the data collected from

projects under such varying status are useful to find more reliable data in every stages of projects execution.

Table 4.6: Current status of the project

Current status of the project

Project Status		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	readiness/preparation for execution	5	10.6	10.6	10.6
	under construction	12	25.5	25.5	36.2
	under installation	6	12.8	12.8	48.9
	Operational	24	51.1	51.1	100.0
	Total	47	100.0	100.0	

4.4 Internal Challenges of Project Execution

The internal challenges of project execution are focused on the challenges that could be managed within the companies to enhance the performance of the projects execution. In this study, after comprehensive review of literatures in the project execution and investment projects, major internal project execution challenges were identified and respondents were asked to rate the questions listed by the researcher under each challenges based on 5 point Likert scale.

Accordingly, the major identified internal challenges are: Availability of Clear Project Plan, Level of Readiness for Project Execution, Practical Execution Capability, and Stakeholder (Client) Supports.

Data were collected using five point Liker scale as: 5 = Strongly Agree, 4 = Agree, 3= Neutral, 2 = Disagree and 1 = Strongly Disagree. The analysis was made using descriptive statistics like frequency, mean and relative importance index (RII).

Then, to facilitate the discussions using the mean value results of Likert scale analysis, the Likert scale mean has been is categorized based on the works of previous authors as:

Table 4.7: Categories of Likert scale description

Likert Scale	Likert Description	Value Allocation categories
1	Not at All	1.0 – 1.49
2	Slightly Agree	1.5 – 2.49
3	Moderately Agree	2.5 – 3.49
4	Mostly Agree	3.5 – 4.49
5	Completely Agree	4.5 – 5.00

Source: Alston and Miller (2002) and Moohammed et.al (2014)

For this study, since the questionnaire were asked in the positive statement, the lower the mean value the higher the challenge and vise-versa. Therefore the scale was categorized by reversing the value as: 1.00 – 1.49 = Completely Challenging, 1.5 – 2.49 = Mostly Challenging, 2.5 – 3.49 = Moderately Challenging, 3.5 – 4.49 = Slightly Challenging, and 4.5 – 5.00 = Not Challenging at All.

Also, the relative importance indexes (RII) were calculated for all challenges and prioritizations of challenges have been made based on RII scores. Following the works of authors Tam and Le, 2006, relative importance index ranges from 0.00 to 1.00 and the following equation was used to calculate RII:

$$Relative\ Importance\ Index = \frac{\sum W}{AN} = \frac{5n_1 + 4n_4 + 3n_3 + 2n_2 + 1n_1}{5N}$$

Where:

- "W" is the weighting given to each variables by the respondents from 1 to 5, (n_1 = number of respondents for Strongly Disagree, n_2 = number of respondents for Disagree, n_3 = number of respondents for Neutral, n_4 = number of respondents for Agree, n_5 = number of respondents for Strongly Agree).
- "A" is the maximum weight (i.e. 5 for this study).
- "N" is the total number of participants.

4.4.1 Availability of Clear Project Plan

A project plan is indispensable. Not only is it a roadmap to how the work is scheduled, but it is also a tool to aid in decision making. Though a project plan is dynamic and expected to change, a complete plan will clearly state the tasks that need to be done, why they are necessary, who will do what, when the project will be completed, what resources will be needed, and what criteria must be met in order for the project to be declared complete and successful. There are three benefits to spending the effort needed to develop a good project plan. They are: planning reduces uncertainty, planning increases understanding, and planning improves efficiency (Wysocki, 2014). Therefore, as the absence of a project plan challenges the performances of project execution, the availability of a complete and clear project plan was analyzed from the collected data from leather products manufacturing investment projects.

The following table 4.8 shows the analysis result of the availability of clear project plan. The result is generated from the questionnaire responses of five point Likert scale and 47 response data were analyzed for the identified major variables that constitute a project plan.

Table 4.8: Availability of Clear Project Plan

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
The Project scope is clear	47	1	5	3.55	0.710
Clear project time schedule is available	47	1	5	3.32	0.664
Clear project cost plan is available	47	2	5	3.36	0.672
Clear project quality plan is documented	47	1	5	3.06	0.612
Clear project risk management plan is in place	47	1	5	2.87	0.574
Clear Project communication plan is in place	47	1	5	2.94	0.588
Clear Project HR plan is available	47	1	5	3.32	0.664
Clear project procurement management plan is in place	47	1	5	3.17	0.634
Valid N (listwise)	47				
Grand mean of all variables				**3.20**	
Average RII of all variable					**0.640**

As one can observe from the above table, the mean values of the responses regarding the variables that constitute the project plan are between the ranges of 2.5 – 3.49 category. These mean value indicate that the respondents moderately agree there are clear project risk management plans and communication management plans than others. The grand mean value of all variables is calculated 3.20 and its average RII value is calculated 0.640 (i.e. 64%). This indicates that the project under assessment have been moderately challenged by availability of clear project plans.

There are considerable differences between the domestic investments and FDI with respect to availability of clear project plan. The following comparison table 4.9 shows the comparison of mean values between the variables of clear project plan.

Table 4.9: Comparison for Availability of Clear Project Plan

Report

Ownership		The Project scope is clear	Clear project time schedule is available	Clear project cost plan is available	Clear project quality plan is documented	Clear project risk management plan is in place	Clear Project communication plan is in place	Clear Project HR plan is available	Clear project procurement management plan is in place
domestic investment	Mean	3.16	3.16	3.11	2.58	2.32	2.47	3.32	3.00
	N	19	19	19	19	19	19	19	19
	RII	0.632	0.632	0.622	0.516	0.464	0.494	0.664	0.6
foreign direct investment	Mean	3.82	3.43	3.54	3.39	3.25	3.25	3.32	3.29
	N	28	28	28	28	28	28	28	28
	RII	0.764	0.686	0.708	0.678	0.65	0.65	0.664	0.658
Total	Mean	3.55	3.32	3.36	3.06	2.87	2.94	3.32	3.17
	N	47	47	47	47	47	47	47	47
	RII	0.71	0.664	0.672	0.612	0.574	0.588	0.664	0.634

As illustrated in the above table 4.8, the analysis result of comparison between domestic and FDI projects with respect to their mean and RII scores show the difference between the domestic investments and FDI for availability of clear project plan. The result shows that having clear and complete project plan is more challenging for domestic investment

projects than FDI in leather products manufacturing industry development (LPMID) projects.

4.4.2 People Readiness/project staffing/

People readiness during project execution is a critical requirement for projects to be completed within budget and on schedule. If people are not trained and qualified adequately at each milestone, the risk exposures of the organization are increased beyond the acceptable tolerance of the organization (Lutchman, 2011).

Table 4.10: People Readiness/project staffing/

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Project manager is hired on time and properly oriented.	47	1	5	3.04	0.608
Project manager has sufficient work experiences.	47	1	5	3.28	0.656
Project Manager has appropriate project management competencies.	47	1	5	3.28	0.656
Project teams are hired on schedule for project execution.	47	1	5	2.98	0.596
All personnel are properly trained, assessed and qualified.	47	1	5	2.83	0.566
Project team are committed, focused, and matured.	47	1	5	3.02	0.604
Expectations, responsibilities, and authorities are clarified for the workforces.	47	1	5	3.02	0.604
Valid N (listwise)	47				
Grand mean of all variable				**3.06**	
Average RII of all variable					**0.612**

The above table 4.10 shows the data analysis results of seven identified variables to assess the people readiness (project staffing). The result of data analysis indicated least mean value of 2.83 at personnel training, assessment, and qualification for project execution. The grand mean score of people readiness/project staffing/ calculated 3.06 and RII is 0.612 or 61.2%. The result lies between the categories 2.5 – 3.49 which reflect respondents moderately agree the project executing companies make proper readiness for project execution. Therefore, as the analysis result indicated in the table above, the

challenge of project staffing or people readiness for project execution in the LPMID project is moderate.

Table 4.11: Comparison for People Readiness/project staffing/

Report

Ownership		Project manager is hired on time and properly oriented.	Project manager has sufficient work experiences	Project Manager has appropriate project management competencies	Project teams are hired on schedule for project execution.	All personnel are properly trained, assessed and qualified	Project team are committed, focused, and matured.	Expectations, responsibilities, and authorities are clarified for the workforces.
Domestic investment	Mean	2.58	2.79	3.05	2.32	2.47	2.68	2.79
	N	19	19	19	19	19	19	19
	RII	0.516	0.558	0.61	0.464	0.494	0.536	0.558
foreign direct investment	Mean	3.36	3.61	3.43	3.43	3.07	3.25	3.18
	N	28	28	28	28	28	28	28
	RII	0.672	0.722	0.686	0.686	0.614	0.65	0.636
Total	Mean	3.04	3.28	3.28	2.98	2.83	3.02	3.02
	N	47	47	47	47	47	47	47
	RII	0.608	0.656	0.656	0.596	0.566	0.604	0.604

As indicated in the table 4.11 above, the mean values and RII of variables for project staffing of domestic investment projects is less than that of the corresponding variable for FDI projects. The comparison of mean and RII for every variables shows that the domestic investment projects experienced more challenges than FDI projects in terms of project staffing in LPMID during project execution.

4.4.2.1Internal Financial Resources

The financial sources are the most important element for effective project execution. All these readiness require the supply of finance on schedule that is based on clear budget plan. Therefore, due to the fact level of readiness for the project execution is critical factor of project performance; the level of financial readiness has been analyzed in leather products manufacturing projects.

Here the challenge levels of internal financial resources have been analyzed and presented. The following table 4.12 describes the result generated from data analysis about the internal financial resource variables.

Table 4.12: Analysis Result for Internal Financial Resources

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Internal financial capacity (equity) of the project is high.	47	1	5	3.23	0.646
All required finances are supplied for project staffing, site preparation, building material procurement, and equipment procurement on schedule.	47	1	5	2.72	0.544
Project budgets are properly estimated during estimation.	47	2	5	2.89	0.578
Adequate accounting procedures and practices are available for control and appropriate measures to ensure adequate control.	47	2	5	3.23	0.646
Valid N (listwise)	47				
Grand mean of all variables				**3.02**	
Average RII of all variables					**0.604**

In the above table, least mean and RII value are registered at "the supply of required financial resources for project staffing, building material procurement, equipment procurement on schedule" and the mean result is 2.72 and RII value is 0.544. The second challenge is proper estimation of project budget which has the mean value of 2.89 and RII value of 0.578. As per the analysis result, internal financial capacity (equity) of the project and their accounting procedures show the mean values between 2.5 – 3.49 with the overall mean of the internal financial resource analysis 3.02 and average RII of 0.604. Therefore, internal financial resource was moderate challenge during project execution in LPMID projects.

In the table 4.13 below, the mean and RII score of domestic investment and FDI have been compared with respect to the internal financial challenge variables. Thus, the result shows every variable in domestic investment projects experienced less mean and RII values than FDI. With least mean value of 2.05 or RII score of 0.41, the analysis result indicated domestic investment projects has experienced high challenges to supply required resources for project staffing, building material procurement, and equipment

procurement on schedule. The second and third financial challenges of the domestic investment projects are proper budget estimations and financial capacity of investors with mean values of 2.53 and 2.58 (RII values 0.506 and 0.516) respectively. As clearly shown from the table, the FDI has relatively experienced challenge of budget estimation compared to other variables that has 3.14 mean score or 0.628 RII score.

Table 4.13: Comparison for Internal Financial Resources

Report

Ownership		Internal financial capacity (equity) of the project is high.	All required finances are supplied for project staffing, site preparation, building material procurement, and equipment procurement on schedule.	Project budgets are properly estimated during estimation.	Adequate accounting procedures and practices are available for control and appropriate measures to ensure adequate control.
domestic investment	Mean	2.58	2.05	2.53	3.05
	N	19	19	19	19
	RII	0.516	0.41	0.506	0.61
foreign direct investment	Mean	3.68	3.18	3.14	3.36
	N	28	28	28	28
	RII	0.736	0.636	0.628	0.672
Total	Mean	3.23	2.72	2.89	3.23
	N	47	47	47	47
	RII	0.646	0.544	0.578	0.646

4.4.3 Physical Resources

The process readiness focuses on ensuring processes are in place to allow the continuous operation of a facility on a sustained basis. For industrial plants, process readiness is very important component of project execution. Another critical requirement for project execution is System readiness that refers to the mechanical completeness of all operating systems of the facility.

Table 4.14: Analysis Results for Physical Resources

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Site preparation is completed on schedule	47	2	5	3.23	0.646
Essential building materials are acquired on schedule	47	1	5	3.17	0.634
Essential building machineries are procured on schedule	47	1	4	3.04	0.608
Essential equipment are acquired on schedule	47	1	4	3.06	0.612
Valid N (listwise)	47				
Grand mean of all variables				**3.13**	
Average RII of all variables					**0.626**

The above table 4.14 illustrates the descriptive statistics analysis of physical resources for project execution. The overall mean value of the analysis is 3.13 and average RII% is 0.626 or 62.6%. Regarding the physical resources, there is relatively more challenges in two variables (procurement of essential machineries on schedule and procurement of essential equipment on schedule) than remaining variables with 3.04 and 3.06 mean values respectively. Grand mean score of 3.13 or RII% 62.6% show respondents moderately agree that the project execution has been challenged by availability physical resources. Therefore, the physical resources of the project undertaking companies are moderate challenge for the success of projects during execution.

Table 4.15: Comparison for Physical Resources

Report

Ownership		Site preparation is completed on schedule	Essential building materials are acquired on schedule	Essential building machineries are procured on schedule	Essential equipment are acquired on schedule
domestic investment	Mean	2.84	2.42	2.53	2.53
	N	19	19	19	19
	RII	0.568	0.484	0.506	0.506
foreign direct investment	Mean	3.50	3.68	3.39	3.43
	N	28	28	28	28
	RII	0.700	0.736	0.678	0.686
Total	Mean	3.23	3.17	3.04	3.06
	N	47	47	47	47
	RII	0.646	0.634	0.608	0.612

The above table 4.15 shows the comparison of mean values of domestic and FDI in relation with the preparation of physical resources for project execution. The table clearly indicates three variables for the assessment of the challenges of physical resource possess mean values are between the rage of 2.5 – 3.49 except one variable (essential building materials are acquired on schedule). It also exhibits the domestic investment projects of leather products manufacturing projects are more challenged with the physical resources than the FDI projects.

4.4.4 Practical Execution Capability

Practical execution capability is very important to utilize the available allocated project resources to realize the project goal timely, cost efficiently, and with the required quality. It is clear that the competencies, experiences and attitudes of project manager and project team are very essential ingredients for practical capability of effective project execution. Based on the data collected from the target population, being identified as internal challenges, the practical project execution capability in leather products manufacturing projects has been analyzed.

Table 4.16: Analysis Result for Practical Execution Capability

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
PM leadership skills to enhance staffs' labour productivity	47	2	5	3.30	0.660
Conflicts are properly managed	47	1	5	2.87	0.574
PM properly tracks project's financial expenditures	47	2	5	3.11	0.622
Effective and efficient utilization of physical resources	47	2	5	3.21	0.642
Proactively follow up project risks plans	47	1	5	2.81	0.562
PM continuously tracks project performances and manage changes	47	1	5	3.15	0.630
PM reviews and updates the project plan	47	1	5	3.02	0.604
PM maintains continuous communication with stakeholders	47	2	5	3.13	0.626
Effort to maintain the planned project schedule, time, and quality	47	2	5	3.09	0.618

PM frequently documents lessons learned	47	1	4	2.85	0.570
Valid N (listwise)	47				
Grand mean of all variables				**3.05**	
Average RII of all variables					**0.610**

The table 4.16 above illustrates the assessment result of practical execution capability in investment projects of leather products manufacturing. For the assessment of practical capability 10 variables were selected that constitute practical project execution capability of investing companies to increase the project performance.

Hence, as it is possible to observe from the result the overall mean value of the practical project execution capability has 3.05 and RII% 61%. From the assessed variables, three variables exhibit relatively less mean and RII scores. These variables are: Proactive follow up project risks plans; PM frequently documents lessons learned; and Conflicts are properly managed – which have 2.81 (56.2%); 2.85 (57%); 2.87 (57.4%) mean and RII% values respectively. This indicates that, these variables are more challenging than other variables of practical project execution challenges in LPMID projects in general.

Table 4.17: Comparison for Practical Execution Capability

Report

Ownership		PM leadership skills to enhance staffs' labor productivity	Conflicts are properly managed	PM properly tracks project's financial expenditures	Effective and efficient utilization of physical resources	Proactively follow up project risks plans	PM continuously tracks project performances and manage changes	PM reviews and updates the project plan	PM maintains continuous communication with stakeholders	Effort to maintain the planned project schedule, time, and quality	PM frequently documents lessons learned
domestic investment	Mean	2.95	2.95	3.21	3.26	2.63	2.74	2.74	3.05	2.89	2.53
	N	19	19	19	19	19	19	19	19	19	19
	RII	0.59	0.59	0.642	0.652	0.526	0.548	0.548	0.61	0.578	0.506
foreign direct investment	Mean	3.54	2.82	3.04	3.18	2.93	3.43	3.21	3.18	3.21	3.07
	N	28	28	28	28	28	28	28	28	28	28
	RII	0.708	0.564	0.608	0.636	0.586	0.686	0.642	0.636	0.642	0.614
Total	Mean	3.30	2.87	3.11	3.21	2.81	3.15	3.02	3.13	3.09	2.85
	N	47	47	47	47	47	47	47	47	47	47
	RII	0.66	0.574	0.622	0.642	0.562	0.63	0.604	0.626	0.618	0.57

The table 4.17 above shows the comparison of mean between the domestic investment projects and FDI regarding the practical project execution capability in leather products industry development projects. The result shows FDIs have had less mean and RII scores at three variables than domestic investments while domestics have had less mean and RII scores at remaining seven variables. So, this analysis result indicates domestic investment projects have experienced more challenges in the practical project execution capability than FDI projects did.

4.4.5 Stakeholder (Client) Supports

Without stakeholder support it is difficult to expect the project success. Though stakeholders can be either internal or external to the organization, for this study internal stakeholders have been considered. Stakeholders buy-in is crucial for the successful completion of projects. Thus, as one of factors in many projects here also the stakeholder support is analyzed and the result is presented as below.

Table 4.18: Analysis Result for Stakeholder (Client) Supports

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Project is highly aligned with the strategies of the company	47	2	5	3.45	0.690
clients' interest to project outcome	47	2	5	3.40	0.680
Clients' commitment for successful completion of project	46	2	5	3.39	0.678
Clients frequently ask changes request	47	1	5	3.17	0.634
Project sponsors provide finances as per the schedule	47	1	5	2.94	0.588
Stakeholders give feedback for progress reports and updated plans	47	2	5	3.45	0.690
Valid N (listwise)	46				
Grand mean of all variables				**3.3**	
Average RII of all variables					**0.660**

The analysis result in the above table 4.18 shows the client support assessment towards the challenge of project execution. All mean scores for each variables are within the range of 2.5 – 3.49. This result table specifies the timely supply of required finances by the project sponsors is challenging issue in leather products manufacturing investment

projects in general; consequently this finding supports the finding of challenges in the financial analysis in section 4.4.2.2.

Based on the result, the overall mean value for the client support shows 3.3 and average RII of all variables is 0.66 (66%) that is highest score among all the previous mean values. Even though it lies in the range of moderate challenges (2.5 – 3.49), this result indicates there is relatively better performance for client support than other variables analyzed in the previous sections as internal challenges.

Table 4.19: Comparison for Stakeholder (Client) Supports

Report

Ownership		Project is highly aligned with the strategies of the company	clients' interest to project outcome	Clients' commitment for successful completion of project	Clients frequently ask changes request	Project sponsors provide finances as per the schedule	Stakeholders give feedback for progress reports and updated plans
domestic investment	Mean	3.74	3.47	3.44	3.00	2.37	3.16
	N	19	19	18	19	19	19
	RII	0.748	0.694	0.688	0.6	0.474	0.632
foreign direct investment	Mean	3.25	3.36	3.36	3.29	3.32	3.64
	N	28	28	28	28	28	28
	RII	0.65	0.672	0.672	0.658	0.664	0.728
Total	Mean	3.45	3.40	3.39	3.17	2.94	3.45
	N	47	47	46	47	47	47
	RII	0.69	0.68	0.678	0.634	0.588	0.69

In the table 4.19 shown above to illustrate the comparison of mean scores between the domestic and FDI projects, all mean scores of every variables is between 2.5 – 3.49 except for one variable (Project sponsors provide finances as per the schedule) which has the least score of 2.37 and RII% score of 47.4%. The mean score of "Project sponsors provide finances as per the schedule" falls in the range of 1.5 – 2.49 or mostly challenging. In FDI projects all variables selected to assess the clients support show fall within the range of 2.5 – 3.49, except one variable which has a mean and RII% score of 3.64 and 72.8% (i.e. stakeholders give feedback for progress reports and updated plans). The mean value of "stakeholders give feedback for progress reports and updated plans" falls in the rage of slightly challenging (3.59 – 4.49). From this comparison table, it possible to understand that domestic investors face high challenges to support the project

with the supply of necessary finances on schedule that lead to lagging of project performance during Project execution in LPMID projects.

4.5 Prioritizing the Internal Challenges

The challenges identified and analyzed in the previous sections need to be systematically addressed to increase the performance of the projects. To address these issues prioritization is suitable approach that insights the stakeholders which challenge should be given more weightage and primacy. For this reason, the identified and analyzed challenges have been prioritized based on their measure of grand mean score for internal and external challenges.

The table 4.20 shown below was used to present the ranks of internal challenges in order to prioritize the challenges for systematic approach of appropriate actions. Thus, the identified challenges for assessment of internal challenges have been prioritized based on their mean score and RII score that were presented in previous sections of 4.4.

As illustrated in the table, the least mean and RII value indicates the highest challenges the project execution has encountered and vise-versa. The overall scores of mean and RII were used as cutting values to consider highly challenging internal issues. So, overall mean = 3.13 or RII% = 62.6% was used as cutting value. Therefore, the most top internal challenges that have mean and RII values less than the overall mean and RII scores of internal challenges (i.e. 3.13 and 0.626) in project execution of the leather products manufacturing investment projects are: internal financial resources; practical project execution capability; and people readiness (project staffing).

Table 4.2: Result for Prioritizing Internal Challenges

S. No	Internal Challenges	Grand mean score	RII score	Rank in Ascending Order
1.	Availability of Clear Project Plan	3.2	0.640	5
2.	People Readiness/project staffing/	3.06	0.612	3
3.	Internal Financial Resources	3.02	0.604	1
4.	Physical Resources	3.13	0.626	4
5.	Practical Execution Capability	3.05	0.610	2
6.	Stakeholder (Client) Supports	3.3	0.660	6
	OVERALL MEAN and RII Scores of Internal Challenges	**3.13**	**0.626**	

Apart from the prioritization of the identified internal challenges, the individual variables in each identified challenges group need to be prioritized to systematically address the challenges and enhance the project performance during the project execution of leather products manufacturing investment projects. Accordingly, to concentrate the effort on more challenges indicating variables, the variables that showed mean and RII scores less than (3.13 and 0.626) respectively have been considered and prioritized in the ascending order.

The following table 4.21 shows the prioritized internal challenges variables based on cutting RII score. Thus, variables those have RII scores less than 0.626 or 62.6% (the overall RII score of internal challenges) are ranked in ascending order. This ranking is helpful to go for addressing the issues in order of their level of challenges.

Table 4.21: Result of Prioritizing Internal Challenges Variables with mean value score less than 3.13

S. No	Internal Challenges Variables with mean value score less than 3.13 or RII 0.626	RII Score	Rank in Ascending Order of RII score
1	All required finances are supplied for project staffing, site preparation, building material procurement, and equipment procurement on schedule.	0.544	1
2	Proactively follow up project risks plans	0.562	2
3	All personnel are properly trained, assessed and qualified.	0.566	3
4	PM frequently documents lessons learned	0.570	4
5	Clear project risk management plan is in place	0.574	5
6	Conflicts are properly managed	0.574	5
7	Project budgets are properly estimated during estimation.	0.578	7
8	Essential building machineries are procured on schedule.	0.578	7
9	Clear Project communication plan is in place	0.588	9
10	Project sponsors provide finances as per the schedule	0.588	9
11	Essential equipment are acquired on schedule.	0.592	11
12	Project teams are hired on schedule for project execution.	0.596	12
13	Project team are committed, focused, and matured.	0.604	13
14	Expectations, responsibilities, and authorities are clarified for the workforces.	0.604	13
15	PM reviews and updates the project plan	0.604	13
16	Internal Financial Resources	0.604	13
17	Essential building machineries are procured on schedule	0.608	17
18	Essential building machineries are procured on schedule	0.608	17
19	Practical Execution Capability	0.610	19
20	Clear project quality plan is documented	0.612	20
21	Essential equipment are acquired on schedule	0.612	20
22	People Readiness/project staffing/	0.612	20
23	Essential equipment are acquired on schedule	0.612	20

24	Effort to maintain the planned project schedule, time, and quality	0.618	24
25	Effort to maintain the planned project schedule, time, and quality	0.618	24
26	PM properly tracks project's financial expenditures	0.622	26
27	PM properly tracks project's financial expenditures	0.622	26
28	PM maintains continuous communication with stakeholders	0.626	28
29	Physical Resources	0.626	28
30	PM maintains continuous communication with stakeholders	0.626	28

4.6 External Challenges of Project Execution

The external challenges of project execution are focused on the challenges that are out of the control of project executing companies. For this study, major external challenges of project execution were identified and respondents were asked to rate variables based on 5 point Likert scale. The identified internal challenges are: Government Regulations and system Issues, Infrastructure Issues, Loan Issues, Government Support, Supply Issues, and Issues Related to Contractors. In the similar way to the above internal challenge assessment, for this analysis the five point Liker scale was used as: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

Also, as explained in 4.4, since the questionnaire are asked in the positive statement, the lower the mean value the higher the challenge and vise-versa. Therefore by reversing the value, 1.00 – 1.49 = Completely Challenging, 1.5 – 2.49 = Mostly Challenging, 2.5 – 3.49 = Moderately Challenging, 3.5 – 4.49 = Slightly Challenging, and 4.5 – 5.00 = Not Challenging at All. The relative importance indexes are also calculated in the same way they have been explained in in section 4.4.

4.6.1 Government Regulations and system Issues

The government related issues are other factor that either enable or challenge the success of project execution. Therefore, to what extent the government regulation and systems have challenged the investment projects in investment projects of leather products manufacturing industry is analyzed and the result is presented as below.

The table 4.22 shown below indicates government regulation and system issues that are analyzed using descriptive statistics. The grand mean values and average RII values are 2.90 and 0.580 respectively. All variables show mean value results between the range of 2.5 – 3.49, in the moderately challenging category. Based on this result, the current government regulation and systems with respect to investment projects can be considered as a moderate challenge for leather products industry development projects.

Table 4.22: Analysis Result for Government Regulations and system Issues

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Investment licensing process is easy	47	1	5	2.91	0.582
Gov't regulations are convenient to access investment land	47	1	5	2.62	0.524
Gov't Investment schemes are motivating for investment project	47	1	5	3.02	0.604
The working system of government is transparent and fair	47	1	5	2.74	0.548
Gov't system does not discriminate or favor domestic and FDIs	47	1	5	3.19	0.638
Valid N (listwise)	47				
Grand mean of all variables				**2.90**	
Average RII of all variables					**0.580**

According to the comparison table 4.23 shown below to compare the mean scores of domestic investments and FDI projects, domestic investment projects has experienced more challenges in relation with government regulations and systems. Both domestic and FDI projects experienced closely similar challenges with the variable that assess the access to investment land; with mean scores of 2.63 or RII 0.526 for domestic investment and 2.61 or RII 0.522 for FDI projects.

Table 4.23: Comparison for Government Regulations and system Issues

Report

Ownership		Investment licensing process is easy	Gov't regulations are convenient to access investment land	Gov't Investment schemes are motivating for investment project	The working system of government is transparent and fair	Gov't system does not discriminate or favor domestic and FDIs	Project location has high access to road
domestic investment	Mean	2.53	2.63	2.63	2.37	2.84	2.37
	N	19	19	19	19	19	19
	RII	0.506	0.526	0.526	0.474	0.568	0.474
foreign direct investment	Mean	3.18	2.61	3.29	3.00	3.43	3.82
	N	28	28	28	28	28	28
	RII	0.636	0.522	0.658	0.6	0.686	0.764
Total	Mean	2.91	2.62	3.02	2.74	3.19	3.23
	N	47	47	47	47	47	47
	RII	0.582	0.524	0.604	0.548	0.638	0.646

4.6.2 Infrastructure Issues

Infrastructures are required to properly undertake projects execution. Roads are needed to be accessible for transportation of raw materials, machineries, and equipment. Similarly, consistent supply of electric powers, water supply, and more facilities are highly required for building and installation as well as for operation of projects. Accordingly, the data collected from the questionnaire to analyze the response of respondents about the infrastructure issues is presented as below.

Table 4.24: Analysis Result for Infrastructure Issues

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Project location has high access to road	47	1	5	3.23	0.646
There is high access to electric power	47	1	5	2.70	0.540
There is sufficient supply of water	47	1	5	3.11	0.622
Adequate and fast logistic systems are available	47	1	5	2.60	0.520
Valid N (listwise)	47				
Grand mean of all variables				**2.91**	
Average RII of all variables					**0.582**

In the table 4.24 shown above, the project execution has faced the challenges with the access to electric power and access of adequate logistic systems. The mean score for these variables are 2.70 for high access to electric power and 2.6 for adequate logistic systems which indicate they are relatively more challenging factors to undertake the project in leather products investment projects when compared with other variables. In general, the grand mean score is 2.91 and RII% is 58.2% that falls within the range of moderate challenges.

Table 4.25: Comparison for Infrastructure Issues

Report

Ownership		Project location has high access to road	There is high access to electric power	There is sufficient supply of water	Adequate and fast logistic systems are available
domestic investment	Mean	2.37	1.74	2.21	1.79
	N	19	19	19	19
	RII	0.474	0.348	0.442	0.358
foreign direct investment	Mean	3.82	3.36	3.71	3.14
	N	28	28	28	28
	RII	0.764	0.672	0.742	0.628
Total	Mean	3.23	2.70	3.11	2.60
	N	47	47	47	47
	RII	0.646	0.540	0.622	0.52

To compare how differently domestic investment and FDI projects has experience the infrastructure issues the mean scores of variables have been compared. Accordingly, all variables for the domestic investment projects show very low mean values and RII values compared to FDI. This indicates that domestic investment projects have been more challenged with infrastructures than FDI projects did in LPMID projects execution.

4.6.3 Loan Issues

It is clear that that loan is at the core of any investment projects as a financial source. The access to this financial source is another challenge in investment projects. In this study, in the context of Ethiopian Leather products manufacturing investment projects the loan issues have been analyzed from the responses of questionnaires and the analysis result is presented below.

As shown in the table 4.26 below, the analysis result for assessing the loan issues as a challenging factor is generated using descriptive statistics. The grand mean score and RII% score (2.46 and 49.2%) clearly describes the loan issues fall within the category of 1.5 - 2.49 (mostly challenging). Therefore, the result indicates Loan issue is mostly challenging external challenge in project execution of LPMID projects.

Table 4.26: Analysis Results for Loan Issues

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
The bank loan is accessible from any bank	47	1	4	2.53	0.506
Interest rate/cost of borrowing is low	47	1	4	2.26	0.452
Bank collateral requirement is convenient	47	1	5	2.43	0.486
Loan repayment period is convenient	47	1	5	2.64	0.528
Quick disbursement of loan	47	1	5	2.43	0.486
Valid N (listwise)	47				
Grand mean of all variables				**2.46**	
Average RII of all variables					**0.492**

To compare how differently domestic investment and FDI projects has experience the loan issues the mean scores of variables have been compared. Accordingly, although there is difference between the two, all variables for the domestic investment and FDI projects show very low mean and RII values. This indicates that both the domestic investment and FDI projects have been challenged with the loan issues in LPMID investment projects execution.

Table 4.27: Comparison for Loan Issues

Report

Ownership		The bank loan is accessible from any bank	Interest rate/cost of borrowing is low	Bank collateral requirement is convenient	Loan repayment period is convenient	Quick disbursement of loan
domestic investment	Mean	2.16	2.05	2.21	2.58	1.95
	N	19	19	19	19	19
	RII	0.432	0.41	0.442	0.516	0.39
foreign direct investment	Mean	2.79	2.39	2.57	2.68	2.75
	N	28	28	28	28	28
	RII	0.558	0.478	0.514	0.536	0.55
Total	Mean	2.53	2.26	2.43	2.64	2.43
	N	47	47	47	47	47
	RII	0.506	0.452	0.486	0.528	0.486

4.6.4 Government Support

There are institutions established from the government side to support the growth of investments and the sector. The integration among such institutions intertwined with their institutional capacity and power is crucial for the success and sustainability of investment projects. With this consideration, the extent to which the government support is either facilitating or challenging the project execution has been analyzed and presented.

Table 4.28: Analysis Result for Government Support

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Government follow up of investment is supportive	47	1	5	3.02	0.604
Government response is quick for support requests	47	1	5	2.66	0.532
Government support is systematically integrated	47	1	4	2.47	0.494
Support institutions have adequate decision making power	47	1	5	2.60	0.520
Gov't workers are cooperative	47	1	4	2.57	0.514
Valid N (listwise)	47				
Grand mean of all variables				**2.66**	
Average RII of all variables					**0.532**

From the table 4.28 shown above, it can be easily understood there is insufficient government support to facilitate and speed up project execution in LPMID investment projects where the grand mean and RII% value of the issue is 2.66 and 53.2% respectively, which is very close to 2.5 (i.e. RII% = 50%) lower limit of moderately challenging range. The least score is observed in a variable – government support is systematically integrated – which has 2.47 mean score that falls within the range of 1.5 – 2.49 or mostly challenging category.

In the table 4.29 below, the domestic investment and FDI projects have been compared based on their mean scores and RII to understand how differently they perceived the government support. Thus, all variables for the domestic investment projects show very low mean and RII scores; and all scores are also less than the scores of FDI with the corresponding variables. This indicates that respondents from domestic investment projects have perceived that government support is less sufficient and consequently challenged their project performance when compared with FDI projects.

Table 4.29: Comparison for Government Support

Report

Ownership		Government follow up of investment is supportive	Government response is quick for support requests	Government support is systematically integrated	Support institutions have adequate decision making power	Gov't workers are cooperative
domestic investment	Mean	2.79	2.26	2.05	2.21	2.32
	N	19	19	19	19	19
	RII	0.558	0.452	0.41	0.442	0.464
foreign direct investment	Mean	3.18	2.93	2.75	2.86	2.75
	N	28	28	28	28	28
	RII	0.636	0.586	0.55	0.572	0.55
Total	Mean	3.02	2.66	2.47	2.60	2.57
	N	47	47	47	47	47
	RII	0.604	0.532	0.494	0.52	0.514

4.6.5 Supply Issues

The supply issues as the challenges of project execution is identified and analyzed. The result of the analysis is presented below.

Table 4.30: Analysis Result for Supply Issues

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Required Supplies of material are available in local markets	47	1	5	2.43	0.486
Availably of adequate equipment supply in local markets	47	1	5	2.26	0.452
Access of material and equipment from single market	47	1	3	1.96	0.392
Efforts and capacity of suppliers for quick supply	47	1	5	2.66	0.532
Suppliers are trusted in all aspects	47	1	5	2.66	0.532
Valid N (listwise)	47				
Grand mean of all variables				**2.39**	
Average RII of all variables					**0.478**

From the table 4.30 shown above, it is clearly indicated that from 5 variables only two variables are within the range of 2.5 – 3.49 with much close value to lower limit of the range and the remaining three variables are within the range of 1.5 – 2.49. The grand mean value 2.39 or RII% value 47.8% clearly shows that it is in the category of mostly challenging issue.

Table 4.31: Comparison for Supply Issues

Report

Ownership		Required Supplies of material are available in local markets	Availably of adequate equipment supply in local markets	Access of material and equipment from single market	Efforts and capacity of suppliers for quick supply	Suppliers are trusted in all aspects
domestic investment	Mean	2.16	2.00	1.74	1.95	2.58
	N	19	19	19	19	19
	RII	0.432	0.4	0.348	0.39	0.516
foreign direct investment	Mean	2.61	2.43	2.11	3.14	2.71
	N	28	28	28	28	28
	RII	0.522	0.486	0.422	0.628	0.542
Total	Mean	2.43	2.26	1.96	2.66	2.66
	N	47	47	47	47	47
	RII	0.486	0.452	0.392	0.532	0.532

Based on the results shown in the comparison table 4.31 above, every individual variable mean and RII scores of domestic investment projects are less when compared with the FDI projects. Even though all variables of both domestic investments and FDI show low mean and RII score and the issue is mostly challenging for both as they exposed to the same condition; it was more challenging for domestic investment projects than FDI projects.

4.6.6 Issues Related to Contractors

The success of the projects execution also depends on experience and capability of the contractor. Full understanding of the project requirements, sufficient experiences, and cooperation with the project team are indispensable for the project success. Hence, the contractor issues have been analyzed under this subtitle and the result is presented below.

Table 4.32: Analysis Results for Issues Related to Contractors

Descriptive Statistics					
Variables	N	Minimum	Maximum	Mean	RII
Contractors have sufficient project execution experiences	47	1	4	2.77	0.554
Contractors have sufficient capacity	47	1	4	2.85	0.570
Contractors' teams are cooperative during project execution	47	2	5	2.98	0.596
Contractors' effort is high to maintain the project plan	47	2	5	3.17	0.634
Valid N (listwise)	47				
Grand mean of all variables				**2.94**	
Average RII of all variables					**0.588**

Based on the result shown in the table 4.32 above, the issues related to contractors is also moderately challenging to the LPMID investment project execution as it is observable from the table the grand mean value is 2.94 or RII% is 58.8%. So, due to the grand mean value is in the category of 2.5 – 3.49 the issues related to contractor is also moderate challenge for the success of project execution in investment projects of LPMID.

Table 4.33: Comparison for Issues Related to Contractors

Report

Ownership		Contractors have sufficient project execution experiences	Contractors have sufficient capacity	Contractors' teams are cooperative during project execution	Contractors' effort is high to maintain the project plan
domestic investment	Mean	2.37	2.26	2.74	3.00
	N	19	19	19	19
	RII	0.474	0.452	0.548	0.6
foreign direct investment	Mean	3.04	3.25	3.14	3.29
	N	28	28	28	28
	RII	0.608	0.65	0.628	0.658
Total	Mean	2.77	2.85	2.98	3.17
	N	47	47	47	47
	RII	0.554	0.57	0.596	0.634

Here also, based on the results shown in the comparison table 4.33 above, every individual variable the scores of domestic investment projects are less when compared with the FDI projects regarding the contractor issues. Therefore, as per the analysis result about the issues related to project contractors, domestic investment projects have experienced more challenges than FDI projects in the project execution of LPMID investment projects.

4.7 Prioritizing External Challenges

In the similar way to the prioritization of internal challenges, the table 4.34 shown below was used to present the ranks of external challenges in order to prioritize the external challenges for systematic approach of appropriate actions. Thus, the identified challenges for assessment of external challenges have been prioritized based on their mean and RII scores in the same way with that was presented in previous sections of 4.5. The overall scores of mean and RII were used as cutting values to consider highly challenging external issues. Thus, overall mean = 2.71 or RII% = 54.2% was used as cutting value.

Therefore, as illustrated in the table, the most top external challenges of project execution that have grand mean values less than Overall mean of external challenge (i.e. 2.71) or external challenges with average RII scores less than overall RII of external challenges

(i.e. 0.542) in the LPMID investment projects are: supply issues; loan issues; and government support.

Table 4.34: Results for Prioritizing External Challenges

S. No	External Challenges	Grand mean score	RII score	Rank in Ascending Order
1.	Government Regulations and system Issues	2.9	0.580	4
2.	Infrastructure Issues	2.91	0.582	5
3.	Loan Issues	2.46	0.492	2
4.	Government Support	2.66	0.532	3
5.	Supply Issues	2.39	0.478	1
6.	Issues Related to Contractors	2.94	0.588	6
	OVERALL MEAN and RII Scores of External Challenges	**2.71**	**0.542**	

The individual variables in each identified challenges group were also prioritized to systematically address the challenges and enhance the project performance during the project execution of LPMID investment projects. Accordingly, the variables that showed mean and RII scores less than 2.71 and 0.542 respectively have been considered and prioritized in the ascending order.

The following table 4.35 shows the prioritized external challenges variables based on RII cutting score. Thus, variables those have RII scores less than 0.542 or 54.2% (the overall RII score of external challenges) are ranked in ascending order.

Table 4.35: Result for Prioritizing External Challenges Variables with mean value score less than 2.71

S. No.	External Challenges Variables with mean value score less than 2.71 or RII 0.542	RII score	Rank in Ascending Order of RII score
1.	Access of material and equipment from single market	0.392	1
2.	Interest rate/cost of borrowing is low	0.452	2
3.	Availably of adequate equipment supply in local markets	0.452	2
4.	Bank collateral requirement is convenient	0.486	4
5.	Quick disbursement of loan	0.486	4
6.	Required Supplies of material are available in local markets	0.486	4
7.	Government support is systematically integrated	0.494	7
8.	The bank loan is accessible from any bank	0.506	8
9.	Gov't workers are cooperative	0.514	9
10.	Adequate and fast logistic systems are available	0.520	10
11.	Support institutions have adequate decision making power	0.520	10
12.	Loan repayment period is convenient	0.528	12
13.	Government response is quick for support requests	0.532	13
14.	Efforts and capacity of suppliers for quick supply	0.532	13
15.	Suppliers are trusted in all aspects	0.532	13
16.	There is high access to electric power	0.540	16

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

Under this chapter, the final summary, conclusions, and recommendations are presented. Here the brief summary is provided based on the detail descriptions of results and discussion presented in chapter four. Depending on the results and discussions the relevant conclusions have been drawn and essential recommendations have been provided.

5.2 Summary

To assess the challenges of project execution in investment projects of leather products manufacturing industry the data was collected from 3 FDI projects and 4 domestic investment projects from 47 total respondents. The questionnaire was used to collect the primary data from participants. The questionnaires directly asked for the assessments of internal and external challenges were asked to be answered with five pint Likert scale from 1 – 5 that designates the scale between strongly disagree-to-strongly agree. The collected data have been analyzed using descriptive statics on SPSS and the results have been presented using graphs and tables in a manner that enable to answer the research questions and achieve the research objectives. The results of the analysis are discussed based on frequencies and mean values of Likert sclales. The mean values are discussed using the categories of 1.0 – 1.49 = Completely Challenging, 1.5 – 2.49 = Mostly Challenging, 2.5 – 3.49 = Moderately Challenging, 3.5 – 4.49 = Slightly Challenging, and 4.5 – 5.00 = Not Challenging at All. Also, relative importance indexes (RII) have been calculated for all variables and challenge groups so that the challenges have been ranked based on mean and RII scores.

The following points are summary of internal challenges of project execution:

- The grand mean value of all variables is calculated 3.20 and RII is calculated 64% for availability of clear project plan. This indicates that the project under assessment have been moderately challenged by availability of clear project plans.

- The grand mean score of people readiness/project staffing/ calculated 3.06 and its RII% is 61.2%. Based on the categories of mean, it indicates the project staffing or people readiness for project execution in the LPMID investment project is moderate challenge during project execution.
- Internal financial capacity (equity) of the project and their accounting procedures show the mean values between 2.5 – 3.49 with the overall mean of the internal financial resource analysis 3.02 and RII% 60.4%. The result lies between the categories 2.5 – 3.49; so, project execution is moderately challenged by internal financial capability of companies.
- Availability of physical resources has grand mean score of 3.13 and RII% 62.6% that shows respondents moderately agree that the project execution has been challenged by availability physical resources. Therefore, the physical resource of the project undertaking companies was moderate challenge for the success of project execution.
- The mean value of the practical project execution capability has 3.05 and RII% score is 61%. The result falls between the categories 2.5 – 3.49; so, practical project execution capability is moderately challenging during the project execution in leather products manufacturing investment projects.
- The grand mean value for the client support shows 3.3 and average RII% shows 66% which has better score to the other mean values. Even though it lies in the range of moderate challenges (2.5 – 3.49), this result indicates there is relatively better performance for client support than other variables analyzed as internal challenges
- The most top internal challenges that have mean scores and RII scores less than overall internal challenge mean and RII% (i.e. 3.13 and 62.6% respectively) in project execution of the LPMID investment projects are: internal financial resources; practical project execution capability; and people readiness/project staffing/.
- Based on the comparison of analysis results, having clear and complete project plan, people readiness/project staffing/, internal financial resources, availability of physical resources, practical project execution capability, and stakeholders

support are more challenging factors for domestic investment projects than FDI projects.

The following points are summary of external challenges of project execution:

- The grand mean and RII% value for government regulation and system issues are 2.90 and 58% respectively that is between 2.5 - 3.49. Based on this result, the current government regulation and systems with respect to investment projects can be considered as a moderately challenging factor for leather products industry development projects.
- The grand mean and average RII% score of loan issues are 2.46 and 49.2% which clearly describe the loan issues fall within the category of 1.5 - 2.49 (mostly challenging). Therefore, the result indicates Loan issue is mostly challenging external challenge in project execution of leather products investment projects.
- The infrastructure has shown grand mean and average RII% score of 2.91 and 58.2% that falls within the range of moderate challenges.
- The grand mean value and average RII% score of the government supports issue is 2.66 and 53.2% which is very close to 2.5 or 50% lower limit of moderately challenging range.
- The supply issues showed grand mean value of 2.39 or 47.8% RII% that clearly indicates it is in the category of mostly challenging issue.
- The issues related to contractors is also moderately challenging to the project execution as it is observable from the grand mean value is 2.94 or 58.8% RII%.
- The most top external challenges of project execution that have grand mean values and RII% less than Overall mean and RII% of external challenge (i.e. 2.71 and 58.8%) in the LPMID investment projects are: supply issues; loan issues; and government support.
- Based on the comparison of results, Government Regulations and system Issues; Infrastructure Issues; Loan issues; Government supports; and supply issues; and issues related to contractors are more challenging factors for domestic investment projects than FDI projects.

5.3 Conclusion

Manufacturing industry investment projects are among different sector projects that are given high attention by developing countries to exploit their resources and become competitive in the world market. Investment projects in leather products manufacturing industry sector are the means of pulling the development of the leather industry in general to exploit the comparative advantages the country possesses. But, the investment projects in leather products manufacturing have experienced schedule slippages and cost overruns due to complex and interlinked challenges that have been influencing the performance of investment projects. Hence, the objective of this study was to assess the main internal and external challenges of project execution in investment projects of Ethiopian leather products industry development that have been affecting the overall performances of investment projects.

Based on the assessment results of internal challenges that have been identified as negatively affecting the performance of project execution, the first top three internal challenges of project execution in the leather products manufacturing investment projects are: internal financial resources; practical project execution capability; and people readiness (project staffing).

Similarly, Based on the assessment results of external challenges that have been identified as negatively affecting the performance of project execution, the first top three external challenges of project execution in the leather products manufacturing investment projects are: supply issues; loan issues; and government support issues.

Finally, by making a comparison between the results of internal and external challenges based on the overall mean and RII score, the overall mean and RII score of internal challenge are 3.13 and 0.626 respectively; the overall mean and RII score of external challenges are 2.71 and 0.542 respectively. Therefore, the success of project execution in Ethiopian leather products manufacturing industry development projects have been challenged by external challenges than internal challenges within the project undertaking companies.

5.4 Recommendations

Based on the results presented in the above sections, the following recommendations have been given to attract the attention of internal project executing parties and external parties concerned with the investment project in order to increase the project performance during the project execution of leather products manufacturing investment projects.

It would be better for internal project executing parties to concentrate on more challenging internal issues in the sequence of priority given based on the analysis result. Accordingly it is better to put more effort in overcoming internal challenges through:

1. Increasing the capacity of internal financial resources before starting the project execution;
2. Increasing the practical project execution capability by recruiting a project manager with leadership skills, managing financial expenditures, designing effective ways of utilization of physical resources, proactive follow up project risks plans, continuously monitoring and evaluation of project performances and managing changes, updating the project plan, effective communication of progresses with stakeholders, and frequently documenting lessons learned;
3. Giving proper emphasis to people readiness (project staffing) by recruiting competent project manager and project team along with clarified expectations, responsibilities, and authorities.

Similarly, it would be better for external investment project concerned parties to concentrate on more challenging external issues in the sequence of priority given based on the analysis result. So, it is better to put more effort on the first top three external challenges of project execution.

1. Supply issues: It would be better for the companies to prepare a realistic procurement plan by considering all the risks related to the issue of supply chain logistics.
2. Loan issues: It is highly recommended to for banks to revise their procedures of access to the bank loan, interest rate/cost of borrowing, collateral requirements, loan repayment period, and quick processing of loan application.

3. Government support issues: It is recommended that the government support need to be improved by proper follow up of investment projects, quick response for support requests from, systematically integrating the support of multiple institutions, and providing adequate decision making power supporting institutions.

Finally, the recommendation may also be extended to other researchers to undertake further researches in other manufacturing industry projects so that the results can be recommended for other related and similar investment projects.

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Annex

Questionnaire

Addis Ababa University School of Commerce

Department of Project Management

Post Graduate Program

Dear Participant,

My name is Melkamu Meseret and I am a graduate student at Addis Ababa University School of Commerce. For my final project, I am studying on title ***"The assessment on the challenges of project execution in investment projects of Ethiopian leather products industry development".*** Because you are part of this project, I am inviting you to participate in this research study by completing the attached surveys. The following questionnaire will require approximately 20 minutes to complete, please answer all questions as honestly as possible and return the completed questionnaires promptly. The information you provide is very essential element for my research and they will be treated strictly confidential.

Thank you for taking the time to assist me in my educational endeavors.

General instruction and information: Part I contains questions about general demographic characteristics of the respondents and **part II** contains questions that are related to the research objectives. Please attempt to answer all the questions.

Part I: General Questions about Respondents

Please "thick" in the box for your answer from the alternatives.

S. No.	Question	Choices						
1.	**Gender**	Male ☐	Female ☐					
2.	**Age**	< 18 ☐	18 -25 ☐	26 – 35 ☐	36 – 45 ☐	46 – 55 ☐	56 – 65 ☐	> 65 ☐
3.	**Level of education**	High school ☐	Diploma ☐	1st Degree ☐		2nd Degree and Above ☐		
4.	**Your Role**	Client/Owner ☐	Project Sponsor ☐	Project Manager ☐	Project team member ☐	Consultant ☐	Other: _____	

Part II: Questions about the Project

General Information about the project:

Please encircle/underline your answer from the alternatives.

1. What is the form of business of the investment project?

(1) Partnership (2) Private Limited Company (PLC) (3) Share Company (S. Co.)

(5) Corporate (6) State Owned Company

2. What is the type ownership of investment?
   (1) Domestic Investment (2) Foreign Direct Investment
3. What is the type of investment project? (1) New Project (2) Expansion project
4. In which leather product category is the investment engaged? (More than one option can be selected).

(1) Footwear (2) Leather Goods (3) Leather garment (4) Leather Glove

5. In which year did the project start?

(1) Before 2014 (2) 2014 (3) 2015 (4) 2016 (5) 2017 (6) 2018

6. In which stage does the project currently exist?

(1) Readiness/preparation for execution (2) Under construction (3) Under Installation (4) Operational

Internal Challenges of Project Execution: For each question Please mark "X" on your desirable answer. (Please see the description below for your choice).

Description ***1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree***

S. No.	***Questions***	***1***	***2***	***3***	***4***	***5***
1.	***Availability of Clear Project Plan***					
1.1.	The Project scope is clear.					
1.2.	Clear project time schedule is available.					
1.3.	Clear project cost plan is available.					
1.4.	Clear project quality plan is documented.					
1.5.	Clear project risk management plan is in place.					
1.6.	Clear Project communication plan is in place.					
1.7.	Clear Project HR plan is available.					
1.8.	Clear project procurement management plan is in place.					

S. No.	*Questions*	*1*	*2*	*3*	*4*	*5*
2	***People Readiness/project staffing/***					
2.1.	Project manager is hired on time and properly oriented.					
2.2.	Project manager has sufficient work experiences.					
2.3.	Project Manager has appropriate project management competencies.					
2.4.	Project teams are hired on schedule for project execution.					
2.5.	All personnel are properly trained, assessed and qualified.					
2.6.	Project team are committed, focused, and matured.					
2.7.	Expectations, responsibilities, and authorities are clarified for the workforces.					
3	***Financial Resources***					
3.1	Internal financial capacity (equity) of the project is high.					
3.2	All required finances are supplied for project staffing, site preparation, building material procurement, and equipment procurement on schedule.					
3.3	Project budgets are properly estimated during estimation.					
3.4	Adequate accounting procedures and practices are available for control and appropriate measures to ensure adequate control.					
4	***Physical Resources***					
4.1	Site preparation is completed on schedule.					
4.2	Essential building materials are acquired on schedule.					
4.3	Essential building machineries are procured on schedule.					
4.4	Essential equipment are acquired on schedule.					
5	***Practical Execution Capability***					
5.1	Project manager follow up project staffs and enhances labor productivity of Project team with efficient leadership skills.					
5.2	Conflicts are properly managed among the workforces.					
5.3	Project manager properly tracks project's financial expenditures.					
5.4	Project manager and team track effective and efficient utilization of physical resources.					
5.5	Project manager and team proactively follow up project risks plans.					

S. No.	*Questions*	*1*	*2*	*3*	*4*	*5*
5.6	Project manager continuously tracks project performances and manage changes.					
5.7	Project manager reviews and updates the project plan.					
5.8	Project manager maintains continuous communication with stakeholders.					
5.9	Project team effort is high to maintain the planned project schedule, time, and quality.					
5.10	Project Manager frequently documents lessons learned.					
6	***Stakeholder (Client) Support***					
6.1	The project is highly aligned with the strategies of the company.					
6.2	Clients' interest to project outcome is high.					
6.3	Clients are committed and provide ideas for successful completion of project.					
6.4	Clients frequently ask changes request.					
6.5	Project sponsors provide finances as per the schedule.					
6.6	Stakeholders usually give feedback for project progress reports and updated plans.					

Please share us additional internal challenges you faced while project execution/implementation.

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External Challenges of Project Execution: For each question Please mark "X" on your desirable answer. (Please see the description below for your choice).

Description ***1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree***

S. No.	*Questions*	*1*	*2*	*3*	*4*	*5*
1.	***Government Regulations and system Issues***					
1.1.	Investment licensing process is easy.					

S. No.	*Questions*	*1*	*2*	*3*	*4*	*5*
1.2.	Government regulations are convenient to access investment land.					
1.3.	Government Investment schemes are motivating for investment project.					
1.4.	The working system of government is transparent and fair.					
1.5.	Government system does not discriminate or favor domestic and foreign direct investments.					
2.	***Infrastructure Issues***					
2.1	Project location has high access to road.					
2.2	There is high access to electric power.					
2.3	There is sufficient supply of water.					
2.4	Adequate and fast logistic systems are available for procurement.					
3.	***Loan***					
3.1	The bank loan is accessible from any bank (private or state owned).					
3.2	Interest rate/cost of borrowing is low.					
3.3	Bank collateral requirement is convenient.					
3.4	Loan repayment period is convenient.					
3.5	Quick disbursement of loan (quick processing of loan application).					
4.	***Government Support***					
4.1	Government follow up of investment is supportive for effective completion of projects.					
4.2	Government response is quick for support requests.					
4.3	Government support is systematically integrated.					
4.4	Support institutions have adequate decision making power.					
4.5	Government workers are cooperative.					
3.	***Supply Issues***					
3.1.	Required Supplies of material are available in local markets.					
3.2.	Adequate Supplies of equipment are available in local markets.					
3.3.	Supplies of material and equipment can be easily accessed from single market.					
3.4.	Suppliers make high efforts and have capacity of quick supply.					
3.5.	Suppliers are trusted in all aspects.					
4.	***Contractors***					

S. No.	*Questions*	*1*	*2*	*3*	*4*	*5*
4.1.	Contractors have sufficient project execution experiences.					
4.2.	Contractors have sufficient capacity.					
4.3.	Contractors' teams are cooperative during project execution.					
4.4.	Contractors' effort is high to maintain the planned project schedule, time, and quality.					

Please share us additional external challenges you faced while project execution/implementation.

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*****Thank You for Your Cooperation*****