

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The demand for and provision of housing is as old as the history of man. Due to the harsh weather condition, wild animals, need for security and privacy, it became necessary for man to provide shelter for himself and members of his family. Though, the type of houses built in those historical times, served its primary purpose of shelter but lacked the modern amenities, as a result of underdevelopment in the society (i.e. society with no industry). Construction processes were limited to the locally available materials, labour and technology. However, with civilization and technological advancement, man was exposed to a new life (i.e. access to modern amenities).

Therefore, in recent times, there are various types of houses as a result of the numerous types of designs by the architects and the houses not only serve the primary purpose of shelter alone, but also have the modern amenities. There are different types of materials, plants and equipment produced to suit the modern constructions. There are also professionals like Architects, Builders, Quantity surveyors, Engineers, among others, trained in their respective field for proper execution of projects. Also, we have the skilled and unskilled labours, who contribute grossly towards the execution of a project. All these are as a result of civilization and technological advancement which have impacted the construction industry. Hence, the construction industry is regarded as one of the largest industries in the world, as it contains the highest number of people, ranging from the clients, professionals, skilled labours, unskilled labours and suppliers of different building materials etc.

Despite all these, abandoned building projects still litters our society, causing problems like security threats, promotion of illegal activities, unemployment, waste of human resources, poor landscaping, etc. Therefore, I will start by defining the abandonment of building project, as an act of giving up or stopping a building project with no intention of returning to it. Nobody initiates a building project for abandonment, because an uncompleted building project is always a source of sorrow to its owner, an unfulfilled hope and aspiration - a failure to achieve a purpose (Olateju, 1997).

Unfortunately in Ghana, when projects are abandoned there are no conscious efforts to ensure completion, instead, new projects are embarked upon, putting money, materials, time and effort to waste, and also, causing problem to the nation as whole. The situation of abandoned projects is further compounded by the continuous award of new contracts which eventually suffers the same fate (Frisch, 1996).

In recent years, project management has become an important part of any organisation (Maylor et al., 2006). This is as a result of the changing nature of managing organisations due to technological advancement, and a complex, competitive global marketplace (Maylor et al., 2006; Panayides et al., 2015; Ramazani & Jergeas, 2015; Klein et al., 2015; Nguyen et al., 2015). Projects require huge capital outlay from organisations and/or governments (Panayides et al., 2015) and, as such, it is crucial to have good project management practices to deliver value for money projects and programmes. The importance of good project management practices cannot therefore be ignored by corporate managers, as failure destroys shareholders' value and, in the government or public sector; it can have a significant effect on various stakeholders associated with the project. However, studies indicate that companies and governments all over the world are losing huge sums of money through projects as a result of project failure (Espiner, 2007; McManus & Wood-Harper, 2008; Asay, 2008; Fabian & Amir, 2011). Research into 214 projects showed that only one in eight information technology projects can be considered truly successful (McManus & Wood-Harper, 2008). Asay (2008) reports in the Guardian that the UK has wasted over US\$4 billion on failed IT projects between 2000 and 2008. Health and Information Systems in South Africa, IS projects in China, and all World Bank-funded projects in Africa are all examples of either total failure or partial failure (Heeks, 2002, 2005, 2006). An example is the World Bank's Chad-Cameroon Pipeline project. The project, which cost US\$4.2 billion, was abandoned in 2007, citing misuse of revenue by the Chad's president (Fabian & Amir, 2011).

Project failure in developing countries is as high as that in developed countries, if not higher (see Saad et al., 2002; Liu et al., 2011; Aziz, 2013). In their quest for development, developing countries engage in projects such as building of roads, dams, plants, pipes, industries, theatres, e-government services, telecommunication, ICT, and others. These projects, which are normally financed by the International Monetary Fund (IMF), World Bank or tax-payers, face several setbacks such as abandonment (Kumar & Best, 2006), cost deviation (Kaliba et al., 2009; Aziz, 2013), schedule deviation (Sweis et al., 2008; Fallahnejad, 2013; Marzouk & El-Rasas, 2013), scope

deviation (Liu et al., 2011), and stakeholders' dissatisfaction (Ahonen&Savolainen, 2010).

In Ghana, project failure rate is high and the cost associated with such failures is very excessive (Daily Graphic, 2006; Amponsah, 2013). Many cases of project failure are reported in the media, World Bank reports and IMF (World Bank Report, 2004, 2007; Central Press, 2011; Daily Guide, 2012; GNA, 2012, 2014), especially International Development (ID) projects which seek to enhance the lives of the general populace (Ahsan &Gunawan, 2010).

Amponsah (2013, p.3) estimates "that at least one out of every three infrastructural development projects in Ghana either fails or is challenged to achieve one of the objectives of Scope, Cost or Time. In [a] few cases they do not achieve the intended purpose for which they were undertaken". Sometimes, donor agencies are reluctant to provide aid for infrastructure projects due to the disappointing results of project outcomes (Daily Graphic, 2007; Amponsah, 2013). This has resulted in donor apathy towards projects in Ghana (World Bank report, 2007).

Ghanaian government projects have a high failure rate; there are numerous reported cases of abandoned projects and projects not finishing on time, not being within budget, and not meeting requirements and/or stakeholders' needs (Central Press, 2011; Daily Guide, 2012; GNA, 2012). Over the years, significant amounts of money have been solicited from the International Monetary Fund (IMF), World Bank and other donor agencies by the Ghanaian government to embark on projects that seek to improve socio-economic development. Notable among them in recent years is the US\$547 million under the Millennium Challenge Account (MCA) solicited in 2006 (Republic of

Ghana's Ministry of Finance Report, 2007). In the 2012 Ghanaian budget, the country borrowed US\$3.0 billion from the China Development Bank (CDB) to embark on infrastructure deficit projects. Specific projects identified to be funded by this loan were: Accra Plains Irrigation Project, Coastal Fishing Harbours and Landing Sites Project, Tema-Akosombo-Buipe Multi-modal Transportation Project, Western Corridor Gas Infrastructure Project, Helicopter Surveillance Fleet for Western Corridor "Oil Enclave", Development of ICT Enhanced Surveillance Platform for Western Corridor "Oil Enclave", Western Corridor "Oil Enclave" Road Re-development Project, Western Railway Line Modernization, Takoradi Port Rehabilitation/Retrofit, and Sekondi Industrial Estate (Republic of Ghana Budget, 2012).

However, most of these projects have not achieved their anticipated objectives (AfDB, 2006; Amponsah, 2010; World Bank, 2012; Amponsah, 2013). This failure has cost the country significant amounts of money (AfDB, 2006; Daily Graphic, 2006, 2011; Amponsah, 2013). This has prompted stakeholders to express concerns about the phenomenon. For instance, in a conference for project managers organised by the African Development Bank in 2006 in Accra, the Deputy Minister for Finance and Economic Planning, Professor Gyan-Baffour, noted that project implementation performance in the country had declined in all sectors of the economy.

From the literature, it can be deduced that project failure has become part and parcel of organisations and governments undertaking projects; however, these reported failures might not necessarily be so, depending on who is defining what constitutes project failure (Lyytinen & Hirschheim, 1988; Agarwal & Rathod, 2006; Procaccino & Verner, 2006; Ika, 2009) or who is doing the evaluating (Carvalho, 2014), and the timing of the definition or evaluation of the performance of the project in question (Heeks, 2002, 2006) or the criteria used in measuring project success/failure (Amir & Pinnington, 2014). Therefore, using different success/failure criteria, this study aims to find out the extent of project failure within Ghanaian government projects.

Causes of project failure is one of the most discussed topics in recent years by academics, practising managers, governments, and many social commentators all over the world. An extant literature is therefore devoted to the discussion, and various reasons have been identified for the causes of project failure. For instance, Frimpong et al. (2003) and Long et al. (2004) identified 26 and 64 causes of project failure respectively. For example, when looking at schedule delays in road construction projects in Zambia, the following were identified as the reasons behind such delays: financial processes and difficulties on the part of contractors and clients, contract modification, economic problems, materials' procurement, changes in drawings, staffing problems, equipment unavailability, poor supervision, construction mistakes, poor coordination on site, and changes in specifications (Kaliba et al., 2009).

We must really lay emphasis on the issue of failure and abandonment of building projects, because, it creates a lot of problems for everyone, both within and outside the construction industry and even on the economy as a whole. Likewise, the resources required to execute the projects, which include: labour, equipment, time, material and money, are wasted and the accommodation problem remains unsolved.

Therefore, this study attempts to examine the causes, effects and possible solutions to failure and abandonment of building projects in Accra, Ghana.

1.2 Statement of the Problem

In Ghana today, the landscape is littered with failed and abandoned building projects. Therefore, the study focuses critically into the causes and effects of abandoned building projects which have littered the Ghanaian landscape. Every nation aspiring to attain development must utilize its resources effectively; develop its industrial base, energy sectors among other things (United Nation, 2006). Unfortunately, Ghana has suffered a set-back in following these principles to development.

Every year, government announces a huge amount of money to be spent on capital projects, only for all to be put to waste as a result of corruption (e.g. embezzlement), leaving the projects abandoned. Also, both the public and the private sectors experience the abandonment of building projects which makes it pronounced, in the harsh economic climate, in developing countries like Ghana. These problems has threatened job opportunities, rendering our economic development effort to suffer continuous set-back.

Solving this problem, might really be of help and having a gross contribution to the economic development.

1.3 Objectives of the Study

The study sought to know the effect of denominational practices on the growth of the church. Specifically, the study sought to;

1. identify and evaluate possible factors that cause projects failure and abandonment in Ghana.
2. examine the effects of the failed and abandoned building projects on key stakeholders associated with such projects.
3. propose possible solutions to the causes of project failure and abandonment in Ghana.

1.4 Research Questions

1. What are the factors that cause projects failure and abandonment in Ghana?

2. What are the effects of the failed and abandoned building projects on key stakeholders associated with such projects?
3. What are the possible solutions to the causes of project failure and abandonment in Ghana?

1.5 Significance of the Study

Using Ghana as a case study, the findings of this study will benefit the Ghanaian government by throwing more light on extent of projects failure and abandonment, why projects fail and abandon and how this failure negatively impacts on key stakeholders of such projects. This will help the government to be more proactive in awarding project contracts in the future.

This study will also contribute to theories of project failure, project abandonment, causes of project failure and abandonment and the effects of project failure and abandonment on stakeholders in developing countries. This will make a contribution to both the academic and the practical fields. Thus, by studying projects failure in Ghana, the study will contribute to both the local and broader academic context in project management.

This study will also be of immense benefit to other researchers who intend to know more on this study and can also be used by non-researchers to build more on their research work. This study will contribute to knowledge and could serve as a guide for other study.

1.6 Scope/Limitations of the Study

This study is on causes of project failure and abandonment in Ghana with a view of finding a solution to the problem using Accra, Ghana as the case study.

Limitations of study

1. **Financial constraint:** Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).
2. **Time constraint:** The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

1.8 Definition of Terms

Causes: Generally, it means a person or thing that gives rise to an action, phenomenon, or condition, a principle, aim, or movement to which one is committed.

Project: A piece of planned work or an activity that is finished over a period of time and intended to achieve a particular purpose

Failure: Failure is the state or condition of not meeting a desirable or intended objective, and may be viewed as the opposite of success.