The Development of Economic Projects: Strategies and Success Factors

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Abstract: *Background: There are many reasons for undertaking economic development projects. Among the most important and most common reasons given are the following: a desire to physically improve a neighborhood or site, create jobs, leverage private dollars, increase government taxes and revenues, control construction on and use of a site, produce or conserve energy, and compete effectively with other communities.*
Objective: This article aims to explain how to develop economic projects.
Methods: In our research, we used various reliable international articles and research.
Results: The review reveals that the success of economic projects is not solely dependent on traditional project management (time, cost, quality), but is heavily influenced by strategic factors. Key finding indicates that the most critical success factors (CSFs) for economic development projects are the availability of intellectual capital (42%), a sound project case (11%), and key manpower competency (8%), and effective stakeholder engagement (7%). Furthermore, projects face significant challenges, including lack of financing, market uncertainty, and high competition, which necessitate a dynamic organizational structure and rigorous risk analysis
Conclusions: Economic projects are a cornerstone of national development and structural change. However, their high failure rate necessitates a shift from conventional management to strategic project management. To ensure sustainability and success, project must align with broader societal objectives (growth and equity), adopt phased approaches to minimize risks, and prioritize stakeholder ownership and clear policy frameworks.

Keywords: Development Economic projects; Project analysis; Strategic Management of Projects; Critical Success Factors; Time; Cost; Quality.

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Introduction

Curiously, despite the enormous attention project management and analysis have received over the years, the track record of projects is fundamentally poor, particularly for the larger and more difficult ones. Overruns are common. Many projects appear as failures, particularly in the public view. Projects are often completed late or over budget, do not perform in the way expected, involve severe strain on participating institutions or are cancelled prior to their completion after the expenditure of considerable sums of money (1).

The basic economic problem facing all countries is that of allocating inherently limited resources (such as labor, capital, land, and other natural resources, as well as foreign exchange) to a variety of different uses (such as current production of consumer goods and public services as against investment in infrastructure, industry, agriculture, or other sectors of the economy) in such a way that the net benefit to society is as large as possible. Given the limitation of resources, choices must be made among the competing uses, and project analysis is one method of evaluating alternatives in a convenient and comprehensible fashion. In essence, project analysis assesses the benefits and costs of a project and reduces them to a common yardstick. If benefits exceed costs, with both measured by the common yardstick, the project is acceptable; if not, the project should be rejected (2).

In assessing the merits of different projects, the objectives of any particular society clearly must be taken into account. That is, project costs and benefits must be measured against the extent to which they detract from, or contribute to, achievement of that society's objectives. At a general level, nearly all countries may be assumed to have two primary and simultaneous-if not always equally valued-objectives: to increase total national income, the growth objective, and to improve the distribution of national income, the equity objective. In general, therefore, projects should be assessed in relation to their net contribution to both of these objectives (2).
So how can economic projects be effectively developed and sustained?

1/Definition

_Development: What is meant by development? The answer to this deceptively simple question shapes how one judges the respective levels of development of different economies. It affects what factors we consider as contributing to progress, and our answer to what development is will influence the public policies aimed at achieving a society’s development goals. Knowing what is meant and what is not meant by development is thus a necessary first step if, as the British economist Joan Robinson once insisted, we are to ask the right questions. We begin by considering how economists typically measure the level of development of a nation. There are two broad methodologies. One, the income per person, or economic growth criterion, suggests that income levels are reasonably good approximate measures for comparing economies. In this view, income per person can serve as a surrogate for gauging overall progress.

The competing perspective argues that development is such a complex, multifaceted notion that it should be conceived from the outset as considerably broader than income and hence can only be measured by entirely different standards (3).

_Management of Projects: The word 'project' is generally applied to an undertaking to achieve a specified objective, defined usually in terms of schedule (Time), budget (Cost), and technical performance (Quality) - commonly referred to as TCQ. Recognition, from about the 1950's, of projects as a distinct form of endeavor has led to two separate bodies of management technique:

_Project management: "is the application of a collection of tools and techniques to direct the use of diverse resources towards the accomplishment of a unique, complex, one-time task within time, cost and quality constraints" Project management is concerned with implementation, given the objective and the constraints.

_Project analysis: (appraisal; evaluation) looks at issues of project economics and viability, often with little attention to management and implementation.
Both are necessary (1).

2/Types of economic projects

_Industrial projects: In order for organizations to satisfy markets and products with the quality desired by consumers, they need to innovate in their products and processes, which leads to the need for a comprehensive approach that includes the improvement of their processes and the investments it requires. The development of investment projects in the pre-investment stage has generally been carried out from a perspective of generating new businesses, with modernizations, expansions and improvements also being topics of study; both require an adequate and flexible conceptual base that is integrated into organizations management (4).

_Investment projects: The definition of investment projects from the point of view of the object of intervention offers a different perspective of understanding the changes generated in the processes of organizations in their asset components, whether they are tangible or intangible. • The definition of investment projects from the perspective of processes allows a global and interdisciplinary vision (4).

_Agricultural projects: a project is a unique operation to modify the means of production. This definition includes a huge range of activities, from an individual farmer constructing a large new dairy unit, to a government department executing large scale, conservation works, or even to a project in which the major items are administrative rather than physical, such as the reorganization of part of the state's agricultural services (5).

_Service projects: We identify six different 'impact types', each of which illustrates a different way in which services can affect the business of a project-based firm. The impact types are: customer entry, customer value, competitive advantage, delivery efficiency, service business, and innovation and learning. Our empirical study suggests a wealth of different service

offerings and their complex relationships with the business model and revenue generation logic of a project supplier firm. We conclude with several distinctive findings that relate to how services are seen in the firms' businesses, with these approaches obviously serving as enablers or barriers to good business performance (6).

3/Importance of economic projects

Economists often use the level of a nation's per capita income as a proxy measure for evaluating the overall level of national development and welfare. The rate of growth of income per person can be used to judge the progress of economies over time. Those who use income per person to evaluate progress are quite aware that the development of a nation encompasses much more than the level of average income and the growth rate of that income. Development incorporates the diverse and broad aspirations of what might be called "a decent life" in all its economic, social, and political dimensions that each society sets, if only implicitly, for itself.
Societies may value, each perhaps differently, goals as diverse as (3):
1_ equality of opportunity.
2_ a rising income and standard of living, including a wider array of consumable goods and services over time.
3_ equity in the distributions of income and wealth;
4_ political democracy and widespread participation in society's decision-making.
5_ an expanded role for women, minorities, and all social classes in economic, political, and social life.
6_increased opportunities for education and self-improvement irrespective of class, race, ethnicity, religion, or gender.
7_ the expanded availability of, and improvements in, health care.
8_ public and private safety nets to protect the most vulnerable—particularly the young, the old, the infirm, and the poorer—from extreme hardship.
9_ a reasonably clean, healthy, and sustainable environment.
10_ an efficient, competent, transparent, and fairly administered public sector.
11_ a reasonable degree of competition and consumer safety in the private sector; and so on.

4/challenges facing economic projects:

1_Lack of financing.
2_Strong competition.
3_High costs.
4_Lack of experience.
5_Market uncertainty.
6_Administrative difficulties.
7_Technological challenges.

5/Strategic Management of Projects

A high standard of project management, as conventionally understood, is essential for project success but, as already noted, is not sufficient. There needs to be an effective strategic context in which inter alia (1):

1) There is a clear 'project owner' with appropriate ability and status to 'champion' the project; approve plans and proposals; accept remaining risks; resolve differences and make trade-offs; and provide leadership.

2) Project viability is evaluated objectively and realistically, treating difficulty of forecasting as indicative of possible problems for which specific provision must be made

3) Objectives are clear and all parties are committed to them.

4) A project is, wherever possible, divided into phases of lesser scope and duration. Phasing can limit effects of slippage, and bring 'learning curve' benefits of replication. It can also be chosen so as to minimize risks of political, financial, etc. changes.

5) Thorough analysis of all uncertainties (risks) is undertaken at the formulation stage and strategies developed for coping with them. Risks which cannot be eliminated should be quantified and formally accepted.

6) Urgent schedules and 'fast-track' methods are regarded as a last resort (they can result from political procrastination). Concurrent design and implementation create definition problems.

7) Unnecessary technical uncertainty/innovation is avoided.

8) Technical innovations are thoroughly proved before their large-scale adoption. Existing technologies used under different conditions of scale, environment, geophysical conditions etc. are treated as equivalent to new technology.

9) Rigorous design management and configuration control is exercised, especially at interfaces. Post-contract changes in design or specification take 'knock-on' effects fully into account.

10) All internal and external interfaces are identified and timely attention given to co-ordination at each of them.

11) The project is insulated from 'stop-go' finance.

12) The project is insulated from political, social, community, and other 'external' factors which can affect chances of success.

13) Reporting requirements are realistic, pertinent, not unduly burdensome and
not such as to induce lack of frankness.

14) Organization structure is dynamic and fits project needs which change at each stage of the project life cycle.

15) Contract strategy is appropriate, understood by all parties, and does not misallocate risks.

16) Proper attention is given to leadership, teamwork, communications and labour relations.

6/The success factors of the development of economic projects

The results of the principal component factor analysis identified a specific set of four constructs (factors) that determine the success of projects funded by the EU: intellectual capital, sound project case, key manpower competency and effective stakeholder engagement. Of all elements of the identified CSFs the availability of intellectual capital scored the highest loading of 42 percent in explaining the success of EU funded projects followed by sound project case (11%), key manpower competency (8%) and effective stakeholder engagement (7%)

Moreover, five critical success variables: clear policies of donors and recipient government, strong local ownership of project, effective consultation during planning, high motivation and interest, and compatible rules and procedures. The analysis shows that there is positive relationship between each of the five CSFs and project success. Moreover, the study captures and investigates the perception of the existing possible indicators for project success evaluation across the different stakeholders. Hence, according to the perceptions of the respondents in the current study, relevance, impact, effectiveness, sustainability and efficiency are ranked, respectively according to their level of importance to evaluate the success of the EU development projects. By and large, the results of the study show that there is significant concern about the criteria "Relevance," and all the stakeholders are beginning to think beyond the traditional measures of project success (7) .

Conclusions

In the framework of planned economic development, the conception, identification and definition of projects and programs are at the crux of the development process. If theorists are correct in asserting that the essence of development lies in increasing productivity, in promoting structural change to expand the capacity or potential for socio-economic production, then projects are a critical means of achieving development. Within the political economy paradigm of development, projects contribute to the integration of markets by linking productive activities, by providing the organization and technology for transforming raw materials into socially and economically useful goods and services, and by establishing the physical and social infrastructure necessary to increase exchange among organizations and geographical areas. Similarly, projects can increase the factor endowments of developing nations through mobilization, acquisition, transformation and utilization of resources. Projects

provide the opportunity for those with surplus resources to invest them profitably. And if projects are well-designed, they can redistribute to individuals and groups with little or no endowments, basic economic, social and political resources.

Projects, moreover, organize and channel resource flows. The creation of physical and social infrastructure fundamentally changes the allocation of resources and the linkages among organizations and geographical areas (8).

In conclusion, while economic projects are vital engines for mobilizing resources and fostering socio_economic growth, their track record remains challenged by persistent overruns and market uncertainties. Therefore, adopting a holistic strategic framework one that integrates intellectual capital, robust risk management, and effective stakeholder engagement _ is not merely an option but a necessity. Ultimately, the sustainability of these projects depends on their ability

To adapt to dynamic environments while remaining firmly aligned with the broader development goals of society.

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