Organizations in project managed environments

[Environment](), [Ecology]()

Project or programfailureimpacts greatly on the reputation of an organization. The organization's reputation plays a very important role in terms of the tendency of the organization to build and sustain a stable market and customers all over the world. The research carried out assessed the impact that a program or project failure has on the reputation of an organization to the public. The research also looked at how the image of an organization is affected by failure of a project or a program.

The reputation of the organization also affects the share value of the corporate organization and the ability of the organization to catch the attention of excellent employees and be able to maintain them. The issue of the effect of project and program failure on the reputation of an organization is an old topic but only recently it has started to receive major attention in theacademicjournals. This paper discusses the effect of project and program failure on the organization's reputation and image.

The paper then looks at the problems that lead to failure of most international projects and specifically the problem of inter-culturalcommunicationand how it leads to project failure hence resulting to destruction of the reputation of most organizations. INTRODUCTION It is quite difficult to accurately identify failure in project management issues or in complex systems this is because there are so many parameters that need to be isolated for one to clearly predict failure in a project.

However, there is need to prevent project and program failure so as to protect the organization's reputation which is a very important asset to the organization. A good reputation is very important to an organization in that it may enable it to charge very competitive prices for its products, it also

enables an organization to venture into favorable financial arrangements with banks and other financial institutions, an organization will a good reputation will also tend to attract highly qualified employees from leading training institutions and it also enables the organization to get in touch with its customers and clients quite easily.

A project outcome is affected by the ability of the project coordinators to make good decisions and the ability to achieve success criterion, however this ability has been seen to be influenced by several factors which include: theeducationlevel or capability of the project coordinators, some luck though not in most cases and the availability of the information regarding the cost of the project and the performance schedule.

An organization that acquires a bad reputation because of failure of its projects or programs is likely to experience a situation where the opportunities open to it are few while on the other hand the constraints imposed on it are very many and this therefore impacts on the organization's operations. This paper analyzes whether an organization may be able to protect its reputation in case of failure by adopting a certain framework composed of a transformational organization.

This is done by assessing organizations like corporations and government institutions that have encountered real failure leading to effects on the organization's and thecorporate reputation. LITERATURE REVIEW A company may use development projects to come up with new projects and processes and also develop an expertise that is competitively important to the organization. An example of such a case was the effort that was put into the digital equipments in the 1980s to come up with disk drives of high density.

This project also indicated a very important issue that most managers of development organizations fail to realize; the capability developed by the project is more important than the product. The project that was known as the RA90 was classified by many measures as a complete success (Kent, Kim, Charles, and Steven, 1994). The following four innovations were required for the project to be a success; the thin film head, how to manufacture the thin film media, develop a drive system that is electromechanical in nature and come up with a way of assembling all the above components into one complete system.

The project managers of this project made a visit to Japan that later on resulted to panic and they set the target of the project to be 40 million bits, this was the first sign of the project failure due to the drop in its target from 45 million to 40 million bits. Nonetheless the project later succeeded and achieved on of its major strategic goal. This project shows how manufacturing companies can come up with new capabilities through the use of development projects to facilitate changes.

There are many reasons why development projects provide the best opportunity to manufacturing companies to make constant changes that enable it to be the leading company in that industry. The most obvious reason is because the development projects provide the best grounds for creation of new products and processes. Poor performances coupled with overruns of the capital expenditure are affecting many pioneer projects recently. The Rand study though it focuses on projects in the area of energy industries shows how most pioneer projects are performing poorly because of the poor designs.

The study indicated that the first estimate of the construction cost in most pioneer projects ends up being less than half of the actual amount incurred and very few projects have an accuracy level of about 20%. With a full design of the project it was noted that most organizations could reduce the overrun to about 10% but with an estimate based on research and development it was noted that the budget overrun could be even greater than 100%. A very high budget overrun may result in the complete failure of the project because of the extra cost as compared to the original budget.

The RAND study gave solutions that could be taken by managers of projects that have experienced an overrun in their budget. First the managers should verify the nature of the problem and make sure that all those who are concern with the project are ready to announce any snags in their specific areas. The other solution that the RAND report provides to managers is to reengineer the whole project and ensure that a complete adequate design is made before the implementation of the project.

The managers hope to identify and rectify the errors that were as a result of a poor feasibility study and inaccurate estimates. The RAND study also argues that managers of overrun projects should embark on a move aimed at identifying those areas of the project that are underestimated due to ignorance. The other solution of dealing with overrun projects is to avoid false solutions, this happens because the classic solution to an overrun is to cut down costs in areas where this can be possible.

Managers should avoid this type of decision as it can lead to serious problems at a later date in areas that are starved of funds. The RAND study suggests that it is wiser for the managers to re-cost the whole project

instead of making irrational cost cuts on most of the intangible items. Lastly the RAND study advises mangers of overrun projects to abandon the whole project if the overrun is too huge and there is no alternative source of the extramoneyrequired.

Abandoning the project means that the organization builds a very poor reputation and image to the public and this will later affect its operations (David, 1985). Most senior managers of projects are working very hard to reduce the development cycles of their new products because currently time has become of essence more than money. At Hewlett-Packard there are more than 500 projects involved with the development of new projects at any time and most of the sales in the company are from products that have been introduced in the past three years.

The most effective way that most organizations have taken to shorten the development cycles of their products is adopting a system of working that advocates for collaboration between teams working on developing a product. One major problem that comes with efforts of collaboration between individuals in different functions is that collaboration is difficult, sometimes it is uncertain and it experiences very little mutual understanding. Hewlett-Packard has developed a metric for measuring its success in the development of new products.

Such a metric allows for a monitoring of any development project taking place in the manufacturing firm. The metric has been seen to function quite well because it encourages collaboration between different functions in the organization and encourages criticism and challenge and at the same time preventing presumptuousness between the individuals. The metric has also

acted as a way for learning and encouraging improvement within the organization. Hewlett-Packard has been using this metric from 1987 and they referred to it as a return map.

The metric clearly shows the contribution of all the members involved in the product development in terms of time and money. The return map is considered to be quite effective as it captures the contribution of all the three functional areas that are involved in developing and introducing new products in the market (Charles and Raymond, 1991). One of the most significant needs of project management is to maintain a cost visibility withrespectto the development of the whole project and yet the modern methods that are used to gather and relate cost information are mostly based on accounting periods termed as traditional.

Planning and monitoring the work carried out on projects is a process that is described as a monumental task. There are five phases that the project goes through; defining the project, developing a design plan, drawing the specifications of the project, coding of the instructions from the computer and finally testing the complete project. The managers of very large projects are faced with difficulties in relating the cost incurred in the project to the accomplished work and this leads to control problems and the progress reports that come up with a lot of confusion.

For example an accounting department may tend to blame a project manager because of exceeding his budget while at the same time the operations department feels happy because they have met the schedule (Rebecca and Kim, 1990). An organization's reputation is defined as the impressions of the members of the public about the general disposition of

the organization, the strength and the uniformity of the impressions in the members of the public is what comprises of reputations.

There are various ways which the managers of organizations can use to build the reputation of the organization which include: The socialresponsibilityof the corporate should be highly salient and at the same time it should be noticed by majority of the stakeholders in the organization. At the same time the actions of the organizations should be beneficial to a large number of stakeholders so that they can judge the action to be appropriate and worth.

Advertising of the organization's social performance should be done carefully because it can result to the observers attributing the initiatives of the organization to the outsidemotivationrather than the social responsibility of the organization. The other factor to be considered is that the first observations made by the stakeholder in the initial contact with the organization has a greater effect to the organization's disposition as compared to the observations made later on.

The organization needs to conduct its benevolent work in a way that encourages attribution to the corporatepersonality. An organization with a strong record of public service is likely to go through an emerging bad impression more easily as compared to an organization that had no record of public service in the past. This is because the stakeholders will most likely attribute the mistake to external causes rather than the corporate disposition.

The reality has be seen to be that actions that are very risky to the organization's reputation take place very fast and they are normally

uncontrollable and therefore it is necessary to take actions that develop a strong social reputation before such actions take place (Andrea and Andrew, 2004). Many companies have come up with internal ethics programs that are aimed at infusing the cultures if their corporate, examples of these companies are: The Boeing company uses a large amount of resources to foster ethical actions and decisions among its employees.

The company's 2004 ethical guidelines are very extensive and the company sees this as the only way to come up with a sustainable and successful future. The other company that values its ethical actions and decisions is the Deloitte & Touche Company and its Chief ethics officer says that there are three elements that are very important to an ethics program, these are; controls, consequences and values (Charles and Christopher, 2004).

There is a very high pressure in most organizations to focus their activities on tangible factors like the employees, prices or the product itself because it is easier for a person to trace the effects that these tangible have on the organization as a whole. Currently the stakeholders of most organizations have become more business literate and at the same time they have become very much sensitive to the role played by the corporation in the society rather than just within its market.

Because of the fact that the customers and the market of most products have become very much sophisticated the value of these non tangible factors like the reputation has increased significantly. As compared to other fields in the business the research that has been carried out on the reputation of organizations is very minimal. The academic literature fails to provide an accurate definition of the constituents and the boundaries of an

organization's reputation and hoe it relates to other issues like the organization's identity and ethos.

In the case of South African Breweries, the management team noted that one of the best ways of guarding the reputation of the company was to avoid crisis or come up with ways of dealing with the crisis in situations where the crisis cannot be prevented. The company managed to attain this by linking its reputation risk assessment to a program that was meant to manage the crisis. There are some crises in organizations that have been seen to develop over a period of time; an example of this is the Nestle baby milk motion that began with a journalists comment in 1974 that powdered milk contributed to the death of infants in the third world.

After a period of about 30 years now the debate still continues and it has resulted in consumers rejecting any products of Nestle. This issue was thought to have been managed during the time when it was first introduced but it was later seen that Nestle had mismanaged the crisis and therefore it resulted to the damage of the company's reputation in the long run (Laura and Melewar, 2005). Currently there has been a lot of research that has been devoted to understand the consequences and recognize the predictors of the reputation of organizations.

There has been a very important theoretical framework that has been used to assess the importance of an organization's reputation which is the resource based view (RBV). According to this framework the difference in the resources of different firms leads to the difference that exists between the competitive advantages of the firms and the performance levels of the firms (Abraham and Asher, 2005). Due to the increasing interest in reputation

researchers have come up with a variety of means of measuring the reputation of organizations.

The most commonly used measures are the Reputation Quotient (RQ) and ' the most admired company. ' These two measures represent ranking of organizations in the basis of corporate associations that indicate the stockholder's anticipation concerning the activities of the organization. Besides these indexes of measuring the organization's reputation, Berens and van Riel in 2004 came up with the issue of corporate personality which means that the reputation of the organization is measured with signs that show the personality traits of individuals that may be attributed to the organization in question.

Another measurement scale was developed by Newell and Goldsmith in 2001, this method uses the organization's honesty, reliability and benevolence as indicators of the organization's behavior hence they are interpreted as the most likely indicators of the reputation in the models used to estimate reputation (Sabrina, 2005). It is known that organizations can develop and sustain a competitive advantage over their rivals by carefully deploying those resources and capabilities that are superior and scarce. Executives of organizations can utilize corporate reputation to gain a competitive advantage over their rivals.

Both scholars and practitioners have concluded that a good corporate reputation results into competitive advantage and profitability of the organization. Although there are advantages of positive reputations in organizations there are some studies that have shown the limitations of a positive corporate reputation. There is some research that has shown that

organizations with strong corporate reputations are not likely to be associated with a strong financial performance, social responsibility and a stronger market share (Wei-Ming and Russell, 2006).

For an organization to maintain a good reputation there is need for its communication department to track the organization's reputation. The following steps should be taken by the communications department so as to successfully track the organization's reputation: Step one involves identification of those lists that the company is ranked and those that the company is not ranked but it is supposed to be. The second step is to monitor the changes that take place in the company's ranking on the reputation list with time.

The third step is to compare the organization's ranking on the list to other rival organizations. Step four is to review the publications in which the list is made so as to understand the impact of the ranking on the public in general. The last step involves the managers reviewing the criterion that was used to come up with the rankings (Charles, 2007). According to Pratima (2007) consumers take into account the reputation of airline companies in determining the airline that they prefer using.

The relationship between a firm's performance and the reputation that the firm gets has be well documented in earlier research work. Previous research has shown that there is a good relationship between reputation and the firm's performance and this means that a strong financial performance may indicate that the organization is well managed and this may earn it a strong reputation from the customers.

On the other hand if an organization experiences a project failure due to poor financial performance it will receive a very negative perception from the customers and therefore organizations should ensure that their projects are successful so as to build the positive reputation from the customers and the general public (Mary and Pratima, 2007). Internal communication and training may enable a company overcome the challenge of a project or program failure and therefore build a positive reputation to the general public and its employees.

This has been seen in the case of Singapore International Airline (SIA) which has utilized internal communication and training to enable it become the most successful airline in the world. The most unique feature of SIA's form of internal communication is its strong focus on face to face form of dialogue between the management, staff and the clients. The Airline also insists on communication channels that consider the needs of the stakeholders. This company has also attained success in the implementation of its projects through the efforts it makes by regularly training its employees (Mark, 2007).

Crisis response strategies are applied by organizations to repair their reputation after it has been destroyed by a certain crisis. These strategies have been studied extensively in research work and it has been noted that there cannot be one perfect response to a crisis but a list of favorable strategies to counter the crisis can be created and adopted by organizations. For any organization to be able to come up with a list of crisis response strategies it is necessary that it comes up with a conceptual connection between the strategies and the threat that the crisis poses to the reputation of the organization (Timothy, 2007).

Organizational identity is the organization's characteristic that contributes to the unique and distinct feature of the organization. Organizational identity influences how members give meaning and interpret theenvironmentaround the organization with respect to the physical, social and political features that exist in the organization and this is very important in determining the successful survival of the organization. The organizational identity gives the organization a very strong competitive advantage against its rivals.

The organizational image is the perception of the people inside the organization on how the organization is viewed by the public in general. The organizational identity is responsible for shaping the organization's activities and this then shapes the image of the organization. This means that if an organization fails in one or more of its projects, the image of the organization would be greatly affected and this in turn would affect the reputation of the organization (Rumina, 2007). DISCUSSION

Although the construction industry has for long been seen as a domestic industry there has been increased international trade in the industry. This increase has led to various challenges that lead to failure of most of the construction projects carried out on an international scale. The greatest challenge in these projects is the problem brought about by inter-cultural communications and it has been ranked as the worst problem that leads to failure of most construction projects conducted on an international level.

The failure of these projects then leads to a negative reputation of the organization spearheading the project. The industry was faced by the problem of poor communication methods in the 1960s and it is clear that due toglobalizationthe problem is emerging once more. Due to the lack

ofcultural diversityvery many projects in the construction industry have failed hence creating a negative reputation for the organizations in this industry. There is lack of cultural diversity between the UK and the Persian Gulf and this has resulted to the failure of many construction projects in the Persian Gulf.

The Persian Gulf is very important to the UK construction industries and therefore there is need to develop a means of introducing cultural diversity in the area to reduce the number of projects that end up badly. Due to the shortage oftechnology, materials and skills in the Gulf the construction industries from the US and the UK saw the gulf as a potential market for their products and services. Thecultural identityof the Gulf which is represented in the religion and the language of the area caused a major problem for the foreign construction industries and most of them failed to complete their projects.

The other problem that exists in this area is the issue ofculture. Research has shown that culture and language are intertwined and therefore it becomes difficult for people of different cultures to communicate effectively. This also significantly affected the construction projects that were taking place in the Gulf region. Due to the fact that the countries of the Gulf region have varying dialects it was difficult for the managers to learn all the dialects.

The managers of these projects also had problems in the non verbal language because it varies with the culture of the people (Loosemore and Al Muslmani, 1999). Another problem that led to the failure of construction projects apart from the language differences is the attitude possessed by the

people towards technology and time. This attitude can significantly interfere with the communication process especially during when there are problems in the project and this is so because construction projects have a lot of uncertainty.

The other major problem was that attitudes towards time are different from one culture to another. The western cultures are classified as monochromic while the Arabic cultures are polychromic. Cultural values are also different and this interferes with the communication hence leading to failure of the project. These problems led to failure of construction projects in the Gulf region hence organizations that spearheaded this projects developed a negative reputation from the public. RECOMMENDATIONS

Project managers that are concern with international construction projects need to develop a high sensitivity to cultural diversity so as to ensure the success of their projects therefore leading to a strong positive reputation from the public. The managers also need to encourage the members of their organizations to erode the differences in behavior that affect the communication process. To protect the reputation of their organizations managers need to train their employees on ways of adapting certain cultural aspects so as to fit in those of their business counterparts.

The construction organizations need to develop a theoretical framework that would enhance a good impression of their organization. The managers of these projects need to develop good ethics in their organizations to ensure success. The communication process may also be enhanced by developing high levels of ethical behavior in the organization, this may be done by; introducing ethical values and principles into the organization's culture,

appoint an Ethics Officer in the organization and adopt strict ethical guidelines and codes of behavior.

CONCLUSION It has been noted that the aim of developing and sustaining good corporate communication process is to enhance corporate reputation and all the efforts put towards better communication processes should be well coordinated and consistent so as to be effective. A strong positive corporate reputation is very important to all organizations and therefore managers of projects should ensure that projects are successful so as to enhance a strong positive corporate reputation. WORD COUNT: 4, 275 REFERENCE LIST

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