Review of Literature

The PMI (Project Management Institute 2013: P 3) define project as a temporary endeavor undertaken to create a unique product, service, or result. In this study, the PMI’s definition of a project is used as an operational meaning. Larson and Gray (2011: P 5) stated, “like most organizational effort, the major goal of a project is to satisfy a customer’s need. Beyond this fundamental similarity, the characteristics of a project help differentiate it from other endeavors of the organization”. The definition is given based on two key characteristics of a project. All projects are temporary and undertaken to create a product, service, or result that is unique. These two simple concepts create a work environment that mandates different management approach from that used by an operations manager, whose work is oriented toward continuous improvement of existing processes over longer periods of time.

Some common characteristics forwarded by Nicholas and Steyn (2008: P 26) for all projects are as follows:

- A project involves a single, definable purpose and well-defined end-items, deliverables, or results, usually specified in terms of cost, schedule, and performance requirements. Larson and Gray (2011: P6) stated that this singular purpose is often missing in daily organizational life where employees carry out repetitive operations daily.

- Every project is unique in that it requires doing something different than was done previously. A project is a one-time activity, never to be exactly repeated again. Lock (2001: P 2) discussed about the uniqueness of a project that “the principal identifying characteristics of any project is its novelty. It is a step into the unknown, fraught with risk and uncertainty. No two project are ever exactly alike, and even a repeated project will differ from its predecessor in one or more commercial, administrative or physical aspects. “in a ‘routine’ project such as home construction, variables such as terrain, access, zoning laws, labor market, public services, and local utilities make it unique.

- Projects are temporary activities. Each is an adhoc organization of personnel, material, and facilities assembled to accomplish a goal within a scheduled time frame, once the goal is achieved, the adhoc organization is disbanded.

- Projects cut across organizational and functional lines because they need skills and talents from multiple functions, professions, and organizations. Larson
and Gray (2011: P 6) stated that instead of working in separate offices under separate managers, project participants, whether they be engineers, financial analysts, marketing professionals, or quality control specialists, work closely together under the guidance of a project manager to complete a project.

- Given that each project is unique, it also involves unfamiliarity and risk. It may encompass new technology or processes and for the organization undertaking it, possess significant elements of uncertainty and risk.
- The organization usually has something at stake when doing a project. The work calls for special scrutiny or effort because failure would jeopardize the organization or its goals.
- A project is the process of working to achieve a goal, during the process, projects pass through several distinct phases called the project life cycle. The tasks, people, organizations, and other resources involved in the project change as the project moves from one phase to the next.

Projects can be classified in different bases such as based on type of works that projects involve, based on size (duration) of projects, and so on. Lock (2001: PP 2-3) classify projects under four main headings based on type of works that projects involve as the following: Civil engineering, construction (i.e. houses etc.), petrochemical, mining, and quarrying projects; Manufacturing projects; Management projects; and Research projects. Accordingly, construction of houses belongs real estate projects which come under first type of projects.

PMI (Project Management Institute, 2013: P5) defines project management (PM) as an application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. A project is a temporary endeavour, embarked on to create a unique product, service or result. Billingham (2008) projects usually have a specified duration and objectives. A process is a series of actions directed toward a particular result. Project management process groups progress from initiation activities to planning activities, executing activities, monitoring and controlling activities, and closing activities. activities, and closing activities. Initiating processes include defining and authorizing a project or project phase. Planning processes include devising and maintaining a workable scheme to ensure that the project addresses the organization’s needs. Executing processes include coordinating people and other resources to carry out the various plans and produce the products, services,
or results of the project or phase. Monitoring and controlling processes include regularly measuring and monitoring progress to ensure that the project team meets the project objectives. Closing processes include formalizing acceptance of the project or project phase and ending it efficiently.

**Emmanuel D. Adamides (2015)** provided a micro-level, human-activity-centred interpretative framework for the way operations strategy is formed, linked and aligned with corporate-level strategies, and to apply it to gain insights on these processes.

**Fabio De Felice et al., (2015)** proposed a methodological approach based on project management tools that supports the decision-making process in order to help companies in optimizing the re-engineering production processes and improve management costs.

**Asbjorn Rolstadas et al., (2014)** suggested that project success is dependent on the project management approach selected, relative to the challenges posed by the project, and to develop an analytical model for analyzing the performance of the project organization.

**Atieh Bourouni et al., (2014)** empirically evaluated the impact of interorganizational groupings on corporate performance in project-based organizations. The study develops and tests a theoretical model whereby groupings include project team, community of practice (CoP), community of interest (CoI), and knowledge network (KN). Organizational performance is supported on financial, process, internal, and cultural aspects. The results confirm the positive effects of knowledge networks and communities of interest.

**Turki Alsudiri et al., (2013)** discussed in depth the factors that lead to misalignment between the project management and the business strategy by investigating four case studies in the telecommunications industry in Saudi Arabia. The paper highlights the important factors that affect the process of aligning the PM to the business strategy. The companies that have strong alignment between the business strategy and the PM show successful projects outcome while the companies that have mismatch alignment show less successful projects outcome.

**Dezhi Wu and Katia Passerini, (2013)** investigated individual perceptions of time and time management strategies that professionals utilize to achieve their productivity in the execution of their daily tasks, projects and routines. Projects have specific time durations from the beginning to the end, which often need to be broken down into
smaller temporal elements (e.g. milestones), and require learning and knowledge capture throughout different project phases.

**Darren Dalcher (2012)** paper demonstrates that Morris and Hough addressed many of the concerns related to major projects and uncovered the implications of researching the success of projects, offering new insights and understanding related to the dynamics of projects and the temporal nature of success (and failure).

**Claude Besner and Brian Hobbs (2012)** investigated the interplay between risk management and uncertainty and the contextual variability of risk management practice. More precisely, the research empirically measures the relation between the extent of use of risk management and the level of project uncertainty. The research shows that the use of risk management practices and tools is negatively related to the degree of project uncertainty. This somewhat counter-intuitive result is consistent with a general tendency for all project management tools and techniques to be used more intensively in better defined contexts.

**Tina Karrbom Gustavsson and Hayar Gohary (2012)** provided knowledge about organizational development in the project-based construction industry by identifying boundary actions in contemporary collaborative construction practices. The paper is based on an exploratory longitudinal case study approach covering both early design phase and the following production phase, including interviews, participant observation at formal meetings and informal gatherings and internal and external documents.

**Payam Hanafizadeh et al., (2009)** presented a methodology which defines best strategic practices for business process redesign (BPR). A total of 29 best practices are studied and evaluated from the literature. The philosophy of TOPSIS (Technique for Order Preference by Similarity to Ideal Solution) method is applied in recognizing the alignment of best practices with the organization strategy. The indicators of cost, time, quality and flexibility are used as the criteria to measure the degree of alignment of best practices with organization strategy. The proposed method is tested in a case study of the registration process at a university.

**Joo Y. Jung et al., (2009)** explore the relationship between competitive strategy, total quality management (TQM), and continuous improvement of international project management (CIIPM). The results from the statistical analysis suggest that competitive strategy does not directly influence the CIIPM performance, but it influences through the mediation of TQM practices. The results also suggest that
“human resource-based” TQM elements have stronger influence toward CIIPM performance than “technology-based” TQM elements.

Low Sui Pheng (2007) stated that there are project management lessons to be learned from Chinese history, including that relating to the management of the building process in ancient China. This paper explains the official systems instituted for public projects; the management of labour, design and planning of construction works; quantity surveying practices; the use, control and recycling of building materials; and inspection of building elements in ancient China.

L. Dooley et al., (2005) examined the theory of project and multiple project management and develop a framework tool to facilitate the management of a portfolio of multiple projects across an organisation and enhance the overall effectiveness of the process. The paper highlights that greater organisational efficiency and less conflict can be achieved through greater structure and understanding of the intricacies of managing multiple projects.

M.J. Oltra et al., (2005) focused on operations priority patterns and operations strategy. Configurations by testing them in a specific environment which contributes to demonstrating their applicability and generalizability. Using data from 130 Spanish companies with project process organization, their operations strategy is analyzed as a whole, without the following of a trade-off pattern being observed.

Simon Box and Ken Platts (2005) developed a model for establishing and maintaining alignment of purpose in business change initiatives. The research methodology combined a synthesis of the literature across the diverse fields of change leadership, project management, and organisational alignment; and a parallel analysis of two industrial case studies. From an analysis of the cases, and a synthesis of the literature, a Project Alignment Model was developed. To help industrial project leaders operationalise the model and hence maintain alignment in their projects, the key points from the Project Alignment Model are also presented as a checklist.

Andrew Longman and James Mullins (2004) stated that there are several conditions essential for project success that apply to all projects, whether related to top-level strategic business issues or operational ones: executives must make a compelling business case for project management; make it practical, relevant, and beneficial from day one; make systems and procedures project management-friendly;
make project management a win for team members and managers; make project management an ongoing learning experience, and; make success public.

**Ronald Maier and Ulrich Remus (2003)** reviewed the current state of practice of KM initiatives and identify four scenarios for potentially successful KM initiatives. The majority of organizations can be described as being a knowledge management starter. In order to improve these KM initiatives and link them to business strategy, we suggest a process-oriented knowledge management approach as a step to bridge the gap between human- and technology-oriented KM.

**Prasanta Kumar Dey, (2002)** stated that the effective management of projects is becoming increasingly important for any type of organization to remain competitive in today’s dynamic business environment due to pressure of globalization. The use of benchmarking is widening as a technique for supporting project management. This study demonstrates the effectiveness of a proposed benchmarking model using AHP, determines problems and issues of Caribbean project management in the public sector and suggests improvement measures for effective project management.

**Tim Kotnour (2000)** described the organizational learning practices in a project management environment to ensure project quality. The project management and organizational learning processes are described using the plan-do-study-act (PDSA) cycle from quality management.

**PMI (Project Management Institute, 2013: PP 3, 60)** project management processes can be described in terms of the integration between the processes, their interactions, and the purposes they serve. Project management as explained by PMBOK (Project Management Body of Knowledge) is accomplished by the appropriate application and integration of 42 logically grouped project management processes. These processes are spread across 5 process groups and 9 knowledge areas.

The five process groups are:

- Initiating,
- Planning,
- Executing,
- Monitoring and Controlling,
- Closing
Projects are divided into components, and a project manager must be knowledgeable in each area. A knowledge area stand for a complete set of concepts, terms, and activities that create a specialized professional field known as project management. Project teams should use these knowledge areas and other extension knowledge areas for specific project types, as appropriate.

The ten knowledge areas are:

- **Project Integration Management** (develop project charter, develop project management plan, direct and manage project work, monitor and control project work, perform integrated change control, close project or phase)
- **Project Scope Management** (plan scope management, collect requirements, define scope, create work break system, validate scope, control scope)
- **Project Time Management** (plan schedule management, define activities, sequence activities, estimate activity resources, estimate activity durations, develop schedule, control schedule)
- **Project Cost Management** (plan cost management, estimate costs, determine budget, control costs)
- **Project Quality Management** (plan quality management, perform quality assurance, control quality)
- **Project Human Resources Management** (plan human resource management, acquire project team, develop project team, manage project team)
- **Project Communication Management** (plan communications management, manage communications, control communications)
- **Project Risk Management** (plan risk management, identify risks, perform qualitative risk analysis, perform quantitative risk analysis, plan risk responses, control risks)
- **Project Procurement Management** (plan procurement management, conduct procurements, control procurements, close procurements)
- **Project Stakeholder Management** (identify stakeholders, plan stakeholder management, control stakeholder engagement)

Particular project types may include further knowledge areas where they are critical for them. For construction firms, in addition to the ten knowledge areas, PMI (Project Management Institute, 2003) provides four knowledge areas as follows:

- Project safety management (safety planning, safety plan execution)
• Project environmental management (environmental planning, environmental assurance, environmental control)
• Project financial management (financial planning, financial control, administration and reports)
• Project claim management (claim identification, claim quantification, claim prevention)

Kalle Kakhkonen and Jukka Rannisto (2015) explained the key elements behind construction project data management by looking at actual operations. The construction project management is heavily built around document control and relating events such as change orders, submittals, transmittals and requests for information. These functionalities are usually forming the core of electronic data/document management systems (EDMS), and more recently solutions based on Building Information Modelling (BIM) technologies.

Zayyana Shehu et al., (2014) assessed the factors leading to time overrun in Malaysian construction projects. The perceptions of public and private sectors, contractors, clients, and consultants are compared relative to a list of factors derived from the review of extant literature in project delay. The research data were collected through an industry-wide questionnaire survey circulated across the Malaysian construction industry.

Joyce de Andrade Ruiz et al., (2014) put forwarded the proposition that value enhancement can be achieved by reallocating costs to better meet the attributes most valued by end-users, without increasing initial project costs. A set of tools used in value methodology (VM) is adopted to assist a systematic process with the goal of attaining an optimal functional balance between costs and value delivery to end-users.

Dominic D. Ahiaga-Dagbui and Simon D. Smith (2014) paper presented a coherent and holistic view on the causes of cost overruns, and the dynamics between cognitive dispositions, learning and estimation. A cost prediction model has also been developed using data mining for estimating final cost of projects. The empirical model developed in this paper achieved an average absolute percentage error of 3.67 percent with 87 percent of the model predictions within a range of ±5 percent of the actual final cost.

Huimin Li et al., (2014) analyzed the transaction costs borne by the owner in a construction project from the perspective of transaction cost economics and construction project characteristics. A questionnaire survey was administered to construction owners. The factors that impact transaction costs were analyzed in the context of human-related issues (the owner’s and
the contractor’s positions in the transaction), and environment-related issues (the transaction environment, and project management efficiency).

**Debasisha Mishra and Biswajit Mahanty (2014)** attempted to find good values of onsite-offshore team strength; number of hours of communication between business users and onsite team and between onsite and offshore team to reduce cost and improve schedule for re-engineering projects in global software development environment. The system dynamics technique is used for simulation model construction and policy run experimentation. The experts from Indian software outsourcing industry were consulted for model construction, validation and analysis of policy run results in both co-located and distributed software development environment.

**Martin Oloruntobi Dada (2014)** discussed that using projects executed with both traditional and integrated procurement methods, the study sought to investigate relationships that exist among project participants and the influence of those relationships on cost growth. Cost growth or cost overrun is significantly correlated with client-contractor relationship, consultant-contractor relationship, client-consultant-contractor relationship and in-house team relationships. No association between procurement method and cost growth was found.

**Yongjian Ke et al., (2013)** provided a comparative analysis of the funding source, organization, regulations, approval process, procurement method, and bid evaluation procedure of public projects in four cities. It also investigated the performance outcomes of public projects in these cities.

**Thillai Rajan Annamalai and Nikhil Jain (2013)** examined the link between the use of project finance and investments in risky environments. Project finance international database has been used as the data source for this study. 3,372 transactions from power, oil and gas, transportation, telecommunication, and water supply sectors have been considered means analysis and multivariate regression models have been used in the analysis. The average project cost in a developing country was higher than that of developed countries.

**Andreas Wibowo and Hans Wilhelm Alfen (2013)** paper aims to introduce a new methodology taking risk behavior of decision maker into account to fine-tune the value of a risky public-private-partnership (PPP) project and the corresponding cost of capital based on the target rate of return set by the project sponsor and the degree of project risks.
Isaac Aje (2012) investigated the impact of contractors’ prequalification on cost, time and quality performance of construction projects. Data were collected with the aid of a questionnaire addressed to construction practitioners selected from clients, consultants and contractors’ organizations. The results show that contractors’ prequalification has significant impact on time and quality performance of construction projects as evidenced by p-values of 0.039 and 0.030, respectively.

Gerard Hampton et al., (2012) investigated the impacts on project delay from the perspective of construction stakeholders. Specifically, it aims to make a comparison between traditional procurement based on standard contract forms and private/public partnerships (PPPs), for the procurement of public sector projects in Scotland.

Rahul Thakurta and P. Suresh (2012) studies have investigated the effect of requirement volatility on different project parameters like effort, schedule, quality, etc. However, these studies have not looked into how different “patterns” of requirement volatility influence project quality; and which intervention strategies could be effective under the circumstances.

Adnan Enshassi et al., (2008) investigated the overhead costs of construction contractors at the Gaza Strip, Palestine, specifically the level of contractors’ awareness of the concept of overhead cost, their perception of main components of overhead cost, percentage of overhead to total project cost, method used to manage and control overhead cost, and reasons for increasing overhead cost.

A.A. Oladapo (2007) assessed the significance of variations as a cause of cost and time overruns. Using a questionnaire survey, responses were obtained from 50 project participants on the causes and effects of project variations. Cost and time data were also collected on 30 completed building projects. The analysis used importance indices and F- and t-tests. The results indicated that variations had a significant effect and accounted for about 79 and 68 per cent of the cost and time overruns, respectively, for the projects studied.

AMR A G Hassanein and Waleed El Nemr (2007) research was targeted at providing a deeper insight of the status of claims management in general and change order claims in particular with respect to the Egyptian industrial construction sector, as change orders have proven to be the main cause of claims in this sector.

Joshua O Dada and G.O. Jagboro (2007) identified the risk factors inherent in different building procurement methods and assesses their perceived relative importance with a view to
evaluating their impact on project cost. The paper reports on a study carried out through a questionnaire survey of professionals within the construction industry in order to assess the relative importance placed on risk factors.

**Andrea P. Kern and Carlos T. Formoso (2006)** proposed a project cost planning and control model for construction firms. This model aims to support the development of production management systems, in which cost management and production planning and control can be gradually integrated, in order to overcome the existing limitations of cost accounting systems. The scope of the model was limited to building projects carried out by small and medium sized companies, involved in both product development and production.

**M.R. Abdul Kadir et al., (2005)** evaluated and ranked the importance, frequency and severity of project delay factors that affect the construction labour productivity for Malaysian residential projects. A total of 100 respondents consisting of 70 contractors, 11 developers and 19 consultants participated in this study. The respondents were asked to indicate how important each item of a list of 50 project related factors was to construction labour productivity. The data were then subjected to the calculation of importance indices which enabled the factors to be ranked.

**Ayman A.E. Othman et al., (2004)** introduced the concept of dynamic brief development (DBD), a process that facilitates client satisfaction, meets the need to adapt to the brief developing factors for the benefit of the project and fulfils the desire to manage project change orders. In this paper, the need, aims and principles of the concept of DBD are explained and the factors driving brief development are identified. In addition, the rationale behind each factor is given and the case study sampling method is described.

**Parviz A. Koushki and Nabil Kartam (2004)** presented the findings of a research project, which aims to determine the causes of delays and cost-overruns in the construction of housing projects in Kuwait.

**Peter E.D Love and Amrik S. Sohal (2003)** quantifies the causes, magnitude and costs of rework experienced in two Australian construction projects procured using different contractual arrangements. The causes and costs of rework projects are analyzed and discussed.

**A.R. Toakley and M. Marosszey (2003)** reviewed the development of the quality movement and its application within the construction sector and suggests a broader scope for the application of quality concepts within the procurement process from a whole-of-life perspective. Identifies also areas which require further research.
Svetlana Cicmil (2000) stated that project management body of thought is evolving beyond conventional wisdom in the field. A range of quality issues has been identified as pertinent in project environments across industrial sectors. The effectiveness of managerial responses vary. The proposed methodology combines the cumulative prospect theory (CPT) to characterize the risk preference of the project sponsor and the Monte Carlo simulation to assess the project riskiness.

Peter Barrett (2000) argued, with evidence from a number of related studies, that in order to effectively manage quality in the construction project environment, firms need two things. First, externally orientated, flexible, quality improvement systems are required. Second, firms need a targeted approach to investing in key stable relationships in the supply network of which they are a part.

Prasanta Kumar Dey (2000) proposed the use of concurrent engineering in managing projects for radically reducing project duration. The phases of the project are accomplished concurrently/simultaneously instead of in a series.

Robert A. Orwig and Linda L. Brennan (2000) stated that quality management (QM) has been the purview of operations management for repetitive processes, where project management (PM) is applied to temporary endeavors to create unique products or services. Any convergence of thought between PM and QM has been focused on using PM to implement a total quality management culture or on assuring the quality of the project outcomes and deliverables.

Rodney Howes (2000) paper attempted to refine and improve the performance of traditional EVA by the introduction of a hybrid methodology based on work packages and logical time analysis entitled work package methodology (WPM). A comparative analysis between WPM and EVA is then undertaken using adapted test data derived from knowledge of previous projects to identify the reasons for variation in the results obtained from both methods.

Tim Kotnour (2000) described the organizational learning practices in a project management environment to ensure project quality. The project management and organizational learning processes are described using the plan-do-study-act (PDSA) cycle from quality management. Data from a survey of practicing project managers support the theory that organizational learning practices are associated with project knowledge, which is associated with project performance. Project knowledge is associated with learning that occurs both within and across projects.
Farzad Khosrowshahi (1997) stated that project duration and cost play a significant role in fulfilling the objectives of both the contractor and the client. This paper builds upon the assumption that, for a given project quality, there exists a relationship between the project duration and the project cost. The behaviour of this relationship is very much influenced by the nature of the project. The paper proposes a general set of potential mathematical expressions for the above relationship and facilitates the identification of the project duration which yields lowest project cost. These are then applied to ‘Harmony’ type housing projects in Hong Kong.

Hamzah Abdul-Rahman (1993) stated that during the construction of a civil engineering project, cost control techniques are used to monitor cost trends and to detect cost deviations in order to control project cost. However, this technique does not reveal the cause of any failure. The nature and collection of failure costs have been part of quality costing.

Om P. Kharbanda and Ernest A. Stallworthy (1992) assessed the requirements of project management in relation to industrial projects, illustrating the factors that can result in failure by means of a series of case studies of completed and abandoned projects worldwide that have failed in one way or another. The key roles played by project planning and project cost control in meeting and overcoming the practical problems in the management of industrial projects are examined in detail.

Kerzner (2009: P 7) stated, project success is defined as the completion of an activity within the constraints of time, cost, and performance. He forwarded the today’s definition of project success in such a manner that has been modified to include completion:

- within the allocated time period,
- with the budgeted cost,
- at the proper performance or specification level,
- with acceptance by the customer/user,
- with minimum or mutually agreed upon scope changes,
- without disturbing the main work flow of the organization,
- without changing the corporate culture.

Kerzner (2009: PP 7-8) it should be understood that simply because a project is a success does not mean that the firms as a whole is successful in its project management endeavors. Excellence in project management is defined as a continuous stream of successfully managed projects. Any project can be driven to success through formal authority and strong executive meddling. But in
order for a continuous stream of successful projects to occur, there must exist a strong corporate commitment to project management, and this commitment must be visible.

Developing countries spend substantial amount of their budgets in infrastructure development that involve significant construction works in projects such as construction of roads, buildings, water works, telecom civil works, etc. This is also the case in Ethiopia. MoFED (Ministry of Finance and Economic Development, 2008; Abadir, 2011: P 36) Ethiopian government has spent about 50% of its total budget in fiscal year 2007/2008 for capital projects out of which road construction accounts about 33%. Even though significantly large amount of money is being poured in to infrastructure development, the infrastructure of the country is still considered to be very poor, even when seen by the standards of the Sub-Saharan countries. The country’s passengers and freight traffic, road density is one of the lowest compared to other Sub-Saharan countries. From the huge hydropower potential the country has, only less than 10% of it has been put in use (Ministry of Finance and Economic Development-MoFED, 2006; Yimam, 2011: P 37). These all mean, enormous volume of infrastructure (construction) works is coming to the industry. Nevertheless, the construction industry of the country looks unprepared for these huge volumes of works to come. The industry is still in the beginning stage, growing unfortunately, slowly both technically and financially.

According to Abadir (2011: PP 37-38), the description of the current state of the industry given in various studies is summarized here under as follow:

- An inadequate capital base.
- Old and limited numbers of equipment and low levels of availability and utilization.
- Severe shortage of construction materials, most notably cement.
- Low level of management, especially project management knowledge and practice (Low level of Contract administration, Project planning and Project monitoring capabilities).
- Deficiencies in technical, financial management and entrepreneurial skills.
- Small-scale local contractors which lack experience in construction management.
- Limited experience and participation of the private sector in large construction project or the provision of related consulting services.
- Outdated technology (insufficient and ineffective labor-based construction technology).
- Inadequate and inappropriate project organization structures, which lead to problems of authority, responsibility, communication and coordination, etc.
Generally speaking, according to (Jekale, 2004 cited in Abadir, 2011: P 38), there is no enough construction and management capacity in the country. The practitioners (in Ethiopia) are less experienced in project management. The management of construction project is highly influenced by the utilization of scarce financial and physical resource with controlling activities limited to cost and time monitoring dimensions only. Contractors cannot properly administer contract, most of them are not properly trained to prepare cost and schedule reports, quality records, safety reports, change order records, claims records, progress reports, payment requisition, etc. Most local contractors even don’t have claim management knowledge or are not interested to pursue legitimate claim for fear of damaging working relationships and their reputation in the industry as they will be dealing usually with few public institutions. Many studies in the area have indicated the need to improve the capacity of contractors in areas such as financial management, project estimating and costing, total quality management, change management, claim management, business planning, personnel and general management skill, etc. which almost all can be included under the project management knowledge areas given by PMI. This shows that improving the project management capacity of contractors can significantly improve the current status of the construction industry in the country (Abadir, 2011: PP 38-39).

As real estate industry is part of the construction industry, the characteristics and project management problems discussed above are also the features of Ethiopian real estate industry. Private investors become more and more involved in housing development of Ethiopia. Different regulations set by government backed the involvement of these private investors. For instance, a policy in 1997 E.C. which states about housing development in urbanization that affordable and quality house development results rapid urban development, replacing old and unattractive houses, and improve saving culture. This can be achieved by to development directions. The first one is developing mortgage houses by government. And the other option is through the participation of private real estate developers.

Ministry of Urban Development, Housing, and Construction (2012) nowadays, the number of companies involved in Ethiopian real estate sector becoming higher and higher. For instance in Addis Ababa, 697 companies are recorded in Ethiopian Investment Agency and 382 of them are registered by Addis Ababa Investment Authority. The Ethiopian real estate development is not
only limited to residential houses, but it also includes construction of offices, shops, amusement centers and others.

According to the study conducted by *Ministry of Urban Development, Housing, and Construction* (2012, PP 13-14) the following are basic Problems related with real estate development projects in addition to the project management problems that are mentioned above:

- Utilization of real estate lands to other personal and illegal (such as selling of land without development) activities by some real estate developers.
- Most of real estate developers do not started their operation within eighteen months after they received land for development.
- Among real estate developers that started construction, only few of them progressed well as per the required level in terms of satisfying house demand at the right time.
- Significant number of real estate developers transfer less quality houses, as compared with approved plans, to house demanders.
- Some real estate developers offer expensive houses to house demanders as compared to the quality and amount of investment on the houses.
- The quality and amount of investment on the houses.