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BEYOND PROJECT EXECUTION: A STRATEGIC FRAMEWORK FOR MANAGING PROJECT FAILURE IN GLOBAL ENTERPRISES

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Project management has long been viewed through a tactical lens: delivering outputs on time, within budget, and to specification. However, for global enterprises in dynamic industries project failures have direct strategic consequences. These include erosion of market capitalization, loss of regulatory trust, talent attrition, and diminished innovation capacity.

This paper addresses a fundamental management question: How can enterprises systematically transform project failure analysis into a source of strategic advantage? Rather than focusing on technical fixes, we propose a management framework grounded in classical and modern organizational theories. The central argument is that project failure management requires three interconnected shifts: from reactive problem-solving to proactive risk governance; from hierarchical control to agile decision architecture; from isolated project oversight to integrated strategic alignment.

Our theoretical framework integrates insights from both classical administrative theory and modern adaptive management models. Henri Fayol's General Management Theory provides the foundational functions of management: planning, organizing, commanding, coordinating, and controlling [1]. Fayol's principles (unity of command, scalar chain, and equity) remain relevant for establishing clear accountability in project governance. However, his model assumes relatively stable environments, which no longer holds for global projects.

Frederick Taylor's Scientific Management emphasized work standardization and incentive mechanisms [2]. While criticized for over-emphasizing quantitative metrics, Taylor's insights on process efficiency are valuable for routine project activities. The limitation is that scientific management struggles with non-routine projects where flexibility outweighs standardization.

Carroll's Pyramid of Corporate Social Responsibility reminds managers that projects operate within multi-stakeholder environments [3]. Economic, legal, ethical, and philanthropic responsibilities create nested constraints that project managers must navigate. Failure in any layer can trigger cascading strategic damage.

Porter and Kramer's Creating Shared Value Theory argues that competitive advantage emerges when enterprises address social needs through their core business model [4]. For project management, this implies that failure analysis should not only seek cost reduction but also identify opportunities to align project outcomes with societal value creation.

Agile Project Management Theory prioritizes individuals and interactions, customer collaboration, and responding to change over rigid processes and documentation [5]. The managerial implication is that project governance must embrace adaptive planning, iterative delivery, and empowered cross-functional teams. However, agility without strategic alignment can lead to fragmented efforts.

Lean Project Management Theory focuses on eliminating waste (overproduction, waiting, unnecessary transportation, over-processing, excess inventory, defective outputs, and underutilized talent) [6]. The managerial challenge is that lean thinking requires cultural transformation, not just tool adoption. Resistance to change is the primary barrier, not technical complexity.

Based on empirical analysis of multiple project failure cases in global manufacturing enterprises, we identify four managerial root causes that transcend technical specifics.

1. Regulatory and standard ambiguity. When enterprises operate across jurisdictions with conflicting technical standards, decision-makers face uncertainty about which rules apply. This is not primarily a technical problem but a governance problem: the absence of mechanisms to detect, interpret, and reconcile regulatory differences in real time. Managerial root cause is that there is no single function owns "global standard adaptation" as a strategic activity.

2. Resource network fragilityModern supply chains are optimized for cost efficiency but vulnerable to disruption. The issue is not poor supplier selection per se but inadequate strategic buffer design – the failure to balance efficiency with resilience as explicit strategic parameters. In this case, managerial root cause leys in short-term cost optimization dominates long-term resilience planning.

3. Decision-making bureaucracy. Multi-layered approval processes create decision latency. When a project needs rapid resource reallocation (e.g., activating backup suppliers), the time to decision often exceeds the window of opportunity. Centralized command structures designed for stability have not evolved to support rapid, decentralized execution in dynamic environments.

4. Organizational learning deficit. Failures repeat because lessons are not captured, codified, or institutionalized. This is not a technical database problem but a knowledge management and incentive problem. Managerial root cause is that thate is no systematic mechanism links post-project reviews to pre-project planning. Blame culture discourages transparent failure analysis.

Based on the theoretical synthesis and diagnostic analysis, we propose a three-pillar management framework.

Pillar 1. Strategic project management office (PMO) with adaptive authority will allow to centralize strategic oversight while decentralizing execution decisions. The PMO should not control every detail but should govern by exception and strategic alignment.

Pillar 2. Dual-mode decision architecture. Not all decisions require the same process; enterprises need two parallel decision modes: strategic (deliberate, consensus-driven) and operational (rapid, rule-based).

Pillar 3. Institutionalized learning from failure. Companies should admit failures are strategic intelligence, not just negative outcomes. Organizations that systematically analyze failures build predictive capabilities.

So, the proposed framework (centered on an adaptive PMO, dual-mode decision architecture, and institutionalized learning) offers managers a practical pathway. Key success factors include leadership commitment to buffer investment, cultural change toward transparent failure analysis, and alignment of incentives with long-term resilience rather than short-term efficiency.

List of used references:

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