COPYRIGHT<sup>©</sup> INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

# ASSESSMENT OF ENGINEERING PROJECT MANAGEMENT INTEGRATION APPROACH FOR TYPICAL SMALL TO MEDIUM MANUFACTURING COMPANIES

BY

# YAHYA A ALAZEMI

A thesis submitted in fulfilment of the requirement for the degree of Doctor of Philosophy (Engineering)

Kulliyyah of Engineering International Islamic University Malaysia

SEPTEMBER 2019

## ABSTRACT

Project management can be defined as the application of processes, knowledge, methods, and skills to achieve project objectives. Project management should benefit small and medium scale enterprises (SMEs) the most in their economic part, where failure rates should decline in economic system that practice project management. Any organisation that practice project management should be able to reap the advantages where projects can be completed in an organised manner, within the project timeframe, and within the planned budget. However, there has been a concern over how SMEs susceptible to problems when integrating project management into their organisations. The objectives of this research were to identify the problem areas that hinder the SMEs in applying successful project management, recommending the solutions for the identified problems, and to measure the degree of awareness and implementation of project management for SMEs.

The identified general problem areas in project management were: 1) poor basis for the project, 2) appointment failure for project manager, 3) unsupportive top management, and 4) lack of commitment to project. Furthermore, the problems that focused only to SMEs can be identified as: 1) management problems, 2) financial problems, 3) lack of knowledge, 4) project management awareness, 5) labour mobility, and 6) lack of experienced team members.

A survey through the distribution of a questionnaire was developed in the current research to measure the awareness and implementation of project management in SMEs. The questionnaire was designed to accommodate the data collection on the background of the respondents, the comprehensive level of project management by respondents, and the implementation level of the concept in the respondents' organisations. Participants were taken from Pahang and Sarawak states of Malaysia, and 5 out of 45 distributed questionnaires returned for analysis. Statistical Package for Social Science (IBM® SPSS version 23.0) was then used to check the reliability of the collected data and to provide further analysis. The findings show that all participants (100%) are fully aware and have previously heard over the concept of project management. However, only 80% of the respondents perceived that project management is very important. Regardless, all the participants (100%) have been implementing project management within their organisations. Based on the project goals implementation of budget, schedule, and performance, the results of the project management were satisfactorily for the respondents, even though a room for improvement is available. Furthermore, the success factor criteria assessment also revealed that the top management support, clear goals and objectives, planning and control, as well as excellent project manager, to be some of the significant factors in the practice of project management.

# خلاصة البحث

يمكن تعريف إدارة المشاريع بأنما تطبيق العمليات والمعارف والأساليب والمهارات لتحقيق أهداف المشروع. وينبغي لإدارة المشاريع أن تفيد المؤسسات الصغيرة والمتوسطة الحجم أكثر من غيرها في جانبها الاقتصادي، حيث ينبغى أن تنخفض معدلات الإخفاق في النظام الاقتصادي الذي يمارس إدارة المشاريع. وينبغى لأي منظمة تمارس إدارة المشاريع أن تكون قادرة على جني المزايا التي يمكن أن تنجز بما المشاريع بطريقة منظمة، ضمن الإطار الزمني والميزانية المقررة للمشروع. ومع ذلك، هنالك قلق بشأن كيفية تعرض المشاريع الصغيرة والمتوسطة للمشاكل عند دمج إدارة المشاربع في منظماتها. وبالتالي يهدف هذا البحث إلى تحديد المشاكل التي تعيق المشاريع الصغيرة والمتوسطة الحجم في تطبيق إدارة ناجحة للمشاريع، والتوصية بحلول لهذه المشاكل، وقياس درجة الوعبي في فهم وتنفيذ إدارة المشاريع الصغيرة والمتوسطة. وكانت المشاكل العامة المحددة في إدارة المشاريع هي: 1) سوء أساس المشروع ، 2) الفشل في تعيين مدير المشروع ، 3) الإدارة العليا غير الداعمة ، وَ 4) عدم الالتزام بالمشروع. وعلاوة على ذلك ، فإن المشاكل التي تركز على المشاريع الصغيرة والمتوسطة يمكن تحديدها على النحو التالي: 1) مشاكل إدارية ، 2) مشاكل مالية ، 3) نقص المعرفة ، 4) الوعبي بإدارة المشروع ، 5) تنقل اليد العاملة ، 6) عدم وجود أعضاء فريق من ذوي الخبرة. وُضعت في البحث الحالي دراسة استقصائية من خلال توزيع استبيان لقياس الوعى بإدارة المشاريع وتنفيذها في المؤسسات الصغيرة والمتوسطة. وقد صُمم الاستبيان لاستيعاب جمع البيانات بناءً على خلفية الجيبين، والمستوى الشامل لإدارة المشاريع ، ومستوى تنفيذ المفهوم في منظماتهم. وقد تم اختيار المشاركين من ولايات باهانج وساراواك في ماليزيا، حيث تمّ إعادة خمسة من 45 استبياناً موزعاً للتحليل. ثم استخدمت المجموعة الاحصائية للعلوم الاجتماعية (IBM® SPSS version 23.0)للتحقق من موثوقية البيانات التي تم جمعها ولتوفير المزيد من تحليل النتائج. بيّنت النتائج أن جميع المشاركين (100%) مدركون تماماً لمفهوم إدارة المشروع وقد سبق لهم أن سمعوا عنه. غير أن 80 % فقط من الجيبين يرون أن إدارة المشاريع مهمة جداً. وبالرغم من ذلك، أجاب جميع المشاركين (100%) أنه قد تم تنفيذ إدارة المشاريع داخل منظماتهم. واستناداً إلى أهداف المشروع المتعلقة بتنفيذ الميزانية والجدول الزمني والأداء ، كانت نتائج إدارة المشروع مرضية بالنسبة للمجيبين عن الاستبيان، على الرغم من وجود مجال للتحسين. وعلاوة على ذلك، كشف تقييم معايير عوامل النجاح أيضاً أن الدعم الإداري الأعلى، والأهداف والغايات الواضحة، والتخطيط والمراقبة، وكذلك مدير المشروع الممتاز، هي بعض العوامل الهامة في ممارسة إدارة المشاريع.

## **APPROVAL PAGE**

The thesis of Yahya A Alazemi has been approved by the following:

Erry Yulian Triblas Adesta Supervisor

Muataz Hazza Faizi Al Hazza Co-Supervisor

Mohd Radzi B Che Daud Co-Supervisor

Mohammad Yeakub Ali Internal Examiner

> Faizal Mustapha External Examiner

> Hairul Abral External Examiner

Fouad Mahmoud Mohamed Rawash Chairman

## DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Yahya A Alazemi

Signature .....

Date .....

## INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

## DECLARATION OF COPYRIGHT AND AFFIRMATION OF FAIR USE OF UNPUBLISHED RESEARCH

## ASSESSMENT OF ENGINEERING PROJECT MANAGEMENT INTEGRATION APPROACH FOR TYPICAL SMALL TO MEDIUM MANUFACTURING COMPANIES

I declare that the copyright holders of this thesis are jointly owned by the student and IIUM.

Copyright ©2019 Yahya A Alazemi and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

- 1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
- 2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
- 3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Yahya A Alazemi

Signature

Date

## ACKNOWLEDGEMENT

### 'In the name of Allah, Most Gracious, Most Merciful'

Foremost of all, we would like to show our gratitude to ALLAH THE ALMIGHTY for His blessings bestowed upon us. It is with the deepest senses of gratitude of the almighty that gives strength and ability to successfully complete this project and thesis. I would likewise like to express my gratitude, appreciation and special appreciation to all people who served in the Department of Manufacturing and Material Engineering of International Islamic University Malaysia for granting me the chance to take this project as my partial fulfilment for a degree in PhD (Engineering).

Special and sincere thanks to my dedicated lecturer and project supervisor, Prof. Dr. Erry Yulian T. Adesta, for all the valuable information and ideas on how to perform this project, magnificent support, guidance, encouragement, and tolerance during the culmination of this project.

Last, but certainly not least, the continual encouragement and support from my parents and family members is deeply and sincerely appreciated throughout the completion of this project. May Allah bless everyone that contributed to this project, Inshaa Allah.

# **TABLE OF CONTENTS**

	Arabic
Approval P	age
Declaration	Page
Copyright I	Page
Acknowled	gment
Table of Co	ontent
List of Tabl	les
List of Figu	ires
	ations
List of Abb	reviation
СНАРТЕР	R ONE: INTRODUCTION
1.1 1	Background of the Research
1.2 I	Problem Statement
1.3 I	Research Objectives
	Research Scope
	Significance of the Research
	Organisation of the Thesis
	<b>R TWO: LITERATURE REVIEW</b>
	2.1.1 The History of Project Management
	2.1.2 The Four Periods of Project Management
	2.1.2.1 Prior to 1958 (Craft System of Human Relations)
	2.1.2.2 1958-1979 (The Application of Management
	2.1.2.2 1958-1979 (The Application of Management Science)
	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources)
	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New
	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment)
2.2.1	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management
	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs)
2.3 I	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs) Profile of SMEs in Malaysia
2.3 I	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs) Profile of SMEs in Malaysia Project Management Life Cycle
2.3 I	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs) Profile of SMEs in Malaysia Project Management Life Cycle 2.4.1 Project Management Life Cycle Methodology
2.3 I	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs) Profile of SMEs in Malaysia Project Management Life Cycle 2.4.1 Project Management Life Cycle Methodology 2.4.1.1 Project Initiation
2.3 I	Science) 2.1.2.3 1980-1994 (Production Centre Human Resources) 2.1.2.4 1995-Present (The Creation of a New Environment) 2.1.3 Overview of Project Management Digital Small to Medium Manufacturing Companies (SMEs) Profile of SMEs in Malaysia Project Management Life Cycle 2.4.1 Project Management Life Cycle Methodology 2.4.1.1 Project Initiation 2.4.1.2 Project Planning
2.3 I 2.4 I	Science)   2.1.2.3 1980-1994 (Production Centre Human Resources)   2.1.2.4 1995-Present (The Creation of a New   Environment)   2.1.3 Overview of Project Management   Digital Small to Medium Manufacturing Companies (SMEs)   Profile of SMEs in Malaysia   Project Management Life Cycle   2.4.1 Project Initiation   2.4.1.2 Project Planning   2.4.1.3 Project Implementation
2.3 I 2.4 I 2.5 (	Science)   2.1.2.3 1980-1994 (Production Centre Human Resources)   2.1.2.4 1995-Present (The Creation of a New   Environment)   2.1.3 Overview of Project Management   Digital Small to Medium Manufacturing Companies (SMEs)   Profile of SMEs in Malaysia   Project Management Life Cycle   2.4.1 Project Initiation   2.4.1.2 Project Planning   2.4.1.3 Project Implementation   Criteria to Measure Project Success
2.3 I 2.4 I 2.5 (	Science)   2.1.2.3 1980-1994 (Production Centre Human Resources)   2.1.2.4 1995-Present (The Creation of a New   Environment)   2.1.3 Overview of Project Management   Digital Small to Medium Manufacturing Companies (SMEs)   Profile of SMEs in Malaysia   Project Management Life Cycle   2.4.1 Project Initiation   2.4.1.2 Project Planning   2.4.1.3 Project Implementation   Criteria to Measure Project Success
2.3 I 2.4 I 2.5 (	Science)   2.1.2.3 1980-1994 (Production Centre Human Resources)   2.1.2.4 1995-Present (The Creation of a New Environment)   2.1.3 Overview of Project Management   Digital Small to Medium Manufacturing Companies (SMEs)   Profile of SMEs in Malaysia   Project Management Life Cycle   2.4.1 Project Initiation   2.4.1.2 Project Planning   2.4.1.3 Project Implementation   Criteria to Measure Project Success   Critical Success Factor Model   2.6.1 Pinto's Model of Ten Critical Success Factors
2.3 I 2.4 I 2.5 (	Science)   2.1.2.3 1980-1994 (Production Centre Human Resources)   2.1.2.4 1995-Present (The Creation of a New   Environment)   2.1.3 Overview of Project Management   Digital Small to Medium Manufacturing Companies (SMEs)   Profile of SMEs in Malaysia   Project Management Life Cycle   2.4.1 Project Initiation   2.4.1.2 Project Planning   2.4.1.3 Project Implementation   Criteria to Measure Project Success

2.6.2.2 Executive Commitment	27
2.6.2.3 Organizational Adaptability	28
2.6.2.4 Critical Factor: Excellent Project Manager	28
2.6.2.5 Critical Factor: Leadership Approach	28
2.6.2.6 Critical Factor: Commitment to Planning and	
Control	28
2.6.3 Belassi and Tukel' Critical Success Factors	29
2.7 Problem Areas	29
2.7.1 General Problem Areas in Project Management	29
2.7.1.1 Poor Basis for the Project	30
2.7.1.2 Wrong Person as Project Manager	30
2.7.1.3 Unsupportive Top Management	30
2.7.1.4 Lack of Commitment to Project	30
2.7.2 Problem Focuses on Small to Medium Manufacturing	50
Company	31
	31
2.7.2.1 Management Problems	
2.7.2.2 Financial Problems	31
2.7.2.3 Lack of Knowledge	31
2.7.2.4 Awareness Problems	32
2.7.2.5 Changing of Team Member (Labour Mobility)	32
2.7.2.6 Lack of Experienced Team Members	32
2.8 The Way Forward	33
2.9 Chapter Summary	35
CHAPTER THREE: RESEARCH METHODOLOGY	37
3.1 Introduction	37
3.2 Research Approach	37
3.3 Research Methodology	39
3.4 Research Design: Methods and Planning of Data Collection and Analysis	40
3.4.1 Questionnaire Design	42
3.4.2 Questionnaire Review	45
	45
3.4.3 Sample Sizing	43 47
3.4.4 Questionnaires Distribution	
3.4.5 Survey Analysis	48
3.5 Chapter Summary	48
CHAPTER FOUR: RESULTS AND DISCUSSION	49
4.1 Survey Feedback	49
4.2 Reliability Test	53
4.2.1 Reliability Test: Section A	54
4.2.2 Reliability Test: Section B	55
4.3 Data Analysis	55
4.3.1 General Information and Background of the Respondents	55
4.3.1.1 Respondents' Years of Involvement in	55
Manufacturing Industry	57
4.3.1.2 Respondents' Number of Employee	57
4.5.1.2 Respondents multiple of Employee	51

4.3.1.3 Respondents' Core Product	58
4.3.2 Section A: Introduction to Project Management Concept	60
4.3.2.1 Respondents' Awareness to Project Management	60
4.3.2.2 Comprehension to Project Management Statement	62
4.3.2.3 Comprehension to the Importance of Project	-
Management	63
4.3.3 Section B: Implementation of Project Management	65
4.3.3.1 The Implementation of Project Management in the	
Organisation	65
4.3.3.2 Estimated Time to Finish a Project	66
4.3.3.3 Project Management Tools	67
4.3.3.4 Project Goals Implementation	69
4.3.3.4.1 Budget Goals	70
4.3.3.4.2 Schedule Goals	71
4.3.3.4.3 Performance Goals	72
4.3.3.4.4 Project Goals Conclusive Remarks	73
4.3.3.5 Success Factor Criteria	74
4.3.3.5.1 Top Management	75
4.3.3.5.2 Clear Goals and Objectives	76
4.3.3.5.3 Planning and Control	78
4.3.3.5.4 Excellent Project Manager	79
4.4 Chapter Summary	80
CHAPTER FIVE: CONCLUSION AND RECOMMENDATION	82
5.1 Conclusion	82
5.2 Recommendations	83
	o <b>-</b>
REFERENCES	85
APPENDIX	89
Appendix 1. Questionnaire	89

## LIST OF TABLES

Table 2.1	The Four Periods of Project Management	9
Table 2.2	Definition of SMEs by World Bank Standards	
Table 2.3	Distribution of Firms According to the Number of Employees	
	in Several Different Countries	14
Table 2.4	Distribution of Firms by Number of Employees in Malaysia	
	(Manufacturing)	15
Table 2.5	Definition of SMEs in Malaysia	16
Table 2.6	Number of SMEs in Manufacturing Sub-sectors as Adapted	
	from the Economic Census 2011	16
Table 2.7	SMEs in the Manufacturing Sector by State as Adapted from	
	the Economic Census 2011	18
Table 3.1	Characteristic of the Industry Under Study	38
Table 3.2	Survey Protocol Table	43
Table 4.1	Reliability Test on the Introduction to Project Management	
	(Section A)	53
Table 4.2	Reliability Test on the Implementation of Project	
	Management (Section B)	54
Table 4.3	Years of Company Involved in Manufacturing Industry	56
Table 4.4	Total Number of Employees in a Company	57
Table 4.5	Companies' Core Product	59
Table 4.6	The Awareness on Project Management Concept	61
Table 4.7	Project Management Statement	62
Table 4.8	The Importance of Project Management	64
Table 4.9	Implementation of Project Management	65
Table 4.10	Time Taken to Finish Projects on Average	67
Table 4.11	Project Management Tools	68
Table 4.12	Respondent's Rate on Budget Goals According to Plan	70
Table 4.13	Respondents' Rate on Schedule Goals According to Plan	71
Table 4.14	Respondents' Rate on Performance Goals According to Plan	72

Table 4.15	Respondents' Rate on the Importance of Top Management	
	Criteria	75
Table 4.16	Respondents' Rate on the Importance of Clear Goals and	
	Objectives Criteria	77
Table 4.17	Respondents' Rate on Important of Planning and Control	78
	Criteria	

# LIST OF FIGURES

Figure 2.1	PERT Network Chart	8
Figure 2.2	The CPM Method	8
Figure 2.3	Overview of project management (Kerzner, 2013)	12
Figure 2.4	Project Management Life Cycle Circulation	19
Figure 2.5	The Project Life Cycle Phases - Part 1	20
Figure 2.6	The Project Life Cycle Phases - Part 2	21
Figure 2.7	Relationship between Criteria and Factors	23
Figure 2.8	The Square Route	25
Figure 3.1	Research Flowchart	41
Figure 4.1	Statistical Package for the Social Science (SPSS) Interface v	51
	23.0	
Figure 4.2	Respondents' Years of Involvement in Manufacturing	56
	Industry	
Figure 4.3	Respondents' Total Number of Employees	58
Figure 4.4	Respondents' Core Product of the Company	59
Figure 4.5	Respondents' Awareness on Project Management Concept	61
Figure 4.6	Respondents' Answers on Project Management Statement	63
Figure 4.7	Respondents' Answers on the Importance of Project	64
	Management	
Figure 4.8	Respondents' Answer on the Implementation of Project	
	Management	66
Figure 4.9	Respondents' Answer on the Average Time Taken to Finish	67
	Project	
Figure 4.10	Respondents' Preference on Project Management Tools	69
Figure 4.11	Respondents' Rate on Budget Goals According to Plan	70
Figure 4.12	Respondents' Rate on Schedule Goals According to Plan	72
Figure 4.13	Respondents' Rate on Performance Goals According to Plan	73
Figure 4.14	Comparative Bar Charts on Project Goals According to Plan	74
Figure 4.15	Respondents' Rate on the Importance of Top Management	75
	Criteria	

Figure 4.16	Respondents' Rate on the Importance of Clear Goals and	
	Objectives Criteria	77
Figure 4.17	Respondents' Rate on the Importance of Planning and Control	
	Criteria	78
Figure 4.18	Respondents' Rate on the Importance of Excellent Project	80
	Manager	

# LIST OF EQUATIONS

Equation 3.1	Standard Deviation for Sample Size	46
Equation 4.1	Cronbach's Alpha Equation	52

# LIST OF ABBREVIATIONS

GDP	Gross Domestic Product
GLCs	Government-Linked Companies
MNCs	Multinational Corporations
NSDC	National SME Development Council
SMEs	Small and Medium-scale Enterprises
SMIDEC	Small & Medium Industries Development Corporation
SPSS	IBM® Statistical Package for Social Science

# CHAPTER ONE INTRODUCTION

## **1.1 BACKGROUND OF THE RESEARCH**

Nowadays, it is widely acknowledged in economic and developmental stages that small and medium scale enterprises (SMEs) are the most important key in overall national development. They play an important function in the economy in regard to economic development and growth as well as employment. As a fact, according to SME Annual Report 2015/2016 (SME Corporation Malaysia, 2016), SMEs consistently contributed to the increase of the percentage of gross domestic product (GDP), employment share rose and also exports. SMEs donated 36.3% to GDP in 2015, while only less than 30% was reported in 2005. The employment portion rose increase 8.7% from 56.8% in 2005 to 65.5% in 2015. In addition, exports also show better growth momentum from 16.4% in 2010 to 17.6% in 2015.

Back in 1996, Small & Medium Industries Development Corporation (SMIDEC) is the responsible agency for SMEs development to be competitive in the worldwide market. The year 2004 marks another chapter in SMEs history with the formation of the National SME Development Council (NSDC) that responsible in formulating strategies, coordinating programs, encourage partnership and also to ensure the effective implementation in the development of SMEs across all economic factors. Four years after NSDC was established, SMIDEC took over again NSDC role in SMEs development. A year after, on 2 October 2009, SMIDEC was officially rebranded as Small to Medium Enterprise Corporation Malaysia (SME Corporation Malaysia) which now is the national organization central point regarding information

1

and activities for the development of progressive SMEs through various platforms and programs.

On the other hand, SMEs have a lot of definition by different authors. Small to medium enterprises (SMEs) definition varies with experience, time, author, country, context and global enunciation of the catalytic role of the SMEs. One should take a look at the definition of SMEs back in 2005, since the first census was implemented to get SMEs economic profiles in that very year. In the later time, according to 2011 Economic Census, SMEs in Malaysia are defined for only two sectors. A leading industry is the manufacturing sector, which has a sales turnover of less than RM25 million or less than 150 full-time employees. Following industry include services and other subdivisions which have a sales turnover of lower than RM 5 million or less than 50 full-time employees.

Effective 1 January 2004, the definition has a little improvement. According to SME Corporation Malaysia in SMEs annual report 2015/2016, under the manufacturing sector, they must have sales turnover with a maximum of RM 50 million or a maximum of 200 full-time employees. Apart from that, in services and other sectors, sales turnover not exceeding RM 20 million or full-time employees not exceeding 75. To be specific about the definition, there are facts that all SMEs must be registered entities with SSM or other equivalent bodies. It is, however, excludes companies that are public-listed or subsidiaries of multinational corporations (MNCs), government-linked companies (GLCs) and state-owned enterprises. For SMEs company, they require to build up their quality and competitiveness to match or exceed the rivalry in this competitive period. Here, project management is the golden key needed to perform an excellent role in the management and growth in SMEs

2

economy. Initially, project management was developed in the heavy engineering industries, mainly construction, defence, aerospace and shipbuilding (Morris, 2011). It later expands to a discourse not only smaller projects but medium-sized projects in large firms (Turner et al., 2010). Project management can be defined as a well-established discipline that helps in identifying, plan and implement successful projects. It is a significant component because all organizations, either they are small or large, are involved in implementing new procedures such as the implementation of a new production line in a manufacturing company, the improvement of a new product or service, a major building program and a public relations promotion campaign.

Project management benefits SMEs the most in their economic part. SMEs failure rates decline in an economic system that practice project management (Safiriyu & Njogo, 2012). Without required management frameworks, technologies, tools and widely accepted standards of practice, many SME projects before have either failed or been abandoned. In order to accomplish economic development and growth, SMEs should devote 3% of their turnover on innovation. However, successful innovation is not easy for SMEs (O'Regan & Ghobadian, 2006). For instance, small firms possess several drawbacks in innovating such as a limited low pool of skills and knowledge, cash flow and a fewer sales over volume which to spread the costs of innovation (Rogers, 2004).

#### **1.2 PROBLEM STATEMENT**

Every project has a specific goal. The goal of a project is to accomplish something, like solving a problem or taking advantage of an opportunity. This goal drives every decision in managing a project. There are some small and medium enterprises that has built reputations for being able to manage projects effectively using project management consistently. In today's highly competitive marketplace, benefits of the project with project management are projects can be completed more quickly and cheaply. Besides, the project will be more predictable, such as in estimated schedule and budget.

The principles of good project management are applicable to both SMEs and multinational companies. However, SMEs often has a plus point over multinationals where project management is mostly concerned. Modest projects and smaller teams make management easier, but failures still occur frequently. Problems regarding project management in SMEs must be listed along its way forward in order to help SMEs to be the golden key for economic growth. Those ways forward or the solutions can be applied in SMEs operations, and they will be a stepping stone for SMEs to soar up, while at the same time helping to eliminate all the problems in the implementation of project management.

There are also awareness problems that need to be concentrated. Lack of awareness is the main cause of why project management exists. Issues like insufficient project management expertise, no opinion of the leaders, and lack of project management innovative practice, may cause a project management implementation away from its objectives.

## **1.3 RESEARCH OBJECTIVES**

Since the problem area are listed, a study entitled the 'Assessment of Engineering Project Management Integration Approach for Typical Small to Medium Manufacturing Companies' were performed in order to accomplish the following objectives:

4

- To identify the problem areas in successfully applying project management in SMEs that focused on manufacturing industries.
- To recommend solutions and ways forward against identified problem areas in Objective 1.
- 3. To measure the degree of awareness and implementation of project management in small to medium manufacturing companies.

## **1.4 RESEARCH SCOPE**

The scope of this research is to focus on how well the SMEs manufacturing companies aware on the existence of project management as well as the degree of its implementation in their companies. The suggested method is by designing a data collection effort through questions that are simple, pleasing and comfortable, yet comprehensive to obtain all the necessary information needed in the research. Hence, a survey will be conducted using the data collection questions. Subsequently, the collected data will be evaluated after. The results represent the degree of implementation and awareness of project management among SMEs manufacturing companies. Furthermore, this research also concentrates on the problem area of project management implementation, especially in SMEs. Solution and recommendation were designed in order to get rid of all problems presented in applying project management. The solutions may help SMEs manufacturing companies to apply project management without the fear of problems.

## **1.5 SIGNIFICANCE OF THE RESEARCH**

This study is significant in order to ascertain the degree of awareness of project management in manufacturing companies. The research was designed to help manufacturing companies in realizing a better outcome from project management implementation in their company's operation. Through this research, the benefits were captured, and the problems faced when applying project management were analytically solved. With all the problem area listed, solutions that benefit to manufacturing companies were designed and mentioned in the recommendation.

#### **1.6 ORGANISATION OF THE THESIS**

The introduction in CHAPTER ONE starts and shapes the main flow, as well as providing a clear background, for the whole organisation of the report. This chapter creates the first impression on the subject of the study. It provides an overview on the overall topic to guide the reader carefully into the subject materials. The following CHAPTER TWO, which provides the literature review, includes a comprehensive overview of the central ideas in the literature on project management in small to medium manufacturing companies. In CHAPTER THREE, the research methodology outlines the necessary research methods, few theoretical backgrounds, followed by a description of the process steps to gain information and research approach. In CHAPTER FOUR for research results and discussion, the outcomes of the study are presented, and the chapter explains those results and answers the raised research questions. The collected data were analysed with a statistical package software in order to convert the collected data into their mathematical form. Lastly, CHAPTER FIVE provides the conclusions of the research where the study findings were summarized, and their educational implications were evaluated.

# CHAPTER TWO LITERATURE REVIEW

## **2.1 PROJECT MANAGEMENT**

### 2.1.1 The History of Project Management

People solely began discussing project management in the last part of the 20<sup>th</sup> century, even though projects have been built up for a long time. In the late 19<sup>th</sup> century, Frederick Taylor started his comprehensive studies. He used scientific reasoning by indicating that workers can be observed and developed by concentrating on its important sections that contribute to the idea of working more efficiently, rather than operate longer and harder. His colleague, Henry Gantt then focused on a sequence of operations in practice and he is renowned for building up the Gantt Chart (Barron & Barron, 2016). A Gantt Chart is a kind of bar chart that clarifies a project plan and common skill for the phases and activity of project work to be embraced by a varied audience. This Gantt Chart helps a lot in a particular project so that the supervisor or engineer can supervise immediately on the project timeline (Herrmann, 2005).

In the middle of the 20<sup>th</sup> century, projects were accomplished based on an improvised basis utilising mostly informal techniques, tools and also Gantt charts that were built before. The Manhattan project was originated, and its difficulty has been just conceivable owing to project management methods during that time.

The modern project management period began in 1950s. Two scientific project development models were established which is the Program Evaluation and Review Technique (PERT) created by Booz-Allen & Hamilton, and the Critical Path Method (CPM) formed in a joint venture by both DuPont Corporation and Remington Rand Corporation for managing plant maintenance projects. Generally, the critical path is the longest full path of the project and PERT is a project management tool that helps in analysing and represent the tasks involved in completing a given project (Mazlum & Güneri, 2015; Trietsch & Baker, 2012).

Figure 2.1 displays an example of PERT application and Figure 2.2 shows an example of CPM usage that defines the critical path.

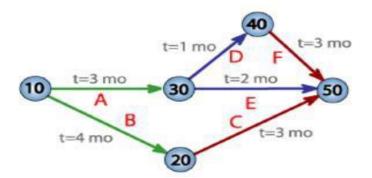
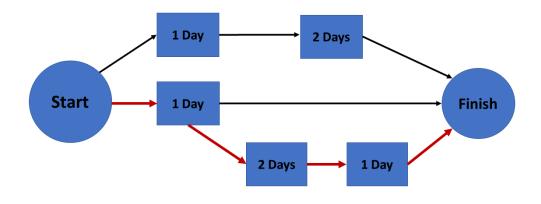


Figure 2.1 PERT Network Chart (Barron & Barron, 2016)



Critical Path= 4 Days

Figure 2.2 The CPM Method (Bahnmaier, 2001)