

Critical Success Factors of International Projects in Vietnam

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Received: October 31, 2016

Accepted: November 15, 2016

Online Published: November 15, 2016

doi:10.5539/ibr.v10n1p1

URL: <http://dx.doi.org/10.5539/ibr.v10n1p1>

Abstract

This empirical paper focuses on the critical success factors of international projects in Vietnam. Our regression results indicate that two factors including project conditions and partners' capacities do not have significant impact on the project success in Vietnam. In contrast, we found only two factors including partners' commitments and communication that have significant and positive impact on the project success. So, in an environment with many policy changes like Vietnam, if the stakeholders make strong commitments, the success likelihood of international project is higher. Also, smooth internal and external communication contributes plays an important role in the project management, stakeholder connection and decision-making process that are favorable for the project success.

Keywords: international project, social and development project, project management, success factor, Vietnam

1. Introduction

In the trend of globalization and economic integration, Vietnam becomes now an official member of many international organizations, such as: WTO, ASEAN, APEC, ASEM ... by participating into several international trade agreements, recently the TTP (Trans-Pacific Strategic Economic Partnership Agreement). This brings many benefits for Vietnam by increasing the number of international projects. Specifically, according to the Vietnam General Statistics Office, GDP in 2015 increased by 6.68% compared to this one in 2014, higher than the target of 6.2% and the growth rates in the past 5 years. Also, the number of newly-founded enterprises is largest to date, reaching 93,868 ones (the Vietnam Ministry of Planning and Investment on 15th December, 2015). Regarding the number of international projects, there are 2,120 new foreign investment projects with a total registered capital of 16.34 billion USD. On the whole, foreign investors' newly-registered and added capital totaled of 24.1 billion USD in 2015.

In the context of the TPP agreement signing, Vietnam has opportunities to attract more foreign investors. Therefore, the Vietnam government and enterprises pay more and more attention to the critical factors influencing the international project success. So, this paper focus on the subject of "Critical success factors of international projects in Vietnam". By clarifying and analyzing the critical success factors of international projects, we propose a number of recommendations for the government as well as for investors in attracting and implementing international projects.

2. Theoretical Framework

The international investment projects are defined as projects associated with the capital movement between at least two countries in favour of stakeholders. In the actual global economy, the international projects become more and more popular because of (1) capital need of countries, particularly developing ones, (2) need of searching and expanding market and new business opportunities, (3) the trade agreements between countries...

In the literature, there are many approaches for assessing the project success. Remon and Asmaa (2016) propose certain factors, including: (i) the project implementation performance, including such criteria as respecting the schedule, in planned budget, meeting the technical goals, and maintaining smooth working relationship within the team and parent organizations; (ii) the perceived quality of the project, including users' perception of project value and usefulness (iii) the satisfaction of customers who use directly products and services provided from the project.

Andersen and Jessen (2000) suggest also 10 factors for assessing the project success. These include: (1) time for

accomplishing the project, (2) budget, (3) quality, (4) usefulness of project, (5) attractiveness of the project for stakeholders, (6) process of learning experience, (7) motives for future usages, (8) knowledge acquisition and transfer during project implementation, (9) the way the final report is prepared and accepted, and (10) how the project is closed.

Other authors (Enrique et al., 2016); Cooke-Davies, 2002) distinguish two different concepts of success for a project: (1) success in project management concerns implementation time, cost, and quality of the project. This concept considers the project as a process by involving the satisfaction of users and key stakeholders; and (2) success of project is measured by comparing with initial strategic objectives and goals of project owner, as well as with the satisfaction of users and key stakeholders.

Diallo and Thuillier (2004) provide an important empirical research by focusing on the specific success criteria and factors of international projects. They indicate that the project success is perceived by seven groups of stakeholders: (1) coordinators, (2) task managers, (3) supervisors, (4) project team, (5) project management committee, (6) beneficiaries, and (7) people in region where project situates. They also point out criteria for assessing the project success, including satisfaction of beneficiaries with goods and services generated from the project, achievement of project objectives, implementation time and budget, and project reputation.

From the point of view of managing international projects, we observe that these projects contribute significantly to Vietnam economic development. In order to determine the success factors of a project, we establish 4 main hypotheses in this paper.

According to project management theory, a project usually involves the participation of many stakeholders, such as investors, clients, consultants, contractors and the state authorities (for international projects, especially for the development and social projects). Depending on the project nature, the relationship between the stakeholders is different. However, for the project success, project managers always need to maintain the regular relationship with stakeholders by proposing solutions for linking them. For an international investment project, each stakeholder plays an important role by contributing to project success. A problem of from any stakeholder easily result in project failure. Therefore, the stakeholders' cooperation and determination are one of the critical success factors.

Favorable conditions involve that the project is considered as successful if it benefit strong cooperation of all stakeholders. The stakeholders have to define clearly the initial objectives of the project; and these objectives must be achieved at international project completion. In addition, conditions can also be understood that a project is implemented in an efficient investment environment. This means the easy material mobilization and use; road and warehouse are always ready for the quick and efficient material supply. This contributes to the project success (Baccarini, 1999; Cooke-Davies, 2002; Do Ba Khang and Tun Lin Moe, 2008). Consequently, we propose the first hypothesis as following:

Hypothesis 1: Favorable conditions have a significant and positive impact on the international project success.

Also, according to Diallo and Thuillier (2004) and Fortune and White (2006), stakeholders' capacities is identified as a key factor of an international project success. Capacities in project management involve some dimensions, including:

- Project manager capacity: During project implementation, project manager's great capacity contributes to the project success. A project implemented by many individuals of different professional capacities, but so that they can work together toward a common goal, the project manager must have proper management method. For the project success, the project manager needs to build a project team with the responsibility, the ability of communicating and the reliability.
- Project team capacity: For the project success, beside project manager capacity, project team's great capacity is seen as a prerequisite. The project team are encouraged to enhance their capacities. In addition, experience learning is essential in order to limit unnecessary risks.
- Consultant and supervisor capacity: Consultant and supervisor are responsible for consulting, supporting and testing the project quality. Thus, consultant and supervisor capacity is a very important factor of the project success.

Consequently, we propose that:

Hypothesis 2: Capacities of stakeholders have a significant and positive impact on the international project success.

According to Cooke - Davies (2002), stakeholders' commitments contribute to the international project success.

Commitments include:

- The support of the managers, investors and contractors: This encourages the stakeholders to firmly commit the project implementation.
- Clear and specific objectives and detailed objective guidance: These are considered as the most important issues of commitments. Specific plans, objectives and programs can help to save effort, time and cost for project implementation.
- Handover document also is a critical success factor of the project. This factor demonstrates the professionalism of the stakeholders and ensures the output certainty by clearly identifying responsibilities in case of the project failure.

Commitments mean also getting the support of the state as well as the relevant authorities. This results in that the project is implemented in a correct manner, with stakeholders' common objectives, without any interest conflict during the project implementation.

Consequently, we propose that:

Hypothesis 3: Commitments have a significant and positive impact on the international project success.

According to Diallo and Thuillier (2004), communication is an important factor of the project success because of its power and great impact in the actual era of information technology and digital television. In the economy, the communication contributes to promoting products and services by providing information about the products and services to customers. For an international project, communication stimulates the public attention to the project. Proper communication can facilitate the project implementation, especially the projects affecting the lives of those who directly use the project products. In practice, during project implementation, the project manager should regularly communicate with the project team, stakeholders, customers and investors (Newton, 2005). This may increase the project success change.

Both external communication and internal communication are necessary for the project success. Clear and effective communication makes projects implemented smoothly by avoiding misunderstanding among investors, contractors and stakeholders. An intentional investment in project communication ensures smooth, fast and accurate information flows among internal and external project stakeholders. Effective communication management can help investors to answer the questions: Who needs information about the project? What is the detail level of information? How do project managers report to investors? How to provide information to the public as quickly as possible?... Consequently, we propose that:

Hypothesis 4: Communication has a significant and positive impact on the international project success.

3. Methodology

3.1 Research Field

In this research, we use quantitative research methodology by conducting a survey to test the relationship between the independent variables and the dependent variables for testing hypotheses proposed. The research object is the factors affecting the international project success in Vietnam. However, to limit the research scope, we focus on assessing social projects in Vietnam in recent years; especially the ones in program of "Municipal Partners for Local Economic Development (MPED)".

Municipal Partners for Local Economic Development (MPED) was founded by the Association of Cities of Vietnam (ACVN) and the Federation of Canadian Municipalities (FCM) since November 2011 for supporting Vietnam municipalities facing the challenges in the local economic development process. The goal of this program is to support the municipalities to plan local economic development associated with urban development. In addition, MEPD aims also to support the gender equality process in Vietnam. At present, women in all countries often do not take the advantages for their job startup due to the lack of training, limited accessibility to capital, poor network connectivity or risk, or other factors. The support service supply for women helps them to overcome barriers for their successful job startup. The support services include training, access to capital, technical assistance for planning business and researching market.

Data collection

The data collection was conducted in two phases. Primary and secondary data were collected by studying the MPED social projects implemented in seven provinces in Northern, Central and Southern regions in Vietnam. On the basis of secondary data, we designed the questionnaire for collecting primary data. More than 300 questionnaires were sent out; and we received 148 valid fulfilled questionnaires. Then, we coded and processed

data by using SPSS software.

Research sample is described in the following table:

Table 1. Reasearch sample

Criteria	Qutity	%	Criteria	Qutity	%
Sex	148	100%	Position in project	148	100%
Male	88	59,46%	Project leader	54	36.49%
Female	56	37,84%	Member assigned by provincial committee	42	28.38%
Age	148	100%	Member assigned by people	12	8.11%
< 30	21	14.19%	Other	33	22.30%
30 – 41	81	54.73%	Project field	148	100%
41 – 50	28	18.92%	Information technology and land management	75	50.68%
51- 60	12	8.11%	Environment	2	1.35%
> 60	4	2.70%	SME development	3	2.03%
Qualification	148	100%	Urban agricultural development	8	5.41%
Undergraduate level	37	25.00%	Local economic development	39	26.35%
Graduate level	12	8.11%	Tourism development	20	13.51%
Post-graduate level	92	62.16%	Province	148	100%
Others	5	3.38%	Ha Tinh	25	16.89%
Experience	148	100%	Nam Dinh	24	16.22%
1 year	39	26.35%	Pleiku	18	12.16%
1-3 years	62	41.89%	Soc Trang	22	14.86%
3-5 years	41	27.70%	Thai Binh	21	14.19%
5-10 years	3	2.03%	Thai Nguyen	20	13.51%
> 10 years	3	2.03%	Tra Vinh	18	12.16%

According to our survey results, the majority of respondents have good experience in project implementation. The international projects involved are equally implemented among 7 provinces in Vietnam. These are the provinces usually receiving the Vietnam state's investment for social projects. The projects are mainly in the field of information technology and land management (accounting for 50.68%).

Variable measurement

The dependent variable is the success of international projects in Vietnam; that is measured by respondent's evaluation in his/her point of view. The dependent variables are Conditions, Capacity, Commitments and Communication of international projects that were also respondent's evaluations by fulfilling the questionnaires.

Regression model with 4 independent variables is:

$$Y = a_0 + a_1x_1 + a_2x_2 + a_3x_3 + a_4x_4 + e$$

Where:

Y is the success level of international projects in Vietnam;

x1, x2, x3, x4 are the success factors of international projects in Vietnam, including: Conditions, Capacity, Commitments and Communication.

e is the error term

4. Research Results

By using SPSS, we tested the variable validity by Cronbach's alpha tests, and KMO and Bartlett's Test. The results show that:

Table 2. Validity of variable measurement

Variables	Cronbach's alpha	KMO and Bartlett's Test
Conditions	0.767	0.806 (Sig. = 0.000)
Capacity	0.834	0.819 (Sig. = 0.000)
Commitments	0.772	0.783 (Sig. = 0.000)
Communication	0.748	0.743 (Sig. = 0.000)

According to the results above, Cronbach's alpha values of all of three independent variables are higher than 0.7. Also, their KMO and Bartlett's Test value are higher than 0.7 at confidence level of 95%; this means the variables have a correlational relationship.

Table 3. Regression results

Independent variables	Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
(Constant)	0.286	0.219	1.309	0.193		
Conditions	0.128	0.084	1.519	0.131	0.522	1.916
Capacities	0.115	0.091	1.263	0.209	0.450	2.222
Commitments	0.352***	0.085	4.146	0.000	0.512	1.954
Communication	0.192**	0.082	2.334	0.021	0.548	1.825
City	-0.035	0.032	-1.072	0.286	0.913	1.095
R = 0.704				R Square = 0.496		
F = 22.430; p = 0.000				* p < 0.05; ** p < 0.01; *** p < 0.001		

The regression results show that the independent variable of Conditions does not have a significant impact on the project success (Sig. = 0.131 > 0.05). Therefore, hypothesis 1 is not valid. Our results are in contrast with the findings of Diallo and Thuillier (2004), Enrique et al., (2016) and Cooke-Davies (2002). In Vietnam, the too strong participation of many stakeholders can result in the decision disagreements. In particular, for an international project, the government participation makes the project suffer many political factor impacts. In addition, Vietnam's the management structure is still relatively bureaucratic, this results in that the project schedule is not ensured. Moreover, Vietnam's policies often change, so if the project heavily depends on the stakeholders, especially the Vietnam government, there is a high project risk.

Similarly, the coefficient estimated of Capacity variable is not significant; this means this variable does not have a significant impact on the project success (Sig. = 0.209 > 0.05). Hypothesis 2 is also invalid. Surprisingly, the variable of capacity does not have any impact on the international project success. It is not true that capacity does not have any impact on the project success, but that in Vietnam, investors do not appreciate the capacity. This result does not support the findings of Diallo and Thuillier (2004) and Fortune and White (2006).

In Vietnam, the capacity plays a small role in the project success. The important factor of the project success is the meeting of the project's financial need. In addition, investors should have a broad relationship for the smooth project implementation. Currently, Vietnam has many policies attracting foreign investors; however, policy changes make many difficulties for the investors. Thus, if the investors have a good relationship with politicians, they can easily receive information on the policy changes.

According to the regression results, the coefficient estimated of the Commitments variable is positive and significant at the confidence level of 99% (B = 0.352; Sig. = 0.000); this means the variable of commitments has a significant and positive impact on the project success. Therefore, the hypothesis 3 is accepted. This result supports the findings of Cooke - Davies (2002). It can be said that, in an environment with many policy changes like Vietnam, if the stakeholders have commitments with the certainty, the project success probability may be higher.

Our regression results show also that the coefficient of Communication variable is positive and significant at confidence level of 95% (B = 0.192; Sig. = 0.021). This result validates our hypothesis 4 by indicating that the project communication has a significantly positive impact on the project success. This result is similar to the one of Diallo and Thuillier (2004), Newton (2005). Thus, smooth internal and external communication contributes to enhancing the public and project team understanding of the project. The communication plays an important role in the project management, stakeholder connection and prompt decision making.

5. Implications of the Results

According to the research results, among the four selected success factors, there are two factors that have a positive impact on the project success, including: commitments and communication. Among these two factors, the factor of commitments is more appreciated. According to our results, its confidence level is 99%, this means most of survey participants agree that this factor has a very important role in the project success. Therefore, during the international project implementation in Vietnam, the investors should firstly pay attention to the stakeholders' commitments by preparing sufficient and appropriate contracts. In addition, the investors should ensure the stakeholders to comply with their commitments.

On the basis of our findings, we propose a number of recommendations for improving the investment project success as following:

- Concerning commitments:
 - Project stakeholders should have a clear commitment and strictly comply with their commitment. In addition, the stakeholders need to make a prompt decision when facing challenges during the project

implementation.

- Project leaders need to get the commitments and support from their staff to make sure the project is implemented smoothly.
- Project leaders need to develop a specific project implementation plan with clear obtained objectives. On that basis, project leaders establish action program with the agreement of the project stakeholders. This helps the project team to save time and effort and meet investors' requirements.
- Concerning communication:
 - The project objectives should be communicated to all stakeholders as well as those who are interested in the project to facilitate the project implementation.
 - The project plan should be agreed and committed by stakeholders. Also, this plan needs to be widely publicized so that the project participants captures the core project objectives. In addition, the stakeholders may update quickly and accurately the changes relating to the project.
 - A successful project should receive the public support. Communication helps the project to receive the public concern.
 - Communication also contributes to improving the image of the investor. Therefore, when the project is closed, communication of the project success should be implemented. This helps the investors to achieve the reliability for the later projects.

6. Concluding Remarks

Our research focuses on the actual situation of international project implementation, especially that of MEPD project by analyzing assessment results of investors, contractors, consultants and project team of the factors believed to have an impact on project success. Through the tests and research models in the literature, we found the impact of these factors on the project success, although this research scale was small. According to the research results, two independent variables of Conditions and Capacity do not have much impact on the project success in Vietnam; two independent variables of Commitments and Communication have a positive impact on the project success, of which the variable of Commitments is more appreciated at the confidence level of 95%. On the basis of the research findings, we proposed a number of recommendations for investors intending to invest in Vietnam. The investors should concentrate on commitments and communication; this is essential and builds a good premise for investors in Vietnam.

The main limits of this research consist to research field of MEPD project in Vietnam. Also, we could not control other macro-economic and organizational variables. These can be considered as interesting research perspectives in near future, such as by extending the research field in certain countries or by including other explicative variables.

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[http://dx.doi.org/10.1016/S0263-7863\(02\)00112-6](http://dx.doi.org/10.1016/S0263-7863(02)00112-6)

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