

# PROJECT MANAGEMENT PRACTICE WITHIN THE LEBANESE REAL ESTATE INDUSTRY

Maya Feghali<sup>1</sup> and Ani Raiden

Nottingham Business School, Nottingham Trent University, Burton Street, Nottingham, NG1 4BU, UK

Many investors have recently discovered the emerging Lebanese real estate market as an opportunity for a very lucrative business. However, historically the Lebanese market has been characterised by precariousness due to political instability, environmental risks, funding difficulties, demographics and cultural issues. We investigate project management practices within the Lebanese real estate sector through an inductive study. A multidimensional stakeholder approach is employed. The findings from seven data rich, semi-structured interviews with different stakeholders highlight project financing, time management and human resources management central to successful project management practice in Lebanon. While the respondents make frequent references to the unique context in Lebanon our analysis reveals more similarities than differences with the universalist best practice literature on project management. We evaluate the relevance of contextual and best practice approaches to project management and consider some of the reasons why the respondents at strategic level tend to take a more contextual approach where the views at meso and micro levels are more mixed. Later stages of this study will utilise the research findings in the development of a success measurement framework that accounts for diverse success criteria in the Lebanese market through a larger scale mixed-method programme of research.

Keywords: project management practice, Lebanon, project finance, time management, human resource management.

## INTRODUCTION

This study investigates project management practices within the Lebanese real estate sector employing a multidimensional stakeholder approach. The research question is: What are the central elements of project management practice within Lebanese real estate projects?

### **The research context: Real estate in Lebanon**

The real estate sector in Lebanon is the research context in this study. This is of interest to us because many investors have discovered the emerging Lebanese real estate market and an opportunity for a very lucrative business. The overall industry, ranging from construction and property development to facility management, has benefited from these investments. Bold marketing strategies, including large advertising campaigns using big billboards, television shows and radio; important launching events; and finally a recent "Facebook war" showcase the interests of multiple stakeholders in the market. Project management training and certification is also an increasingly attractive prospect which professionals in this space are using to

---

<sup>1</sup> ani.raiden@ntu.ac.uk

enhance their career development (see for example Amideast, 2016). Thus it is timely to begin the first study of project management practice in Lebanese real estate sector.

## **PROJECT MANAGEMENT PRACTICE**

Project management practice refers to the combination of (i) use of tools and techniques in managing projects (after Bresner and Hobbs, 2008), and (ii) the experiences of those involved with projects, be that managing projects (after White and Fortune, 2002), investing in projects or working on projects. Project management practice is now commonplace across most if not quite all sectors including construction and real estate, hence the birth of generic manuals and toolsets such as the PMBOK (Project Management Institute, 2013). Research on 'best practice' is also extensive (see for example International Journal of Construction Project Management and/ or Construction Management and Economics). The best practice literature seeks to specify a given tool and/ or process that will achieve the optimum outcome be that in planning, procurement or performance management (or any other aspect of project management). The advocated benefits of using best practice include for example the assurance that the organisation is using what is considered to be best-practice; demand from external customers that a recognised methodology is used; assistance with external recruitment; and the availability of suppliers of the methodology for training and support, according to Mchugh and Hogan (2011). Possible downsides include ill-fit within a given context.

Here arises the core argument for the contextual approach (Besner and Hobbs, 2013; Gorog, 2012) which recognises that each organisation is unique and all projects are different to an extent and thus there is a need for determining what is appropriate for any given project. Some (e.g. Kerzner, 2014) straddle the ground in between best practice and the contextual approach arguing that each organisation can develop its own best practice, although to us this aligns more closely with the contextual approach. Regardless of the stand one takes, generally project management has been hailed as "the tool" which will help achieve successful business outcomes. With regards to real estate in Lebanon, project management is seen as the tool which will help capitalise on the current interest and secure successful real estate project outcomes for all stakeholders.

## **RESEARCH METHOD**

Our research seeks to elicit the study participants' perceptions of project management practice in Lebanon, thus an interpretivist paradigm is well suited to such subjective assessment and research (Bryman and Bell, 2015: 28). Rich, qualitative data were gathered through informal interviews. An innovative interview technique was employed to encourage considered responses from the participants. First, the participants were asked to describe the Lebanese context, the risks involved and give an account for their personal experiences in the real estate sector. Magazine articles were then used to develop the discussion and open up critical dialogue. Contradictory statements in the articles were highlighted in order to gasp the participants' views regarding the real estate sector. The articles used included:

- *Empty Towers - Just Because You Build It Does Not Mean Buyers Will Come* (Nash, 2014) from the business and finance section of Executive magazine;
- *The Slump Begins To Hurt: Developers Are Cutting Prices And Looking Abroad To Up Their Cash Flow* (Nash, 2014) also from the Executive magazine;

- *2014 Has Been A Hard Year For Developers* (Yerevanian, 2014) Sayfco Holding Publication;
- *A Phoenix From The Ashes* (2015) The Telegraph, Beirut portrayed for property experts and global investors; and
- *A Rising Star On The World Stage* (White, 2015) The Telegraph, Beirut portrayed for real estate investors.

The interviews then developed open discussion about the respondents' views on project management practice in Lebanon. All interviews were conducted in English, audio-recorded and then transcribed verbatim (with the exception of interview five who did not want to be recorded and so extensive notes were taken). The researcher's notes together with the interview transcript data were converted into matrix of categories. Patterns were studied in the form of themes, categories and concepts. Thematic analysis was then used for the identification of common themes.

### **Multidimensional stakeholder approach**

A multidimensional stakeholder approach was adopted due to the importance of different project stakeholders' satisfaction on project outcomes. Based on purposive sampling, seven key stakeholders within the Lebanese real estate sector were interviewed. They included engineers, architects, project managers, general managers and investors. The study participants were carefully chosen from different organizations and in different positions in order to ensure coverage and sufficient variance of perspectives. At the same time, purposive sampling enabled the researcher to meet the goals defined for research in conjunction with controlling the level of variations among the interviewees (Bazeley, 2013). Stakeholders' views can be divided between the macro, meso and micro levels, as shown in Table 2:

*Table 2: Interview participants*

	Interviewee No
Macro level/ Strategy level	2, 3, 5
Meso/ Input to both Strategy and Projects	6, 7
Micro level/ Project level	1, 4

The interviewees' background and/ or gender and age group added interest to the results. For instance, interview one was with a female architect/ project manager (42 years old); interview two was with a male financial analyst/ investor (33 years old) and interview three was with a male engineer/ general manager (67 years old).

After the seventh interview, data saturation was attained and since no further new information was disclosed data collection was terminated (after Strauss and Corbin, 1998).

## **RESEARCH FINDINGS**

Three key themes emerged during our analysis of the data: project finance, time management and human resource management.

### **Project finance**

Partly because of the interview technique employed, partly because of the interviewees' responses, the context arose to the fore during the analysis of the interview data. Many reflected on the historic developments that have led to the

situation today and how they have shaped the Lebanese real estate sector. We summarise the key points that emerged from their reflections below:

After 20 years of a damaging civil war, the beginning of the 1990's positioned Lebanon on a path of reconstruction, economic revitalization and recovery. The state of the economy was immediately and very positively affected by the reconstruction. GDP growth rates were high and the currency stabilised. The former Prime Minister Rafic Hariri attracted huge capital investment into the construction sector mainly from Lebanese expatriates and Arab Gulf investors. However, the new economic energy was faced with many political crises over the years. For example, Prime Minister Rafic Hariri's assassination in 2005 had an adverse effect on the economy and the July 2006 war on Lebanon inflicted approximately \$3.5 billion in direct damages alone, leaving the GDP with a 6.4% decrease in the following year.

Recently, an IMF report credited Lebanon's escape from the global crisis to conservative funding and asset structures based on prudent banking regulation and supervision (International Monetary Fund, 2010). Despite profitability, well-capitalization, high liquidity and high interest rates, growth opportunities and real estate investment from outside of Lebanon are more interesting (Byblos Bank, 2015). According to the interview with the financial consultant (I2), if it was not for the facilities offered by the Central Bank of Lebanon through the different loan packages available and the low interest rates, the state of the Lebanese economy and specially the property sector would be alarming. I2 claimed that the incentives offered by the Central bank of Lebanon are the only force keeping the market floating. I7 also mentioned:

... the Lebanese people that live outside Lebanon (the expatriates) who trust the Lebanese banking sector ... keep their money in Lebanon due to low tax on the revenues and good profits ... this money is usually going to the real estate sector. (I7)

Most of these real estate and development companies were established by private investors. Highest boom today is in the mid to lower end of the market. In the interview with I5, the research participant discussed how he is turning towards the construction of affordable apartments in search of profit. He had bought a land in Baabda region of around 10,000 sq.m to develop his next project and claims that:

...I will start my next project this year... my business is doing fine... because I saw a slowdown early on and focused on building smaller, more affordable housing units. (I5)

Most study participants agreed that the Lebanese economy and real estate sector is much more stable than it looks from the outside. I4 mentioned the large influx of money from Lebanese expatriates who always look for opportunities to invest in their home country:

... the real estate business in Lebanon is mainly based on the people living outside Lebanon. (I4)

I2 was confident that the real estate sector is not heading towards the crisis cliff:

... the demand in Lebanon is very organic and natural. You do not have speculations like the rest of the world. The people who are buying properties ... need it. (I2)

I2 further elaborated on the above and linked the discussion with the Lebanese culture and a sense of belonging:

Lebanon is a small country and has exposure to lots of Lebanese expatriates. The culture in Lebanon forces the expats to come back to their home country and own a house or ideally a piece of land where they grow up because they feel a sense of belonging. They are willing to take the risks involved because we have some sort of attachment to the country. You cannot take a calculated risk in Lebanon. The security

question is always beyond Lebanon, it's a regional issue because Lebanon is a small country. Every project in Lebanon is successful, because it is coming from Lebanese local attachment, and they are willing to take the risks and wait. (I2)

The research interviews located success on two dimensions - macro and micro - depending on the stakeholders' involvement with the project. For example, the general manager (I3) linked success to the investor capabilities and expectations and stressed on the need of adequate feasibility and market studies to account for the target buyers and their expectations. He also assessed success in regards to the owner's benefits.

It is important for the real estate company to sustain the pillars of its reputation by reflecting a good impression to its clients and delivering value to its customers (Al-Tmeemy *et al.*, 2011). In fact, the loss of reputation reflects the customer's attitude towards a company rather than towards an individual project (Harrington, 1999).

... as an investor or a buyer, if I am expecting an office or an apartment to be ready in one year and it is not ready in that time, then I will never invest again with the same company. (I7)

Further to Ren *et al.*, (2013) work and based on the interview findings, the most commonly identified reasons for project success/ failure on the project level beyond the context are: time management and human resource management. These are discussed next.

### **Time management**

The majority of the research participants talked about time being of essence to project management practice in Lebanon. Time was considered in very practical terms, for example in relation to project delivery schedules, but also in terms of timing of global crises (such as the war in Syria) and their impact on the Lebanese real estate sector. A frequency analysis of the interview transcripts in NVivo confirmed that time was one of the most frequent words used in discussions of successful project management practice. Finishing the project within the agreed time frame is a big determinant of a successful project for the different stakeholders in Lebanon.

... any delay in the project hand-over and delivery to the customer will harm your reputation and thus affect the success of your project... (I5)

Also, Lee *et al.*, (2005) had previously revealed the importance of pre-project planning on the project performance. The importance of the adequate preparation before the launch of the project was underlined during the pilot interview (I1):

... I would like to emphasise that the initial clear planning had a big impact on the success because it was realistic and took into consideration the potential problems that we could later encounter in the project. (I1)

I1 linked project financing issues with the negative impact on the delivery time:

...there is political and economic struggle nowadays, so projects are taking more time to deliver them. This is due to the fact that there is less cash and investment and less buyers. Also, the condition in the region (war in Syria) is a factor that is affecting... (I1)

I7 further discussed the risks involved with the Lebanese context and mentioned the main attractive factors (weather) that are keeping this sector in a healthy shape:

Now when it comes to risks, Lebanon is a very high risk country. Theoretically, when you have a high risk country, the situation is not stable enough to have a good construction activity. Even if you have well-known risks related to the Lebanese context, there are many attraction factors like the weather... compared to most of the

Middle Eastern countries... It's considered as a summer escape for people of the Gulf area. That is why there is a big investment done by these people in the real estate sector... Even though negative external factors exist like the Syrian crisis and the political situation in Lebanon, there is a minimum level of stability that is keeping this domain, more or less, in a good shape. (I7)

## Human Resources Management

This factor was frequently repeated by the study participants mostly because they linked it to other factors such as change management, risk management, decision making, leadership, motivation, communication, coordination, executive support and the use of appropriate frames for the monitoring and follow-up processes. Moreover, number of previous researchers had stressed on these human resources factors to achieve success. Nicolini (2002) introduced the concept of "project chemistry" to account for the value of interpersonal relations, project teams and collaboration in construction management, that contribute to project success or failure especially in construction.

Project managers and Project Chemistry emerged as central to human resource management:

You have a lot of influence on the people working with you regarding motivation (I7).

The different human resources in project management are a big part of success because usually the management is monitored by the human resources. The project management studies done by the project manager should start with the recruitment process and how to choose the right people... teamwork and working within a team can lead to a successful project because whenever there is an objective shared by the team for success, this can lead the whole project to success (I4).

According to Tennant *et al.*, (2011), it will take more than a few well-meaning comments and good practices to build "true" team working in the construction industry.

...you need a project manager with an engineering technical background to know how to deal with problems... you also need a charismatic project manager. (I1)

Moreover, Kloppenborg and Opfer, (2002) had acknowledged, in their review of 3500 articles, journals and papers on project management, the "evolution of the project managers role" to reveal their ability as leaders and not just managers as a key trend. Leadership is different from management, requires different knowledge, different expertise, and accomplishes a different purpose: "management deals with the present; leadership deals with the future. Management deals with resources; leadership deals with people and personalities. Management deals with facts; leadership deals with ideas" (Van Ingen, 2007).

... a leader that motivates the people to work overtime because definitely when you encounter problems, you need to work overtime to be able to deliver on-time. But overtime means paying extra money, but the project manager he had a way to make people work without feeling that they were used and not paid, he made them feel that this project is special due to its uniqueness in Lebanon so they worked overtime and they were happy because they felt they were achieving something that was never achieved before. He knew how to motivate them intrinsically.... if you are not happy with the people around you that can de-motivate you. (I1)

Innovative practices require the adoption of non-confrontational attitudes, a collaborative spirit, and trust that, in turn, highlight the importance of social, human and cultural factors in the management of the construction organisations as well as projects (Akintoye *et al.*, 2000).

90% of the project manager time is communication and coordination with all the stakeholders, human resources, investors... good communication and cooperation strategy are decisive factors in a successful project management application. (I6).

With regards to project control and decision-making project managers were also centrally located in ensuring success:

Sometimes when you look at risks, the decision needed could be a sharp decision and have a high impact on the project (I7).

...bad decision making from the project manager can negatively affect this (project management) process (I1).

It is worth noting that I5 stressed on the importance of having project control procedures. Project control is a complex and iterative process that is usually achieved in three phases: setting performance standards, comparing actual performance with these standards, and then taking necessary corrective actions and remedy measures.

... we have policies and procedures and working structure put in place for that. Sometimes they don't use it well or because they don't feel like wasting their time reading and filling up forms, so we have ... an inspector to go and make sure through the stages of the project, if the organisation policies and procedures are being applied and they raise their reports when they go on inspection visits. We then have to follow-up on these findings from the reports, to do some corrective actions ... (I6)

Moreover, this issue was given importance when the frames used by the different interviewees in their operations in order to check project management application were discussed as well as the frames applied in order to achieve success. Most of the participants referred to the weekly meetings and the monitoring and control processes to follow-up on the progress and the good project management practices application.

... a bi-weekly meeting is so important for monitoring and follow-up on the project ... we discuss the progress ... and what are the actual problems happening or the potential problems that may arise. We try to find solutions in these meetings and actions are taken to solve problems. (I4)

I7 also mentioned the computer programs that aim to help achieve better planning and monitoring.

... PMP and PROP-C who help ... since the initial phases till the hand-over... For example, budget: at the analysis phase, it is budget planning, during establishment phase, you do budget follow-up and check what is your current cost. The whole idea is to do the follow-up on these factors ... because these tools are not helping the success of the project but they are making the project better planned and organised ... (I7)

External personnel were also said to impact on project success and human resource management. Specifically executive support, coordination and stakeholders' management were highlighted by the research participants:

Sometimes a good relation with other stakeholders on the project, could make things easier for you ... When the relationship is in good shape, it will increase the connection needed on the project by creating a network society. This can benefit you in the execution phase of the project, because when you need any support or help, you will get it easier (I7).

...if you have good management to deal with budget issues and get the money on time and ... for the project financing ... to have funds with no delays in order not to delay the project (I4).

...if the project is not successful, it will also affect your satisfaction because it will give you negative vibes ... I need to have all the stakeholders satisfied (I1).

... project management require lots of coordination and cooperation with different stakeholders like contractors, engineers and other... but ... in project management

processes there is a way like escalating to the owner, the investors or the stakeholders to remove any problems or hurdles within the project (I6).

## **DISCUSSION**

Within the Lebanese real estate context project finance, time management and human resource management emerge as central to project management practice. Arguably, the same aspects of management are at the heart of project management everywhere (Project Management Institute, 2013). Although all of our respondents explicitly note that Lebanon is different, as we show above, our analysis reveals rather more similarities with best practice than contextual differences in terms of project management practice.

As noted earlier, academic literature on project management is divided between the best practice school of thought and the contextual approach. The multidimensional stakeholder approach allows us to contribute towards this debate by considering the three levels of project management: the macro, meso and micro. Such a view allows us to extend our understanding of the similarities/ differences between stakeholders and helps us locate support for the best practice and/ or contextual approaches within the three levels.

Not surprisingly, those interviewees that we had identified as respondents who might offer us the strategic view at the macro level (I2, I3 and I5) very much focused on discussing big issues like financing at the sector/ country level (rather than specific project finance like those respondents who we had identified as relevant for discussing the micro level concerns). Many of these issues emerged as specific to Lebanon and the position of Lebanon within the geographical region, e.g. facilities offered by the Central Bank of Lebanon and the sense of belonging within the Lebanese expatriate community. Also, the relative stability afforded within otherwise uncertain geographical area was a clear benefit to Lebanon as a country and its real estate sector. This indicates that the respondents adopt a contextualised approach to project management at strategic level.

At the micro level our respondents (I1 and I4) focused more on processes, like recruitment and selection in ensuring appropriate project staffing, and monitoring and controlling project progress and delivery. This view supports the best practice approach. However, respondents I1 and I4 also considered the contribution of specific individuals to managing projects and placed heavy responsibility on key personnel and charismatic managers in achieving favourable outcomes. One example that was highlighted related to motivating operatives and staff to work overtime. Interviewee (I1) explicitly notes that such a situation was special to Lebanon, yet project management literature informs us that in fact overtime and the challenge of motivating construction/ real estate workforce is universal (see for example Project Management Institute, 2013). Thus, at the micro level we found some support for the contextualised approach but considerably more support for best practice.

Our respondents at the meso level (I6 and I7) also tended to lend support towards the best practice model discussing communications and co-ordination, policies and procedures, inspections and other monitoring and control mechanisms. Their view was broader and reached out of the direct project context to include a wider range of project stakeholders. Some responses from I7 specifically related to the contextualised approach, e.g. consideration of company reputation.

One explanation for such a difference in between the three levels of respondents may be their training and background. At the strategic level we do not know that any of our respondents would have had any project management related training. At the micro level however the interviewees were certified project managers and this may be why they were oriented towards best practice. Project management training, development, and accreditation and certification programmes generally seek to "kit out" or "tool up" project managers with the right skills and competences to manage projects. Such training is often more closely aligned towards the best practice model (see for example PRINCE2: [www.prince2.com](http://www.prince2.com)).

## CONCLUSION

This research offers a contribution towards developing an understanding of project management practice specifically within the context of Lebanese real estate sector. Project financing, time management and human resource management have been highlighted through the analysis of a small set of qualitative data. We discuss how the views of our respondents at different levels (macro, meso and micro) align with the best practice and/ or contextual approach to project management. Given the limitations regarding generalisability of our findings and in order to investigate more deeply the project management practice in real estate projects in Lebanon, the next stage of the study will employ a mixed-methods approach to developing a success measurement framework that accounts for the practice and success criteria in the Lebanese market through a larger scale mixed-method programme of research.

## REFERENCES

- Amideast (2016) *Certified Associate in Project Management*. Available at: <http://www.amideast.org/lebanon/professional-development/certified-associate-project-management> [Accessed 23 June 2016].
- Akintoye, A, McIntosh, G and Fitzgerald, E (2000) A survey of supply chain collaboration and management in the UK construction industry. *European Journal of Purchasing and Supply Management*, **6**(3), 159-168.
- Association of Banks of Lebanon (2010) *Monthly Article, June-July 2010*. Available at: <http://www.abl.org.lb/ar/subpage.aspx?pageid=1089> [Accessed 01 May 2015].
- Bazeley, P (2013) *Qualitative Data Analysis: Practical Strategies*, Thousand Oaks, CA: Sage Publications.
- Byblos Bank (2015) *The Economy: Byblos Country Risk Weekly Bulletin*. Issue 35, July 2015.
- Bresner, C and Hobbs, B (2008) Project management practice, generic or contextual: A reality check. *Project Management Journal*, **39**(1), 16-33.
- Besner, C and Hobbs, B (2013) Contextualized project management practice: A cluster analysis of practices and best practices. *Project Management Journal*, **44**(1), 17-34.
- Bryman, A and Bell, E (2015) *Business Research Methods 4<sup>th</sup> Edition*, Oxford: Oxford University Press.
- Dvir, D, Raz, T and Shenhar, A J (2003) An empirical analysis of the relationship between project planning and project success. *International Journal of Project Management*, **21**(2), 89-95.
- Görög, M (2012) Beyond the myth of best practice in project management. *Dynamic Relationships Management Journal*, **1**(1), 60-72.
- International Monetary Fund (2010) *Staff Report for the 2010 Article IV Consultation, 2010*

- Johnson, P and Duberley, J (2000) *Understanding Management Research*, London: Sage Publications.
- Kerzner, H.R (2014) *Project Management Best Practices: Achieving Global Excellence*. Hoboken, NJ: John Wiley and Sons.
- Kloppenborg, T J and Opfer, W A (2002) The current state of project management research: Trends, interpretations, and predictions. *Project Management Journal*, **33**(2), 5-18.
- Mchugh, O and Hogan, M (2011) Investigating the rationale for adopting an internationally-recognised project management methodology in Ireland: The view of the project manager. *International Journal of Project Management*, **29**(5), 637-646.
- Nash, M (2014) *Empty Towers*. Executive Magazine, December 2014 Available at: <http://www.executive-magazine.com/business-finance/real-estate/empty-towers> [Accessed 02 February 2015].
- Nash, M (2014) *The Slump Begins To Hurt*. Executive Magazine, December 2014 Available at: <http://www.executive-magazine.com/business-finance/real-estate/slump-begins-hurt> [Accessed 02 February 2015].
- Nicolini, D (2002) In search of 'project chemistry'. *Construction Management and Economics*, **20**(2), 167-177.
- Project Management Institute (2013) *A Guide to the Project Management Body of Knowledge (PMBOK Guide) 5th Edition*. Pennsylvania: Project Management Institute.
- White, A (2015) *The Next Global Property Hotspot? Why, Beirut of Course*. The Telegraph, March 2015 Available at: <http://www.telegraph.co.uk/finance/property/international/11456649/The-next-global-property-hotspot-Why-Beirut-of-course.html> [Accessed 20 March 2015].
- White, D and Fortune, C (2002) Current practice in project management: An empirical study. *International Journal of Project Management*, **20**(1), 1-11.
- Yerevanian, C (2014) *The Slump Begins To Hurt*. Interview by Matt Nash for Executive Magazine, December 2014 Available at: <http://www.executive-magazine.com/business-finance/real-estate/slump-begins-hurt> [Accessed 02 February 2015].