

Reaching the consensus of termination: how do organisations terminate infrastructure megaprojects

Abstract:

Once started, Infrastructure Megaprojects (IMs) are considered too big to fail and too costly to be terminated, as the pressure to complete them is enormous. While project studies literature focuses on the underperforming nature of IMs, particularly in terms of cost, time and benefits, it mainly discusses projects that have been materialized. Despite such rich literature focusing on explaining why IMs fail, there is limited research focusing on project termination, more specifically projects that have been terminated during the construction stage. This paper focuses addresses the following research question: How do organisations deal with project termination? To answer this question, semi-structured interviews and are being carried out with decision-makers in project organisations delivering IMs. As IMs are increasingly relevant to society, we investigate how decision-makers reach the decision of termination and when to do it.

Keywords: infrastructure, megaprojects, termination, unfinished-infrastructure, decision-making.

1 Introduction

Infrastructure Megaprojects (IMs) are organisations established to develop capital-intensive and long-lived infrastructure (Gil & Fu, 2020), with high levels of risk, uncertainty, political exposure, and sensitiveness (Gellert & Lynch, 2003; Marrewijk, et al., 2008; Flyvbjerg, 2014; Marrewijk et al., 2016). Typically, IMs are portrayed as being too big to fail and too costly to be terminated (Denicol et al., 2020). IMs are considered controversial and transformational, due to their magnitude and complexity (Flyvbjerg, 2014; Locatelli et al. 2014; Brookes & Locatelli, 2015; Flyvbjerg & Turner, 2018), and they constantly face the need to acquire legitimacy and support from their wider institutional context, as they have the capacity to exert substantial influences on economics, society, and environment on a global scale (Aaltonen, 2013; Li et al., 2019). IMs usually require over USD 1 billion investment from the public, private, and third-sector organizations, or a combination of them (Ainamo et al., 2010), and they aim to deliver value to taxpayers and consumers. IMs are normally executed by public bodies, such as national or local governments (Locatelli et al., 2017), and are generally funded by taxes (IFG, 2017).

However, more often than what we are comfortable to admit, and discussed in the literature, IMs are left unfinished during construction stage. Hence, this developmental paper aims to identify and describe how decision-makers in project organisations deal with the threat of project termination. Specifically, this paper addresses the following research question: How do organisations deal with project termination?

Following the introduction, the paper is structured as follows. First, the literature on the termination of IMs is critically reviewed. Later, the research method is explained, which is based on Semi-structured interviews. The following section includes the expected findings of the research, and finally, the last section includes the potential contributions and conclusions of the research.

2 Literature review

2.1 The termination of IMs

Research involving success factors for Infrastructure Megaprojects (IMs), as well as reasons why IMs fail have been vastly researched. Literature on why IMs underperform is rich, including detailed narratives ranging from corruption (Locatelli et al., 2017), scope change and reworks (Love & Lavagnon, 2021; Love, et al., 2019), selection bias and winner course phenomenon (Flyvbjerg, 2014), optimistic forecast due to technical reasons (Flyvbjerg, 2005) and their complexities associated to their magnitude, aspirations, and stakeholder's involvement, which required IMs to be managed differently from smaller-scale projects (Flyvbjerg, 2014). Despite such rich narratives, research discussing unfinished or terminated IMs during the construction stage is limited, despite being a phenomenon that occurs more often than we like to admit, as it is often said that IMs are too big to fail and too costly to stop, and are rarely left unfinished (Kahneman, 2011; Denicol et al., 2020). Typically, IMs termination occurs in early planning or design stages, when construction has not started. However, once construction commences, it common that IMs are concluded, particularly due to the high amount of resources this implies. Despite such rich literature on IMs failure, is usually focused on projects that have been completed or whose materialisation is imminent (Söderlund, 2004), and scarcely discusses unfinished or half-built IMs that have been terminated or abandoned during the construction stage (Juarez Cornelio, Sainati and Locatelli,

2021). Normally, due to the high investment that IMs require, they are very rarely left unfinished (Kahneman, 2011; Denicol et al., 2020).

Project termination is the cessation of activities with the abandonment of the project (Meredith, 1988). Spier (1984) mentions that the rationale for project termination relies on two categories: (i) intellectual and emotional. The first one refers to the final identification of residual deliverables, identification and cancellation of remaining tasks, closure of work orders and physical facilities, collection, and organisation of historical data, and disposing of remaining material (if any). The second one refers to issues related to loss of project spirit, fear of no future work, uncertainty, loss of interest in remaining tasks, loss of project-based motivation, loss of team identity, reassignment or reallocation of personnel and diversion of effort. Terminating a project is a dilemma for decision-makers within the project organisation (Staw & Ross, 1987), representing a major managerial challenge. Scholars agree that it is not conclusive to define if senior management's role impacts on project termination, as there can be radical perceptual differences due to subjective measures of success or failure of a project (Dilts and Pence; 2006; Cooper, 2008; Unger et al., 2012).

Martinsuo (2013) argues that unless managers understand inter-project issues and multitasking, failures are possible both at single-project and multi-project levels. This is complemented by Unger et al. (2012b), which examined the role of senior managers in allocating attention to managing the portfolio and discovered their relevance to project termination decisions and the strategic fit of the portfolio. In addition, Unterhitzenberger et al. (2021) mention that project managers are held accountable to stakeholders for the outcome of a project, and they use resources and personal competencies to meet this accountability. Therefore, when challenging situation involving stakeholders become present, they can be a threat to successful achievement of the outcomes. Unger et al. (2012) and Martinsuo (2013) argue that a significant involvement of senior management could lead to radical adverse side effects on what they call the "dark side" of management involvement. Complemented by the findings of Unterhitzenberger et al. (2021), project managers are not only interested in how they themselves can best deal challenging situations, but due to their accountability and sense of responsibility to put measures in place for the project to cope with challenging situations. Therefore, further research is needed to understand how organisations deal with project termination, particularly with IMs during the construction stage.

3 Research method

3.1 Research Design

To capture the way in which organisations deal with project termination, we use a qualitative approach to answer the research question. This is appropriate when the research has an exploratory nature (Yin, 2015). Our research is focused on semi-structured interviews, due to the possibility they provide in gathering detailed information (Cunningham, 2008). This provides the interviewees to elaborate on ways that are not possible through other methods. The semi-structured interview consisted of 9 questions, included table 1 below:

Table 1: Interview questions

No.	Question
1	Have you or your organisation ever terminated a project or been involved in a project that has been terminated during the construction stage? a) If yes: which project was that? b) If no: Have you ever faced the possibility of terminating a project?
2	What are the “red flags” that you or your organization look for when deciding to terminate or continue with the project?
3	What are the main reasons you believe are critical for proceeding with the decision of terminating a project or continuing with it?
4	How does the organisation deal with project termination? a) Do you have established protocols or procedures? b) Do you know them?
5	Internally in the organisation, who decides to terminate a project? a) The President / CEO b) Board of Directors c) Project / Programme / Portfolio Manager
6	How is project termination communicated internally (within the company) and externally (to other stakeholders)? a) Do you record / document lessons learned from the experience of termination?
7	When do you consider that a project should be terminated?
8	Do you consider that termination delivers any value? a) If yes: what kind of value? b) If not: Why?
9	Could you recommend other people for an interview like this one?

3.2 Data collection

We use tools such as LinkedIn to identify and contact potential interviewees that have worked in IMs. For our research, we focus on the relevance of the job titles (CEO, Lead Engineer, Head of Division or similar, mainly referring to decision-making roles). Following the arrangement of the interviews, we will conduct virtual interviews through Microsoft Teams. The interviews will be recorded and transcribed by using the Microsoft Teams transcription functionality. A transcript of the interview will be generated and edited by replaying each interview.

3.3 Data analysis

For data analysis, we will conduct a thematic analysis (Braun and Clarke, 2006) to identify the different steps or approaches for dealing with project termination. For our thematic analysis, we will use NVIVO. This process follows both, a deductive and inductive approach; deductive to search for specific themes related to existing processes for project closure, and inductive to identify new codes and themes for project termination.

4 Possible contributions

4.1 Contribution to practice

There is further research required to understand why and how IMs are terminated, as well as when the decision of termination should be made. Drummond (2014) mentions that IMs termination is most likely to occur in scenarios of crisis, and as it is considered to be one of the toughest decisions, this paper aims to show how organisations deal with the ultimate decision of terminating IMs. Therefore, the expected outcome of this study is to identify the main problems or issues that decision-makers consider when proceeding with the decision of termination.

4.2 Contribution to theory

The paper aims to contribute to the institutional theory. Institutional theory is often used to explain the adoption and spread of formal organizational structures, including written policies, standard practices, and new forms of organization (David, Tolbert and Boghossian, 2019), by exploring how organisations deal with the termination of IMs during the construction stage. The results of this paper will allow us to understand and provide a significant explanation of why certain IMs are left unfinished, while others are not, and how decision-makers reach tsuch decision.

5 Conclusion

This paper aims to show how organisations deal with project termination, and how the decision to terminate an IMs is made. This paper will be based on semi-structured interviews alongside a thematic analysis to answer the research question, which is relevant for organisations that are facing similar issues and do not know how to proceed or not with the decision of termination. Therefore, this research continues to pave the way further in learning from IMs failure and their termination, which is useful to understand approaches and indicators decision-makers look for when proceeding with the decision of termination.

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