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# Implications of Economic Decision Making to the Project Manager

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## ABSTRACT

This paper aims to identify and assess the impact of the project manager's economic decision on a project's outcome. Therefore, this paper focuses on whether a project will be economically and financially viable and will meet the interests of both external and internal stakeholders, especially the project manager's attention. Thus, the objective is to find in the decision-making process how economic decisions can provide and ensure an appropriate level of financial return rate to external and internal stakeholders, such as the project manager. The literature review approach was used to identify this economic decision-making implications on the project's outcomes. Studies show how projects' future is associated with decision making. However, a literature review has shown a shortage of research on the impact of only economic decisions on the project manager and project outcome. This study aims to fill that gap.

## KEYWORDS

Decision Making, Economics, Leadership, Project Management

## INTRODUCTION

### Background

Global competition and profitability goals may be a reason for organizations to engage in fast economic decisions and investment, which may not attain the desired results (benefits) in the long run, causing projects to have cost and schedule overruns because of immeasurable goals and improper allocation of financial resources. However, implementation of the individual economic decision may interfere with the project manager and, consequently, the project's outcome.

Economic investment participation is part of an organization's process to remain competitive in today's market. Therefore, decision-making plays a significant role in the company's financial expenses for the acquisition or replacement of tangible or intangible assets (Galli & Alsulaimani, 2019).

We will try to present the effectiveness of economic decisions and their relationship to the project manager and the project's future under various circumstances by understanding the factors and implications of the project and PM.

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Though some literature has been devoted to decision-making and project management, not enough attention has been given to the relationship between economic decisions and project manager. A literature review has shown limited research on the effects of financial decision-making on the project manager and project outcome. Therefore, this study will aim to investigate and analyze that gap to find the disconnect between economic decisions and the project manager's work, and to explore how this relates to further choices and project future, from a project management perspective. Perhaps to even contribute to enhancing some areas of PMBOK such as decision-making, leadership, and economics.

It is worth noting that factors such as political and organizational pressures are being omitted from this paper because of it outside the scope of this study. The literature review was performed by using literature from sources such as LIU online library databases such as Scopus, EBSCO, Google Scholar, PROQUEST, Journal of Management, and journals from PMI.org. This study is organized into seven sections, as follows: Section II includes a literature review performed for the research that was used to interpret and develop the objective of this paper. Part III describes the methodology implemented to analyzed and synthesized the information needed to perform the research. Section IV presents the findings of the investigation based on the literature review. Section V outlines a discussion of the implications and applications of the study to the Project Management field. Finally, section VI includes the conclusions of the research, some recommendations for future works, and the limitations identified during the development of this study.

## Problem Statement

Organizations make economic decisions to achieve their companies' objectives regarding profitability and effectiveness. However, those decisions must have solid fundaments because they require the allocation of resources that cannot be recovered amidst the project. This is when the project manager plays a crucial role in providing the needed expertise and knowledge to contribute to the best-fit financial strategies to overcome the obstacles those companies might face (Galli, 2020; Galli, 2019). Therefore, this study seeks to evaluate how the project manager's economic decision-making impacts the future of projects, based on the premise that the project manager plays the primary decision-maker role (Galli & Alsulaimani, 2019; Galli et al., 2019).

## Originality/Value

This study's uniqueness is that it considers the performance of project managers based on the comparison and impact of different combinations of decision methods that can lead to the generation of economically and financially viable projects. Thus, a desired financial return can be attainable.

This paper assumes that the project manager's ongoing decisions that decide the project's outcome depend on the economic choices of the project's stakeholders. However, selecting the best alternative investment for the project to comply with the organization's goals also depends on other knowledge areas that influence the economic decision. Other factors and knowledge areas affecting the project manager's decisions and project outcome will lightly touch within this study (Galli et al., 2019).

For example, the Prairie Waters Project is a water system project designed to protect the city of Aurora, Colorado, against drought by recapturing river water (CH2M, 2010). Aurora Water utilized $213 million in cash and net bond proceeds of $367 million-plus funding from other sources to fund this project (Galli et al., 2019). To make decisions, the project team applied to project management standards, processes, collaborative approaches, and techniques such as earned value management to measure project performance and progress, forecast costs, and analyze variance in schedule and budget. The project became the fastest, most cost-effective for it finished ahead of schedule and more than $100 million under budget. Sound decisions facilitated the plan to save millions from the budget without compromising quality and safety (Galli, 2020; Galli, 2019).

This study's results contribute to identifying the importance of the role of project managers in the economic decision-making process. By developing this research, the financial strategies and the tools and techniques that project managers can use to enhance the project deliverables regarding

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