

The Impact of Project Governance on Project Delivery In The Enterprise Project Management Office Within South African Bank

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Abstract

Effective project governance and project management are fundamental mechanisms of ensuring that projects are successfully delivered within the project timelines. It involves a multifaceted set of relationships with stakeholders in an organization. Project governance provides a structure through which project related objectives are set, and the means of accomplishing those are documented and prioritized. In summary, the purpose of this paper was to provide a comprehensive understanding through documentation and re- search on the impact of project governance impact on project delivery. The research also intends to increase awareness of the inherent risks associated with poor implementation of project governance which leads to poor project delivery and consequently project failures. A mixed-method research approach was under- taken where data was gathered through primary and secondary sources. A questionnaire was circulated in one of the branches in Johannesburg Enterprise Project Management Office, to a population of 58 staff in EPMO comprising of Head of Department, 6 senior project managers and 51 junior staff members. Half of the respondents know the tools and techniques used by EPMO and are readily in place to be used, but Half neither agreed nor disagreed. Almost all respondents indicated that the EPMO does not have to change the current project management approach.

Keywords

Project Management, Bank, Project Governance

1. Introduction

Project governance has become an important role in organizations and every activity within an organization begins as a project, (Rankins, 2010) states that organizations are facing challenges in extracting maximum value from investments in projects. Project governance has been used to approach and meet the organizational objectives in either academic or application (Joslin, and Müller, 2010). Research evidence by Khan (2019) also suggests that poor project governance is widespread and is neither company nor industry specific (Joslin, and Müller, 2016). This includes historical information available as evidence to indicate to those in corporate governance the need for more effective project governance from the outset in many projects. According to Murray, (2011) there is a difference between individual governance of projects and project management governance. www.best-management-practice.com mentioned that individual governance speaks about how a specific project is governed and project management is the capability of the organization governed as a whole.

Good governance needs leadership as it is critical for both the governance of both project and project management. South African bank has a functional department which manages the cross functional departments such as Cash Delivery (deals with cash logistics for the bank), Self Service Delivery (Auto Teller Machines and Auto Deposit Machines), Branch Delivery (Retail banking) and International bank (International branch outlets and offices). To carry out a project known as an Enterprise project management office (EPMO)Enterprise project management office is set to deliver quality solutions to businesses within the constraints of project management which is time, quality, resources and cost.

This paper gives an insight on how project governance is while being systematically in place within organizations and the relationship it has with project deliverance in enterprise offices in order to give an emphasis of the proper use of

project governance in delivering successful projects in the enterprise offices. The formatter will need to create these components, incorporating the applicable criteria that follow.

2. Literature Review

A. Project Governance

Governance originates from the Greek verb “kubernan”, which is considered to steer and was derived from the Latin verb “gubernare” (Shefter, 1993). According to OECD, (2014) governance is collaboration of relationships between an organization management, its board, its shareholders, and other stakeholders. The concept of governance has also been reviewed to pro-vide dominion in a project environment, as mentioned in Previous paragraph. Governance provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined (www.best-management-practice.com)

According to (Rankins, 2010) project governance provides a management structure for the project and mandates policies, procedures, and management methods, and allocates stakeholder responsibilities and accountabilities.

Despite the adoption of project management methodologies, some organizations still face tough challenges to achieve project success. Some of the challenges faced by the project team could be attributed to the culture of its organization” (Murugesan, 2012)

B. Project Structure

According to a study conducted by Larson, and Gobeli, (1989) a type of structure used in a project influenced the outcome and performance of the object to support the study (Li, 2019). It is the best organizational structure for the project to be successful” although this research does not touch base on the type of structure used it can however be concluded that there is a relationship between project success and the project structure utilized. “It was also revealed by Wu, Hu, Zheng, Zhao and Zuo, (2019) that unstable structures of project stakeholders negatively affect project

C. Key Performance Indicator

To ensure that there is an alignment of corporation objectives and projects and stakeholders’ expectations, reliable and timely information must be readily available, based on performance indicators, as part of the project’s control system (do Rosário Bernardo, 2014). Sharma, Stone, and Ekinci, (2009) states that there are eight elements to guide project design of which key performance indicators (KPIs) can be derived, and these are: purpose and relevance of a project, time, complexity, intensity, connection and communication, access, sharing, and novelty

D. Project delivery of project

According to Murugesan, (2012), implementing the three project governance pillars as a foundation contributes to project success which depends on having well defined realistic goals and impel- mentation plan. Sankaran, Remington, and Turner, (2008) explained that projects that perform poorly signal a credibility gap as to the need for and competence of management in project mode. Some stakeholders are not aware of what they are required to do based on the project charter, and project governance framework, resulting in senior management not being directly involved in projects or there are no clear roles and responsibilities or direction of the project. This is an indication of how poor or lack of project governance impact on successful project delivery (Sankaran, Remington, and Turner, 2008).

According to Sankaran, Remington, and Turner, (2008) any delay in project delivery times can cause poor delivery of projects, they emphasis- size that timely delivery of projects within budget and to the level of the quality standard specified by the project initiator is an index of successful project delivery. According to Sharma, Stone, and Ekinci, (2009) Effective project governance is built on three critical factors: (1) leadership, organization, and decision rights, (2) importance of flexible and scalable processes improvement, and (3) the use of enabling technology. The process of project governance must start with setting clear objectives and proper planning to provide project direction.

Senior Management Involvement and Project Quality

Project success requires acceptance by the end-user or customer without disturbing the main workflow of the organization or changing the culture thereof. However, there is a challenge with achieving project success as it has key areas of uncertainty: time, cost, performance, quality estimates, project stakeholder performance uncertainty, and project lifecycle or stages uncertainty. Sharma, Stone, and Ekinci, (2009) states that the absence of senior managers in projects has resulted in poor delivery of projects in some cases or caused project managers to work extremely hard in achieving the desired level of engagement by senior managers.

3. Methods

The researcher will explore and investigate the impact of project governance on successful project delivery in Enterprise Project Management Office within the Bank and make recommendations which will further improve project delivery in future. The researcher identified 58 respondents who will be used as part of data collection and this includes subject matter experts, but only 30 responded. The project that runs for a longer duration need senior management involvement and will assist in getting stakeholder involvement and buy-in. The researcher chooses number of employees to secure data from EPMO and will also issue questionnaires.

4. Data Collection

According to Sekaran, and Bougie, (2016) data can be obtained from primary or secondary sources.

EPMO records can assist in determining the direct impact of poor project delivery to business units, but other indirect factors may be less measurable but justifiable. Primary data sources include Transcripts of Interviews Feedback from questionnaires. Primary data will then be collected using closed ended questions and interviews. Secondary data sources include Journals bank monthly reports Textbooks.

5. Results and Discussion

Findings

To explore how poor project governance impacts the successful delivery of projects, a mixed methodological approach was undertaken into consideration with physical distribution of questionnaires to the 58 staff of EPMO made up of the head of the department, senior project managers, junior project managers, project administrators and business analysts. The respondents ranged from junior positions to middle management who have all been formally trained for project management and have projects they are managing or are involved in. A questionnaire was developed to assist the researcher to answer the research questions and ultimately achieve the objectives. The questionnaire was divided into four sections which all addresses the four research questions stated in the introduction section and by answering and analysing the questionnaire, it will be revealed if the research objectives have been met or not. The questionnaire was physically handed out with response received physically as well. The main points that emerged will be discussed below (figure 1):

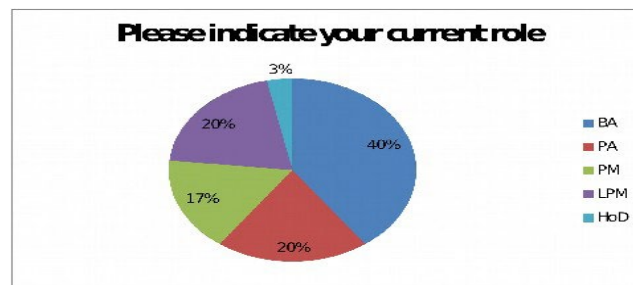


Figure 1: Survey result role in an organization

The graphic illustration indicates the participants within EPMO and of the targeted roles, how many responded. This indicates where most of the responses will be coming from. The BAs, Pas and Lead Project Managers make up most of the responses as they responds were 40 percent,20 percent and 20 percent respectively, while the other remaining 20% was divided amongst the other roles.

What are the factors contributing to poor project governance?

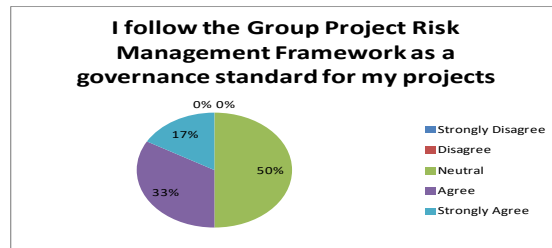


Figure 2: Group Project Risk Management Framework as a governance structure

The above figure 2. illustrates how participants value group project risk management as governance while delivering project ,50% of the respondents were indifferent about following the group project risk management as an integral for projects, although 33% of the respondents agree to using group project risk management framework to govern the. The gap between those who agree and those who are neutral highlights an area that business needs to focus on to improve their business operations.

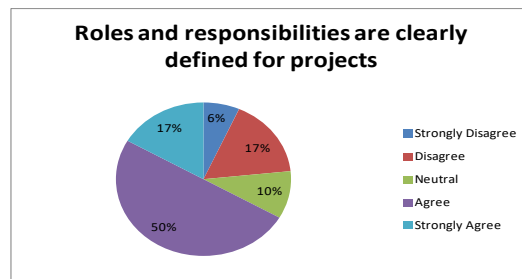


Figure 3: Are roles clear when delivering a project

The above figure 3 clearly illustrates those roles and responsibilities are clearly defined since 17% of the respondents indicated that roles and responsibilities are not outlined while delivering a project although 50% of respondents indicated that there are clearly defined roles and responsibilities, and 10% remained neutral.

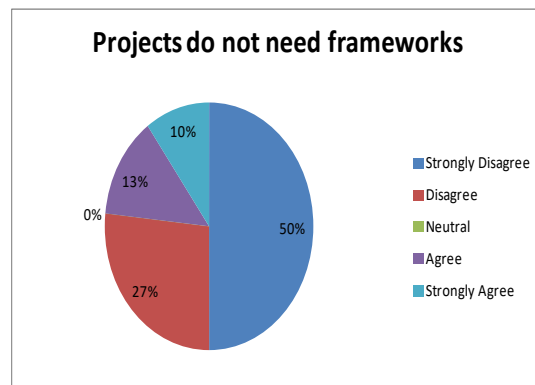


Figure 4: Are Frameworks needed when developing a project?

The above figure 4 illustrates that the Overall the department is aware of the importance of following standards as set by the framework but in practice based on the previous section, seem to be having gaps 27% of the respondents disagreed while 50% agreed. Results and discussion.

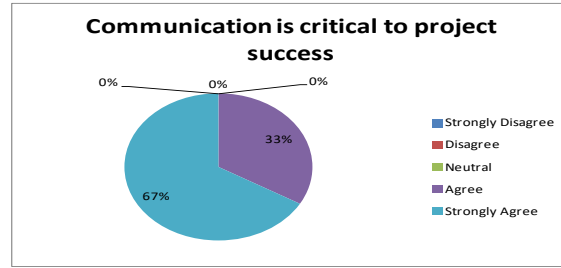


Figure 5: Importance of communication in project governance

The above figure 5 shows the importance of communication while governing a project, 33% agreed and 67% strongly agreed that communication is critical while delivering a project as they have to be in sync with one another.

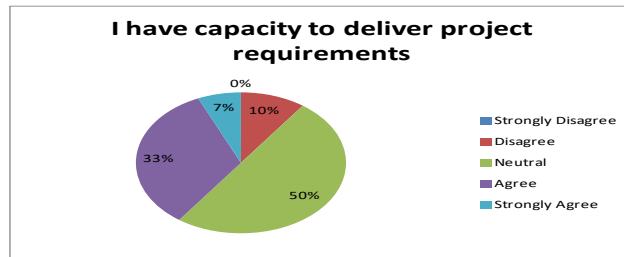


Figure 6: Capacity required to deliver a project

The figure 6. above illustrates the necessity of having the capacity to deliver a project, 33% and 7% of the respondents agreed and strongly disagreed respectively that they have the necessary capacity to deliver the required project, while 10% responded to not having necessary capacity to deliver projects, and 50% remained neutral

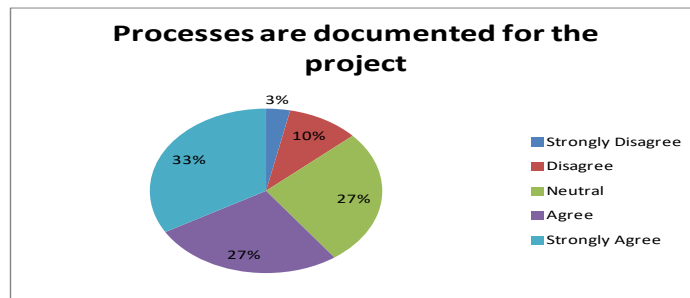


Figure 7: standard process followed to document project.

The above figure 7 shows the standard processes documented for projects, 27% and 33% agreed and strongly disagreed respectively which shows that there is a standard process flow documented when delivering a project. while 13% disagreed to the statement, and 27% remained neutral, this however is an indication that trainings should be done for all employees to fully understand the process flow

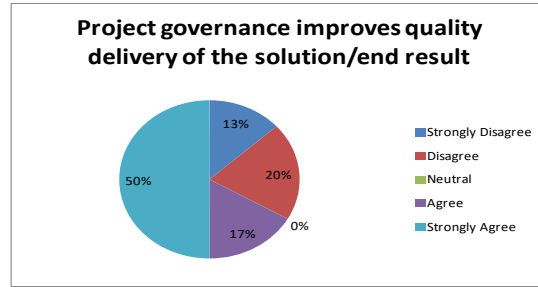


Figure 8: The importance of project governance with delivering Quality project.

The above figure 8 illustrates the importance of Governing a project in order to improve quality, 50 % of the respondents strongly agreed and see the importance of governing a project to deliver quality projects, while 33% disagreed and strongly disagreed this shows however that most the respondents clearly understands that Quality is essential in the department when running projects and ensuring the successful delivery of projects.

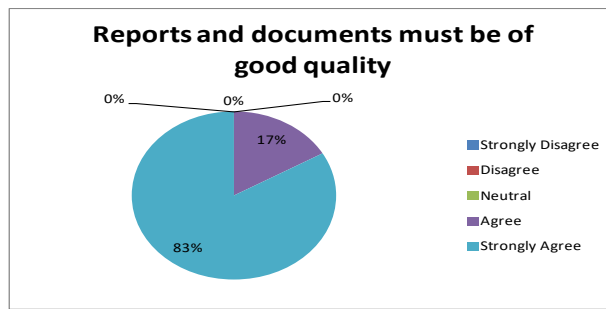


Figure 9: Standard Quality required when delivering a project

The above figure 9 illustrates that respondents understands that following standard procedures is essential when delivering a project as 83% and 17 % of respondents strongly agree and agree respectively .

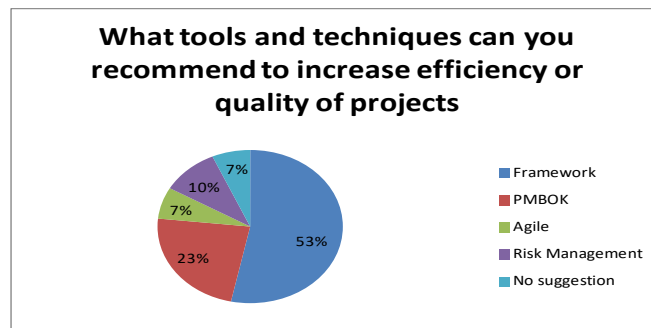


Figure 10: Recommended tools and techniques needed for improvements

The above figure 10, illustrates the different tools and techniques recommended by the researcher to improve project delivery in an organization although 53% of the respondents didn't comment, most of the respondents suggested that PMBOK would be a great tool to deliver successful projects.

A. Adherence to Project Governance

Majority of respondents manage a maximum of 5. We can, therefore, say that projects are well shared within the department without considering the size and complexity of projects. There is not much compliance with meeting deadlines as a considerable number of respondents indicated that they do not know the governance process. There is

also a considerable level of non-compliance to the governance process as there is a small percentage of respondents who do not know governance processes and do not know attributes of a successful project. Majority of the respondents indicated. Some respondents indicated that they do not follow governance for their projects. These findings make the extent to which project governance assists EPMO is unclear

B. Epmo Governance Approach

Half of the respondents indicated that they follow group frameworks for project management and the majority of respondents indicated that they know their project stakeholders. A more significant number of responses indicate that respondents do not know the project charter and a significant few indicated disagreement with the use of a project standard. The majority indicated that they know what is expected of them.

C. Factors Contributing to Poor Project Governance

All respondents indicated that communication is essential for project success. There is still a significant number of employees with no clearly defined roles in the projects and do not know their role in the initial stages of projects. Majority of the respondents agreed to be assigned to the project. Majority of the respondents did not indicate if they can manage their projects or not. All respondents indicated that they received formal training to be in their roles. All respondents are aware of their KPIs. There is a significant number of respondents with no knowledge of documented processes. A significant number of respondents indicate that project governance does not improve the quality of projects. All respondents believe project reports must be of good quality and for the project team to share a common purpose and collaborate. A significant number of respondents indicated that some stakeholders are not actively involved in projects half of the respondents neither agreed nor disagreed to the involvement of senior managers in projects.

D. Tools And Techniques to Assist Epmo

Half of the respondents know the tools and techniques used by EPMO and are readily in place to be used, but Half neither agreed nor disagreed. Almost all respondents indicated that the EPMO does not have to change the current project management approach. They indicated that EPMO could continue using Frameworks and risk management as a project governance approach, but they can add Agile and more PMBOK principles.

6. Conclusion

This research shows that there is a project charter in place, there is communication in place, they have tools and techniques in place, there is senior management involvement in projects, there are several successful projects, and there are adequate stakeholder engagement and involvement. However, the research has indicated operational gaps within the project management process in EPMO where there have been operational inconsistencies which do not match the project governance process.

7. Recommendation

The main implication for EPMO management is that there needs to be a department-wide training and education awareness on the EPMO project management value chain to give employees a view of how each role, each function, each project fits into the greater scope of EPMO. EPMO needs to create awareness of project administration and management and the difference with the day-to-day role requirements, and there needs to be aware on how to priorities projects to meet deadlines or focus on projects with high impact on business. Another implication for management is to decide how they will ensure that each staff member follows and adheres to project governance within the project programmers they are managing. They need to educate staff that EPMO culture is aligning to bank's culture of not putting results before ethical conduct. Management needs to decide on how they will roll out a general approach to project governance in line with the Group Project Risk Management Framework and EPMO Strategy.

There need to be effective escalation procedures in place for non-compliance because strong project management begins with a sound project plan which must include project governance management. Through the project charter, each stakeholder must have their clearly defined roles and responsibilities so that stakeholder engagement. There needs to be a steering committee that will oversee and monitor governance and give feedback every month. The department must also be open and willing to adjust when changes to the project governance processes are made, or changes are made to the framework or operational changes must be enforced.

Tools and techniques to be used by EPMO will include the Group Project Risk Management Framework and the Project Management Framework. PMBOK has been incorporated in both these frameworks while Agile will have to

be decision management needs to make because Agile does not form part of governance standards set out in the Group Frameworks for project management. Other tools and techniques exist and will have to be properly executed: project scheduling, project reports, project milestones, responsibility matrix, communication plan, and resourcing plan, risk report, project log and change request documents.

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