



Why and how do project management offices change? A structural analysis approach

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Received 20 July 2017; received in revised form 6 April 2018; accepted 8 April 2018

Available online xxxx

Abstract

The growing popularity of Project Management Offices (PMOs) as organizational structures is grounded in the assumption they support more efficient and effective project management for better strategy implementation. However, research emphasizes they fail to deliver expected value: their unstable nature precludes the delivery of long-term benefits. This is compounded by the absence of a theory of PMO change and adaptation. Recent research, taking a co-evolution lens rooted in evolutionary theory, suggests that PMOs should be studied in relation to the broader organizational context, in order to better capture the dynamic interplay and fit between them. In this study, taking a routine perspective as micro-foundation and unit of analysis, we focus on the co-evolution between PMO and Project Portfolio Management (PfM) as organizational capability for six case studies. A structural analysis of the relational routines' system between PMO, PfM and the Organizational context allow us to unveil dynamics at stake, i.e. why and how changes occur, as well as eigen behaviors and the changing states of various routines elements (influential, mediating, dependent or not-influential). This study makes five contributions. We show that: 1) PMO and PfM can be conceptualized as collections of routines, 2) PMO and PfM co-evolve over time to adapt to organizational context influence, 3) the co-evolution of a routines' system, abstracted as a non-trivial machine, exhibits an eigen behavior, 4) applying a structural analysis approach allows to simulate the dynamics of a routines' system and to unveil the role of key routine elements and 5) eigen values of routines' systems allow to characterize their eigen behavior.

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Keywords: PMO; PfM; Co-evolution; Routine dynamics; Structural analysis; MICMAC; Non-trivial machine; Eigen behavior

Taxonomy: Project management; The project office; Theory of research into project management

1. Introduction

Project-based organizations have received continued attention (Keegan and Turner, 2002; Lindkvist, 2004; Sydow et al., 2004; Söderlund, 2008; Turkulainen et al., 2013; Kwak et al., 2015; Prado and Sapsed, 2016; Miterev et al., 2017). The simultaneous management of projects in project-based organizations require extensive portfolio management to co-organize project-related activities (Jerbrant and Gustavsson, 2013) and prioritize sometimes competing and conflicting projects to achieve strategic

objectives (Archer and Ghasemzadeh, 1999). Research suggests the Project Management Office (PMO), as an organizing form within an organization (Kerzner, 2003), has a positive influence on the success of Project Portfolio Management (PfM) (Turner, 2014) and should improve the efficiency of project management (Stanleigh, 2006). If PfM is the building block of strategy implementation (Dietrich and Lehtonen, 2005; Shenhar et al., 2001), then the PMO facilitates strategy implementation through portfolios of projects. PMOs “*accompany organizational changes leading toward strategic objectives*” (Aubry and Hobbs, 2011, p. 60).

However, despite the growing popularity of PMOs as a means of improving the projects' performance (doValle et al., 2008),

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three-fourths of PMOs shut down in the first three years of their establishment and fail to produce convincing business value (Singh et al., 2009) or to present satisfactory performance (Aubry and Hobbs, 2011; Pellegrinelli & Garagna (2009: p. 649) argue that the frequent reconfiguration of PMOs is related to the value that PMOs are bringing. A PMO is established to answer a need; when the need is addressed, the value of the PMO decreases, and the PMO is reconfigured to generate new expected value. This dynamic nature of PMOs is well documented (Aubry et al., 2010b; Dai and Wells, 2004; Hobbs and Aubry, 2006, 2007; Turner and Keegan, 2001). However, the details of the transformation of PMOs, including their interactions with PfM, are not clearly understood.

Based on these observations, and to better understand the evolutionary nature of PMOs, and the underlying reasons leading to their evolution, researchers have explored the characteristics of PMOs (Hobbs and Aubry, 2007) such as forms (Aubry et al., 2007), contribution to organizational performance (Aubry and Hobbs, 2011) and transformative nature (Aubry et al., 2010b; Hurt and Thomas, 2009; Pellegrinelli and Garagna, 2009). These contributions reveal that PMOs present various structures and types (Hobbs and Aubry, 2006), and that PMO forms are unstable and change frequently (Aubry et al., 2010a; Aubry et al., 2010b). If the dynamic nature of PMOs is well documented, as mentioned above, this paper argues that considering PMOs in isolation is not sufficient. Investigating “*the creation and reconfiguration of PMOs as an organizational innovation*” (Hobbs et al., 2008, p. 547), Hobbs et al. acknowledge that “*The PMO and its host organisation coevolve*” (2008, p. 550). Their research emphasized the unstable nature of organizational structures and the difficulty to uncover any patterns of evolution, and highlighted five organizational tensions contributing to make sense of the new PMOs structure (“*economic, political, customer relation, standardization versus flexibility and controlling the project machine*”) (Hobbs et al., 2008, p. 551).

This paper builds on this foundation and aims to contribute to the emerging literature on Organizational Project Management (Cattani, 2011; Drouin et al., 2013; Sankaran et al., 2017) by offering a new way to investigate the processes of PMO evolution and change. We argue that our understanding can be furthered by adopting an innovative research perspective in the context of organizational project management research, i.e. using “*organizational routines as a unit of analysis*” (Pentland and Feldman, 2005) for exploring change. Investigating the co-evolution of PMO and PfM as organizational capability through the lens of routines enables to investigate the dynamics (Feldman et al., 2016) at stake between multiple levels of organizing, linking micro and macro perspectives to reveal the critical role of the interrelations between organizational routines, capabilities and structures (Salvato and Rerup, 2011; Salvato and Rerup, 2017). In our view, routines provide the explicative micro-foundations (Felin and Foss, 2009) of the dynamics under consideration as “*an analysis of micro-foundations considers both initial conditions and evolutionary processes*” (Felin et al. 2012, p. 1353).

It is well recognised that organizations face uncertainty (since Knight and Keynes), and that increasing complexity in

“*an age of turbulences*” (Boulton et al., 2015; Tsoukas, 2017) leads to live in instability and dynamic pluralistic contexts (Denis et al., 2007; Smith and Lewis, 2011). The purpose of our research is to understand why and how PMO and PfM, in relation to the broader organizational context (Aubry, 2015), co-evolve over time through theoretical insights drawn from a routine lens, process theories of organizational change (Van de Ven and Sun, 2011) and empirical case studies. To our knowledge, there is no research to date that offers a dynamic view of the co-evolution between PMOs and PfM. Applying a structural analysis approach to the PMO, PfM and Organizational context routines’ system allow to capture its dynamics of evolution on longer time frames, i.e. its Eigen behavior (Tsoukas, 2017).

We contribute to extant research on PMOs and project organizing in three ways. First, our findings account for the ongoing transformative nature of PMOs, supporting extant literature. Second, with its grounding in a routine perspective, our conceptual framework enriches existing research, showing that our conceptualization of both PMO, as an entity, and PfM, as an organizational capability, can be operationalized using a routine perspective, and that PMO and PfM co-evolve toward a dynamic equilibrium following an Eigen behavior. Third, we extend and contrast existing studies to highlight the benefits of shifting our attention away from the design of PMO typologies toward the development of middle-range theories focused on the dynamic interplay between PMO and PfM and the identification of patterns of adaptation or co-evolution as a relevant ground for theory building.

In the following sections, the theoretical background and the conceptual framework are discussed first. Second, the research strategy, including the case selection criteria, data collection method and the structural analysis approach is explained. Third, six case studies are introduced and the dynamic of co-transformation of the routines’ systems elements are analyzed. Then, the main findings are highlighted as well as the contributions made. Limitations are discussed. Finally, some key implications vis-à-vis extant research are drawn, and related future research underway is outlined.

2. Theoretical grounds and conceptual framework

2.1. Structural realism, organizational becoming and process-based view

An overview of the research assumptions of this study, including philosophical roots, onto-epistemological perspective, process theories of change, as well as routines concepts is provided in Fig. 1, based on Saunders et al.’s research onion (2016, p. 124).

This study is rooted in realist organizing and structural realist logic (Kilduff et al., 2011). Indeed, it contributes to discover some fundamental structure of the phenomena, and help to get closer to its true description and understanding. Structural realism seeks to capture the relations of influence among elements of the routines system (see below Fig. 2) by applying mathematical methods.

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