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Roles of top management and organizational project management in the effective company strategy implementation

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Abstract

Companies are increasingly using organizational project management in their work to achieve company goals. The purpose of this study is to investigate the effectiveness of the company strategy implementation in different business organizations. This study aims to determine roles of top management and organizational project management in the company strategy implementation. Also other organizational factors which may affect the efficiency of the strategy implementation will be considered. In this study, research method was the case study carried out in business organizations. The results indicate the importance of clear roles and responsibilities in the organizational project management governance. Moreover, both top management and organizational project management emphasized the importance of communication, because nowadays changes in environment and other focus areas require a fast response.

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1. Introduction

Nowadays companies are increasingly using organizational project management to achieve company goals in this challenging and changing environment. The effective company strategy implementation has addressed the importance of organizational project management. Roles of organizational project management and top management are an important focus area in the strategy implementation.

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Corporate governance structures identify the distribution of rights and responsibilities among different participants in the corporation and include the rules and procedures for making decisions in corporate affairs. Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed (OECD, 2004; Shailer, 2004). A project, program, or portfolio (P3) governance means the set of policies, regulations, functions, processes, procedures and responsibilities that define the establishment, management and control of projects, programs or portfolios. Governance starts with the host organization whose board ensures that projects, programs and portfolios are properly managed. The governance function could be performed by a senior executive or a steering board (OCB, 2013). Project, program and portfolio standards and certification programs (IPMA, PMI, APM) are used for effective organizational project management.

Roles of top management and organizational project management are an essential part in the effective company strategy implementation. Strategic management involves formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environment in which the organization competes (Nag, Hambrick, & Chen, 2007). Organizational project management is a strategy execution framework that utilizes portfolio, program, and project management as well as organizational – enabling practices to consistently and predictably deliver organizational strategy to produce better performance, better results, and a sustainable competitive advantage (OPM3, 2013). Within organizations, companies have organized project offices which specialize in managing projects more effectively (Bridges & Crawford, 2000). The structure and responsibilities of (Project Management Office) PMO depends upon the needs of the organization. The role, responsibilities, and activities of project management office are addressed in the relevant standards (IPMA, 2013; APM, 2012; PMI, 2013). The project portfolio steering/process perspective had been neglected in previous research (Unger, 2013).

The previous research indicated that there is an evident need to analyze the effectiveness of the strategy implementation. There is not enough knowledge about the interconnection between a company strategy implementation, corporate governance and project, program, portfolio, (P3) governance. This paper aims to partly fulfill this gap by presenting results from a case study made in business organizations. This paper is organized as follows. First, a literature review and the purpose of this paper are presented. Then, the key results of the case study are presented and discussed. The results are also compared with previous results presented in the literature review. Finally, the paper concludes with a brief summary of the main findings and some of their implications.

2. Literature review

The following review of previous research indicates the current state of knowledge and the gaps in knowledge concerning roles of top management and organizational project management in the effective company strategy implementation. This paper includes the following aspects of interest: 1) corporate and project, program, portfolio, (P3) governance, 2) roles of top management and organizational project management in a company strategy implementation.

2.1 Corporate and project, program, portfolio, (P3) governance

Governance structures identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders), and includes the rules and procedures for making decisions in corporate affairs. Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed (OECD, 2004; Shailer, 2004). Corporate governance practices are affected by attempts to align the interests of stakeholders (OECD, 2004; Tricker, 2009; Rezaee, 2002).

A board of directors is expected to play a key role in corporate governance. The board is responsible for the successful perpetuation of the corporation. That responsibility cannot be relegated to management (HBR, 2000). The board has responsibility for: CEO selection and succession; providing feedback to management on the organization's strategy; compensating senior executives; monitoring financial health, performance and risk; and ensuring accountability of the organization to its investors and authorities. Boards typically have several committees to perform their work (Charan, 2005). The OECD Principles of Corporate Governance describe the responsibilities of the board. The OECD Principles are intended to assist OECD and non OECD governments in their efforts to

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