



Barriers to the use of an IT Project Management Methodology in a large financial institution

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Abstract

The global financial crisis of 2008 demanded greater control mechanisms from the financial service industry. The IT Project Management Methodology (PMM) is considered an important control mechanism for IT governance to support managers in achieving more predictable rates of project management success (PMS). The aim of this study is to further investigate how an implemented IT PMM that contributes to PMS is used in a large Brazilian financial institution. A case study was conducted on one of the largest financial institutions in the world that is located in Brazil by means of interviews, analysis of a database of 3047 IT projects and a survey of 347 IT professionals. The study showed that, despite the belief of 90% of the IT professionals that the use of an IT PMM improves PMS rates, there are five main barriers that prevent its proper use: very tight project deadlines; working as both a developer and a project manager; working simultaneously on several projects; difficulty using the project management software; and a lack of knowledge of the PMM. Finally, an action plan to solve these issues is presented.

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1. Introduction

The global financial crisis of 2008 and several corporate fraud scandals demanded increased transparency from the financial service industry (FSI). The fact that the FSI is heavily dependent on information technology (IT) and is subject to governance and control mechanisms that are required by external regulatory agents brings more complexity to IT governance (Joshi et al., 2013), which consists of IT processes and leadership to ensure compliance with an enterprise's

overall principles (ITGI, 2003; Weill, 2004).

Since 1992, the Brazilian Federation of Banks (FEBRABAN) has conducted studies on leading financial institutions to understand the state of banking technology in Brazil and its prevailing trends. The research published in 2015 revealed that the FSI is the largest worldwide investor in technology, with US\$ 351 billion in 2014. Moreover, IT investments in the Brazilian FSI continue to grow at a rapid rate, totaling US\$ 11.9 billion. Thus, the FSI is responsible for 18% of the total IT investments in Brazil. These investments also maintain the country as a relevant player in the international arena, surpassing other emerging markets such as India and Mexico and keeping Brazil close to developed countries such as France and Germany (Febraban, 2015).

The FSI in Brazil is more computerized and invests in relatively more IT projects than other industries of the economy (Fonseca et al., 2010, 13; Meirelles, 2015). Thus, technology is a major risk component that demands significant attention from the agencies

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that regulate the FSI, such as the Central Bank of Brazil (BACEN), which uses the CobiT framework to audit IT processes and recommends the implementation of a Project Management Methodology (PMM) as a mechanism of governance and control (Fernandes and Abreu, 2014, 36; Isaca, 2008; Sun et al., 2013).

A PMM is a structured approach comprised of a set of processes with clearly defined activities aimed at the delivery of projects (Turner, 2014). However, a PMM is not focused on whether the project's benefits are realized (Young and Jordan, 2008); on the contrary, a PMM is established to support managers in achieving more predictable rates of project management success (PMS), which means project delivery on time, within the budget and with the required functions (Bouer and de Carvalho, 2005; Clarke, 1999; Isaca, 2008; Joslin and Müller, 2015; Lunardi, 2008; Project Management Institute, 2013; Tiwana, 2009).

According to The Chaos Manifesto of 2013, only 39% of worldwide IT projects achieved PMS (The Standish Group International, 2013). In Brazil, few studies have attempted to determine the PMS rate for IT projects in the FSI (Terlizzi, 2014, 211), but it is easy to note recent failures of IT projects implemented by financial institutions in Brazilian newspapers and magazines (Almeida, 2014; Folego, 2014; Folha, 2014; Gonzaga, 2013). These failures are surprising, given that the use of a PMM increases PMS rates (Atkinson, 1999; Baccarini, 1999; Tan, 2011; Thomas and Fernández, 2008; Wit, 1988), and PMMs are recommended for the Brazilian FSI. Similarly, no study has attempted to determine whether implemented PMMs are properly used by these organizations.

This study aims to address this gap by attempting to answer the following two questions:

- (1) To what degree is an IT PMM implemented in a large Brazilian financial institution?
- (2) How is an implemented IT PMM that contributes to PMS used in a large Brazilian financial institution?

To address these questions, a case study was conducted on one of the largest financial institutions in the world that is located in Brazil using interviews, analysis of a database of 3047 IT projects and a survey of 347 IT professionals. The study showed that, despite the belief of 90% of the IT professionals that the use of an IT PMM improves PMS rates, there are five main barriers that prevent its proper use: very tight project deadlines; working as both a developer and a project manager; working simultaneously on several projects; difficulty using the project management software; and a lack of knowledge of the PMM. Finally, an action plan to solve these issues is presented.

This study proceeds by reviewing the related literature and then presenting methodology, results and discussion sections. It finishes with conclusions and a discussion of the practical implications of the findings. The questionnaire is provided in the Appendix.

2. Literature review

IT project execution entails delivering or improving products and/or services that contribute to the realization of

an organization's strategic goals. Therefore, increasing the project management and project success (PS) rate is quite important for justifying organizational investments to control and standardize management initiatives. In this context, an analysis of the prior PMM literature is important to clarify IT governance and its role in relation to a PMM as well as the differences between the PS and PMS concepts.

2.1. IT governance

2.1.1. IT governance and project management

IT governance is the organizational capacity exercised by the Board, executive management and IT management to control IT strategy formulation and implementation and thus to ensure alignment between the business and IT strategies (Grembergen, 2004, 5). Lunardi (2008) explains that in the IT literature, the term was first used in 1991 by Venkatraman to describe how IT governs relationships in a business through an IT-based system.

According to Peterson (2004, 8), IT governance describes “the distribution of IT decision-making rights and responsibilities among different stakeholders in the enterprise and defines the procedures and mechanisms for making and monitoring strategic IT decisions”. The process of execution after those decisions are made is called IT management (Colella and Nunno, 2015).

Tiwana et al. (2013) expand upon this concept and organize IT governance in a framework (Fig. 1) called *The IT Governance Cube* where research on the topic can be positioned. Using the cube as a reference, this study is focused on the use of a PMM as a mechanism of control that involves decision rights, control (processes) and architecture to govern the IT deliverables, content and stakeholders in an IT project.

In an IT project, mechanisms of governance are needed to establish and manage procedures and decision rights that motivate and allow the stakeholders to reach the expected goals (Midha and Bhattacharjee, 2012). Sambamurthy and Zmud (1999) explain that project management is one of the IT governance mechanisms that is related to the patterns of authority for the key IT activities in organizations. Weill (2002) identifies some emerging management practices that lead to IT-enabled business value: (1) IT governance — through the IT steering committee, IT strategy committee and priority setting; and (2) project management — through a PMM, a project office, engaged business managers and frequent stakeholder meetings.

When an organization develops projects sporadically, there is no need to systematically develop skills, standards and procedures for IT projects. However, if the organization dedicates considerable energy to project implementation, an unstructured and undisciplined approach leads to inefficiencies that can be harmful. In this case, IT governance should be developed to enforce a PMM for the various dimensions of IT projects (Rau, 2004), including their scope, time, cost, quality, and risks.

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