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Exploring ad-hoc portfolio management: Does it work, and is it the flexibility that supports project portfolio management?

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Abstract

This work researched ad hoc decision making practices in multiple project environments. The aim of this research was to analyze the organisational motives and organisational structure that influences ad hoc behaviors and practices and explored the factors facilitating or impeding the practice. The methodology comprised both quantitative and qualitative data collection through a global web-based questionnaire survey and face-to-face semi-structured interviews. The study found that there are links between ad hoc, flexibility and the decision making process that influence organisational performance both positively and negatively. Flexibility was also found to be a key tool in leadership traits. The findings also indicate that successful organisations are efficient in management processes, implementing leadership and resource training programmes, have clear vision and are climbing the maturity ladder. Furthermore the results influenced the development of an agile, flexible decision making buffer model.

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1. Introduction

The purpose of this article is to research and discuss ad hoc and unprincipled project and portfolio management practices that are widely used in civil infrastructure and the oil and gas industries¹. Ad hoc refers to reactive and flexibility over decisions and perhaps best adopted by tacit knowledgeable actors, whereas proactive might be a conscious stance and time consuming. Therefore, “ad hoc portfolio management” might be defined as reactive in decision making by experienced portfolio managers that can make a judgment and change direction when real options and opportunities are available. For the purpose of this research the authors define ad hoc management practices as unplanned reallocation of critical resources, and off-the-cuff decision making practices without considering the wider picture. Through research and an empirical literature review into project portfolio management concepts, the authors are looking to discern ad hoc management practices and diverse management methods that plague organisations. These management gaps and perceptions in project and portfolio management are widely used in the approaches to decision making and how resources are allocated, and are the key areas of this research¹. Organisations undertake projects as the driving force to achieve the organisational business objective in the competitive business environment, and thus project success is a key factor for business survival². Project portfolio management balances the links between multiple project environments, strategic resource allocation and effective communication³. Organisations undertaking initiatives are doing so to improve growth, sustain the competitive advantage and elongate new business success⁴. And thus, many organisations have adopted project portfolio management (PPM) or are in the process of establishing a project portfolio centralized unit (the project management office) that manages the projects sharing some of the same characteristics such as, resources and project methodologies⁵.

The intended purpose of the research is to identify positive and negative factors that share common concepts and practices and to evaluate if some of these methods hold merit in the approach. It is also to address these methods and applications for organisations to use for managing in a multiple project environment, which invariably lead to project successes and failures alike. Project portfolio management is in its infancy as a discipline and still in its research and transition stage for identifying best practices and approaches for best application⁶. And this makes it difficult for fixing firm ground rules and applying these across all industries, hence many protocols are not in place. The lack of rigor in portfolio management frameworks and models may be attributed to the transitional stages and therefore develop ad hoc approaches where rigor of process is unclear⁷. Organisational needs vary, however an unambiguous flexibility in the PPM approach that strategically embarks on undertaking projects that improves overall organisational performances and profitability is the main objective of most⁸. And thus, this article attempts through research to bring more insight into the merits of ad hoc management practices.

1.1. Research Questions and Objectives

The research question is: Does ad-hoc portfolio management work, and is it the flexibility that supports project portfolio management? This research question is addressed through the following four research objectives:

- i. To determine the motives of organisations for adopting ad-hoc approaches in managing in multiple projects environments.
- ii. To identify the type of organisational structure that is more suitable to adopting ad-hoc approaches for project portfolio management.
- iii. To explore the factors that facilitates or impedes the adoption of ad-hoc approaches for project portfolio management.
- iv. To find out if ad hoc portfolio management works and to determine the benefits and drawbacks to organisations of adapting ad-hoc approaches for project portfolio management.

2. Theoretical Framework

Ad hoc decision making in project portfolio management has many elements and variables of influencing factors, in both positive and negative ways. Fundamentally, resource allocation is a key scholar discussion theory for successfully delivering projects, such as Engwall and Jerbrant⁹ suggesting that resource allocation syndrome as the number one multiple project environment inhibitor; while Elonen and Artto¹ suggest that the lack of commitment, unclear roles and responsibilities of leaders, and authority problems between projects are inhibiting factors. Both sets of authors suggest the allocation of resources is a critical undertaking and the authors agree that there are problems in the decision

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