

Improving the Individual and Organizational Competencies in the Project Management Office

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Abstract: The paper presents the individual and organizational competencies necessary for the successful management of the Project management office (PMO). The aim of the paper is to provide a systematic literature review dealing with this topic, supported with a comparative analysis of competencies, and a recommended set of competencies crucial for PMO development. The contribution of this paper is the classification of individual and organizational competencies for the PMO, related to the PMO's purpose, whether it has an advisory, control or management function. Findings showed that the synergy of individual and organizational competencies for the PMO would contribute to better results and improvement of the PMO's operations. The recommendation for further development of this topic, which is based on the improvement of individual and organizational competencies for the PMO, is to conduct research in the form of a survey or questionnaire based on finding ways to improve these competencies among employees within an organization.

Keywords: project; project management; individual competencies; organizational competencies; PMO

JEL Classification: M12; M19

1. Introduction

Most of the authors in their literature state that the importance of research related to individual and organizational competencies for the PMO in the last few years stand out to a significant extent. Questions arise as to whether individual competencies, depending on which maturity level of the PMO they belong to, can be generalized and taken as a rule. This paper will consider whether organizational competencies depend on the strategic level at which the PMO unit was formed, but also whether the PMO unit is organized with an advisory function or it is of strategic importance for the organization. Competence improvement is an important milestone to enable employees and the organization to know how to react in certain situations. It is important to emphasize whether the PMO operates as a department, whether it has support functions, management or control functions. The purpose of the analysis of this topic and the comparison of individual and organizational competencies in PMO is to contribute to the strategic and operational development of PMO functions.

2. Literature Review

This section describes the various competencies based on the literature review in order to present a comparative review of the research in the field of individual and organizational competencies for the PMO. Analyzing the literature we can conclude that every author is putting effort to present the overall concept of competencies needed in PMO. Today, organizations face a competitive and globalized environment every day, as well as rapid changes in the market in which they operate (Silvius, 2020). For these reasons, it is recommended to form a special organizational department with an advisory, management, and/or control function to better understand the market's volatility. The concept of introducing a special office for project management has multiple responsibilities depending on which sphere of business the company is focused on (Pervaiz et al., 2003). Organizational restructuring of the existing organization tends to significantly contribute to the development of the organization. Since the PMO is formed in order to facilitate the coordination and management of projects, programmes and portfolios, several limitations should be noted. Sometimes the introduction of a PMO will not directly result in reductions in workload and easier coordination, but it can contribute to better control and implementation of corrective actions when goals are not aligned with the strategic plan (Julian, 2008; Salamah & Alnaji, 2014). In addition to this, in the initial stages of designing the organizational structure, there are requirements that a PMO must be introduced in order to properly implement projects in the organization. Sometimes this does not have to be taken as a necessary rule because sometimes it is enough to divide the work among different departments or to introduce some new rule or procedure in order to relieve the increased volume of work. If projects are of strategic importance, and if the project or program is too complex, it is suggested to adopt a new PMO Singh (Keil & Kasi, 2009). To conclude, the biggest challenge for the organization is to make a decision if they need PMO, and which maturity level is feasible and needed.

According to the research conducted by Salamah and Alnaji (2014), one of the main shortcomings that affects the performance of the PMO is the inadequate definition of the project management methodology. Implementation of an inadequately defined project management methodology and implementation of inadequate control often lead to PMO failure. According to this, reporting and insight into the status of projects become a challenge in every organization. Some of the challenges that arise in this research state the necessity and importance of having a PMO methodology for project management because the PMO is based on following the methodology in order to support project management to ensure the consistency of projects and inexperienced managers. This research has shown that one of the biggest challenges when implementing a PMO in an organization is the conflicts that arise when allocating resources to other projects within the same organization. According to Kaul and Joslin (2018), the key PMO performances are measuring work metrics and the performance of employees in the organization. The same authors have stated that a successful PMO creates discrete outcomes of its activities that are listed as:

- Completion of PMO setup,
- Project success,
- Increasing the services offered,
- Increasing the maturity of the PMO.

These results can be the results of internal activities carried out by the PMO or the results of a project, program or portfolio, still there are actually benefits that PMO provides to the organization.

Further, PMO stands out as an organizational structure to support and improves the practice of project management, in order to improve the efficiency and effectiveness of the organizational operations with the adopted methodologies and tools (Kaul & Joslin, 2018). In addition to this, Tsaturyan and Müller (2015) state in their paper that the implications for the introduction and networking of the PMO justify the development of related management dimensions in the organization. Also, the reviewed literature concerns the importance of individual competencies that support an effective PMO, since PMO requires different project management roles and often new employment. Whether it is information systems, legal or health systems, the competencies of project managers should always be monitored and in accordance with the react to changes in the environment by Tsaturyan and Müller (2015) and Obradović et al. (2012). Based on this, companies are shown the possibility of choosing appropriate interest groups during the implementation of the PMO by Inman and Houston (2015) and Todorović (2020).

According to the ISO 17024 standard, which defines competence as "the ability to apply knowledge and skills to achieve intended results" by IPMA ICB (2015) expands this comprehensive definition to that "competency is the set of knowledge, personal attitudes, skills and experience required for the success of certain functions in an organization" (IPMA ICB, 2015). As both of these definitions are aimed at individuals, the question arises whether we can apply them to groups as well. The answer is yes, the concept of competencies can also be applied to groups, i.e. the entire organization (departments, functions, departments, PMO, etc.).

Research on individual competencies can be a starting point for authors for further access to this field. As competencies can be considered at different levels, individual, organizational, strategic or functional, so various authors deal with different levels and link certain competencies to that level.

According to IPMA ICB (2015), individual competencies can be classified into three groups, perspective, behavioral and practice competencies. In this paper, the behavioral competencies will be presented in order to draw a parallel with the organizational competencies that describe the organization for the PMO. According to this framework of competencies, behavioral competencies, competencies related to PMO employees can be divided into:

1. Self-reflection and self-management,
2. Personal integrity and reliability,
3. Relationship and engagement,
4. Personal communication,
5. Teamwork,

6. Leadership,
7. Negotiation,
8. Resourcefulness,
9. Conflicts and crises,
10. Orientation to results.

Based on research conducted by the authors Obradović et al. (2018), individuals and organizations increasingly understand the importance of the soft skills of project managers and invest in their development. Numerous authors (Toljaga-Nikolić et al., 2020) state that the introduction of social, ecological, and economic dimensions into sustainability in project management changes the defined level of responsibility and authority as well as the set of competencies required for a project manager. As other authors state (Wesselink et al., 2015; Silvius, 2020), dealing with numerous challenges from society must be done at the level of the individual or at the level of the board of directors, that is, at a higher level of management. From this comes the fact that if a person does not possess essential competencies at the individual level, it can produce a negative decision for the entire organization. According to a survey conducted by Stojiljković (2022) and based on statistical data obtained from a sample of 303 respondents, 83% of respondents stated that they are focused on effectiveness, that is, doing things the right way. This can be related to the work performance of employees in the PMO, having the same goal.

According to IPMA ICB (2015), the area of individual competencies called “perspective” deals with the context of the project and can be divided into:

- Strategy,
- Structure and process management,
- Compliance with standards and regulations,
- Power and interest,
- Culture and values.

In addition to these IPMA ICB (2015) the area of individual competencies called “practice” deals with the context of the project and can be divided into:

- Designing,
- General objectives, specific objectives and benefits,
- Time,
- Scope,
- Organizing,
- Quality,
- Financing,
- Resources,
- Procurement,
- Planning and control,
- Risk and opportunity,
- Interested parties,
- Change and transformation.

Similar research on competencies was conducted by Singh et al. (2009), according to which the three biggest challenges during the integration of the PMO into the corporation are (1) ingrained corporate culture and failure to manage the organization according to changes (2) lack of experienced project managers (PMs) and PMO executives and (3) lack of an appropriate change management strategy.

Another research using a model from Katz (1974) investigated the skills approach of effective project managers. One of the groups in which he classified these skills concerns conceptual and organizational skills (planning, organizing, strong goal orientation, ability to see the project as a whole, etc.). Organizational competencies are built to serve for better efficiency of the PMO, still, individual competencies take a crucial place in PMO development. Some of the organizational competencies that are essential for the efficient organization of projects are teamwork and communication as stated by IPMA OCB (2013). Recruitment and competency development activities at the organizational level should be based on defined competency requirements communication as stated by IPMA OCB (2013).

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According to research conducted by Pervaiz et al. (2003), three groups of organizational competence indicators can be classified:

- Customer or market orientation,
- Employee satisfaction,
- Specific/individual competencies.

The standards mentioned here are integrated in all organizational units. Organizational competencies for project management integrate people, processes, structures, resources and align them with the strategic goals of the organization. These competencies should be aligned with the goals, mission, and visions, both at the individual and organizational level, and should follow the defined strategy of the organization. The following division presented by IPMA OCB (2013) organizational competencies are integrated within:

- Management systems,
- Organizational structures,
- Processes,
- Cultures,
- People and teams,
- Resources.

The organizational competencies of project managers in the PMO are improved over time. Some of the external influences that can slow down the process of integration of these

competencies in the PMO are short deadlines, politics, economic factors, social factors, etc. Some of the internal factors that influence the adoption of the mentioned organizational competencies in the organization are the change of organizational culture, templates, procedures. When defining competencies, it is important to determine an adequate set of competencies that will be adopted in the organization.

3. Key Findings

For the introduction of a PMO in an organization to be successful and to achieve the necessary flexibility of the PMO the key drivers are: the organization's readiness for change, the maturity of the organization for project management, the alignment of the PMO with the strategic organizational goals and management system (Abraham et al., 2019).

The economic turbulence that has been happening for the last few years caused by COVID-19 has affected all industries and areas, including project management. Therefore, it is necessary for project managers to know the financial matter and evaluate the budget in order to be able to manage it effectively. PMO activities provide additional investment costs with the intention to create benefits that will significantly exceed the costs. Here, it is necessary that project managers have strong competence, power, and interest in order to know how to manage the budget in the right way.

The next recommendation for improving individual competencies is to renegotiate the defined activities and tasks in the project. When the project starts to run its course, there are many deviations in the form of deadlines, costs, scope, etc. To prevent this from happening, the recommendation for project managers is to approach the project strategically. Also, to re-negotiate with stakeholders for a certain period in order to harmonize all participants in the project, both internal interests and external interests. Sometimes short deadlines that put pressure on the project cannot be changed and project managers working in the PMO are expected to have good persuasive power and know how to negotiate with other project participants who have an interest in the project itself.

One of the frequent problems that arise during the implementation of the PMO is communication between higher and lower levels of management. When delegating tasks by senior management, sometimes there is a misunderstanding. This is a direct result of poor communication. Therefore, managers who are in higher positions should improve their communication skills and know how to delegate tasks well to subordinates.

The book by famous authors Müller and Turner (2017) states the belief that once a project manager learns the tools and techniques, he can apply them to any project, regardless of the knowledge in the field to which the project is related or the characteristics possessed by the manager of the project as well as his leadership styles. Another important point of view (Inman & Houston, 2015) is the fact that over time the PMO becomes a "business dump" where the performance of employees who are not bad enough to be fired, but not good enough for any management responsibility, accumulates. In order for this not to happen, the competencies of the employees must be taken into account during their selection and recruitment for a specific position in the organization. Sometimes it is good to do several rounds of selection in order to choose the right employee for the required

position, and over time you should invest in employees so that they work as efficiently as possible. In the long term, any money invested in improving both the individual and organizational competencies of its employees will return and contribute to better operations of the PMO. As Aubry et al. (2007) say that the PMO is associated with an increasing number of complex projects, the need to acquire new competencies is expected.

In order to improve individual and organizational competencies, the authors state that the need to improve the coordination and control of tasks and resources that the project manager has at his disposal is one of the essential steps toward improving the organization's operations. In addition to this, the availability and relevance of information that is of strategic importance for the PMO is stated; creating a database based on the information obtained; increasing transparency so that everyone in the organization has access to as large a database as possible and in order to adequately solve the problems that arise in the organization, which are based on the lack of communication and transfer of information; increased degree of change and innovation; synergy between defined activities and projects; better definition of project priorities during negotiations in case of crisis situations (Aubry et al., 2007). Many researchers have stated that it is important to adopt individual and organizational competencies at lower levels and build them over time and improve them through numerous situations that employees encounter (Salamah & Alnaji, 2014). According to the literature, one of the most important roles and expected benefits of the PMO is the development of the organization's competencies in project execution. This competence can also be called project management maturity. The cited literature shows that these are precisely the crucial responsibilities of the PMO – promoting competencies in the organization. In recent years, more and more efforts are being made to standardize organizational competencies, in the form of templates for their measurement, determination and integration of the framework for the adoption of organizational and individual competencies, facilitate the promotion of competencies in the PMO (Silvius, 2020).

According to research conducted by Todorović (2020), PMO has a very large influence on project results in as much as 57%. This can be connected with adequate organizational competencies that the PMO should implement in its operations, which relate to management systems and processes. In addition to the organizational competencies, the PMO also distinguishes the individual competencies of the project managers who manage the business. This is proven by this research, to which even 50% of the respondents answered that the project manager is responsible for the results of the project. Thanks to adequate individual competencies possessed by the project manager, and leadership, focus on results and self-reflection will lead to positive results of the organization. All of this leads to the conclusion that, to a large extent, the organizational competencies of the PMO and the individual competencies of project managers who work in the interest of the PMO, and at the same time in the interest of the organization, lead to the fact that, in the long term, the organization will be directed towards the fulfilment of strategic goals in the best possible way.

4. Discussion

Based on the literature review, the difference between individual and organizational competencies in PMO is clearly visible. Individual competencies refer to project managers in the PMO, and to the working team to which project managers delegate tasks. While, on the other hand, organizational competencies are focused on the PMO in terms of templates, procedures, resource procurement and the adopted strategy of the organization in which the PMO is located. Since numerous authors have stated in their papers, it is easier to adapt individual competencies to situations than organizational competencies. That is why individual competencies are easier to manage and adapt to specific situations. Organizational competencies are more difficult to change, but not impossible. Only with timely and well-argued requests, the adaptability of these competencies will be successfully implemented in the organization, and therefore in the PMO. The parallel that is presented in the paper can also refer to the review of competencies that are necessary for the efficient and effective PMO in order to operate in the right way and thus provide positive results for the organization. It is necessary to constantly work with the employees and point out to them the advantages when introducing the PMO into the organization. They should be empowered and encouraged to work for the benefit of the organization by being employees of the PMO, and thus motivate them that the well-being of the organization is also the well-being of the employees. The engagement of employees in working teams that have not previously worked together shows both, organizational competence, and individual competence, teamwork indicates the connection between individual and organizational competence.

5. Conclusions

From this comparative review of the literature, it can be concluded that managing both individual and organizational competencies is not an easy task. The space for developing and improving the presented competencies is based on investment in the organization, and employee's training to benefit from the PMO. The synergy of individual and organizational competencies for the PMO will contribute to better results and improvement of the project management organization's operations. This analysis should encourage the authors to conduct empirical research on this topic and to encourage others to efficiently and effectively use the listed competencies in their organizations.

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