Project Management Office (PMO) in International Arena – Lessons Learned from PMO’s Closed-Loop Control

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Abstract

Given the popularity of PMO and international projects, and the difficulties experienced by PMO, it is important and necessary to study PMO in a global context. This paper raises a challenge for a PMO who uses traditional approaches to supervise international projects characterized with external embeddedness. Would such a character demand this PMO be operated differently to adapt to environment? In searching for the answers, we use case study method, which enables us to gain a deep understanding of the impacts of external embeddedness on the efficacy of PMO’s control mechanism. The results show that a PMO should open its control loop to external network and promote procedural justice in managing international projects. By expanding upon the existing PMO research to include an adaptive control approach for managing international projects, this research would advance our knowledge of PMOs and may help us decode some of PMOs’ difficulties.

Key words: international project; project management office (PMO); external embeddedness; closed-loop control

1. Introduction

The economic globalization and the surge in competitive pressures in today’s business environment have led dynamic changes at the organization strategy level. International project (IP), as an important instrument of corporate strategies to accomplish unique outcomes with limited resources and under critical time constraints, has been growing explosively since 1980s (Luo and Park, 2004). Executed in foreign countries, IPs help firms to expand geographical market share, increase economic scale, learn new skills and technologies, and increase their accesses to various resources and networks (Luo and Park, 2004). However, IPs typically face a difficult set of problems resulted from host country’s environment that may alter how IPs will be implemented (Larson and Grey, 2011).

The second notable change is a burgeoning amount of usage of project management office (PMO). Although project management methodologies provide projects with the ability to plan, execute and control activities in a systematic way (Meredith and Mantel, 2009), sound management of individual project is no longer enough. It wouldn't be at all uncommon for a company to have several projects in process and it will be impossible for an organization to keep track of all those projects (Crawford, 2010). So, parallel to the usage of project management methodologies, PMO has gained its ground simultaneously.

A well-implemented PMO can resolve some of challenges projects face by capturing and transferring knowledge, maximizing the power of cross-functional teams, and providing projects with guidance on best practices and standards (Desouza and Evaristo, 2006). Although PMO is becoming popular, it is facing some severe difficulties as illustrated by its high rate of being shut down or being radically reconfigured, about half of PMOs even being questioned for legitimacy within their organizations (Aubry at el., 2007).

Given the popularity of IPs and the difficulties experienced by PMOs in general, it is important and necessary to study PMOs in a global context. Currently, there are many questions and choices regarding PMO’s organizational position and the task descriptions that are not clearly addressed (Aubry et al. 2007; Hobbs and Aubry, 2008). Added to the top of traditional projects, international projects are executed in more demanding and unpredictable institutional environments and involve a number of diverse stakeholders with different interests and cultural background.
According to Larson and Grey (2011), there is no generally accepted framework or road map for PMOs and IPs to adapt and approach problems encountered in the host country. The strategic importance of IPs in an organization and problematic situation PMOs face warrant the research in this area. Given that case studies can provide more insight into IPs performance and control mechanism (Luo, 2007); we adopted a longitudinal case study to explore the impacts of IPs external embeddedness on the role of a PMO and the efficacy of PMO’s controls over its oversea projects. The result of the study would advance our knowledge and understanding of PMOs from the lens of the international business and may help us decode some of PMOs’ difficulties.

2. Background

2.1 Definition of PMO

Project management institute (PMI) (2004) defines a PMO as: An organizational body or entity assigned various responsibilities related to the centralized and coordinated management of those projects under its domain. The responsibilities of the PMO can range from providing project management support functions to actually being responsible for the direct management of a project (PMI, 2004). Aubry et al. (2007) point out that this definition is relatively broad but revealing that the current practice is very heterogenic. This is illustrated by a variety of PMO mandates, names, motivations, functions and roles. PMO mandates may vary greatly from doing an adequate job of managing projects on an individual basis, to creating the organizational project management systems that adds value dependably and repeatedly (Crawford, 2004). A survey done by Hobbs and Aubry (2007) shows that of the 500 entities sampled, about 59% are called “project management offices”, 7% “project support office”, 2% “project office”, 12% “program management office, 2% “center of excellence”; and 12% others that bear functions and roles similar to PMO.

2.2 Motivation and benefits for establishing PMO

The literature reveals the advantages and benefits of the utilization of PMO (Dai and Wells, 2004; Fleming and Koppelman, 1998; Kerzner, 2003; Pellegrinelli and Garagna, 2009). The establishment of PMOs helps improve project management effectiveness by enabling the acquisition of knowledge from earlier failures and successes and providing a range of supportive and facilitative service for projects (Fleming and Koppelman, 1998). The empirical study of Dai and Wells (2004) reports some common motivations for the use of PMOs such as improving all elements of project management, achieving a common project management approach, achieving more efficient use of human and other resources in a multiple project environment, ensuring more consistent project management training, competence, and performance, improving quality and customer satisfaction, and aligning project management toward corporate strategic goals.

The motivation for implementing PMO in organizations evolves with time. Kerzner (2003) states that during 1950-1990, management’s intention of using PMO approach was to get closer to the customer by setting up an office dedicated to that customer. Between 1990 and 2000, PMO was recognized for the benefits such as accomplishing more work in less time with fewer resources and without any sacrifice in quality, better risk identification and problem solving, an improvement in the sharing of information, and better company decision-making. Since 2000, the PMO has been used to meet the needs of better internal integration and coordination, such as, control of intellectual property, better capacity planning, company rather than silo decision-making, quicker access to higher – quality information, and more realistic prioritization of work.

2.3 Functions and decision-making authorities of PMO

The literature of PMOs manifests difficulties in providing a simple and accurate description of the functions and roles of PMOs in different organizations because of a wide range of possible tasks assigned to PMOs and the responsibilities that PMOs adopt to fulfill the needs of the organizations. 27 important functions were identified by Hobbs and Aubry (2007) from 500 various PMOs, such as, reporting project status to upper management, developing and implementing a standard methodology, monitoring and controlling project performance, developing competency of personnel, implementing a project information system, providing advice to upper management, coordinating between projects, developing and maintaining a project score board, and promoting project management methodologies within organization. In corresponding to the control of project management intellectual property since 2000, the following PMO functions have gained appropriate attentions: documenting lessons learned, dissemination of information, project management benchmarking, business case development, managing stakeholders, and capacity planning (Kerzner, 2003).
Desouza and Evaristo (2006) also conclude from their study of PMOs in 32 IT organizations that the primary purpose of a PMO is to centralize information in order to create a knowledge bank. Like functions of PMOs, the decision-making authorities of PMOs also vary significantly among different organizations. For example, PMOs in a passive or supporting role may have little or even no decision-making authority over projects. In contrast, there are a certain percent of PMOs at the other end that have significant authority to make decisions, to allocate resources, and to set priorities or initiate, change, or cancel projects (Anderson et al. 2007; Fleming and Koppelman, 2001; Hobbs and Aubry, 2007). However different the decision-making authorities are, they are designated for PMOs to improve project management effectiveness and integrate projects toward company’s strategic goals.

An international project is characterized as a temporary endeavor with a project team made up of individuals who are from different countries, working in different national and organizational cultures, and possessing specialized knowledge for solving a common task (Adenfelt & Lagerström, 2006). An international joint venture (IJV) project may even have an independent governance and management system which is different from those of its parent companies, resulting in complex dual controls over the project (Fan, 2011). So would such characters associated with international projects demand a PMO be operated differently from a traditional PMO? How can such a PMO adapt to host country environment while pursuing internal integration? It is our hope that this research would advance our knowledge and understanding of PMOs from an international perspective.

3. Research Methodology and data collection

In this section, we discuss the research methods and data collection. The nature of this research can be characterized as an exploratory case study. We chose a qualitative case study method to gain insight and develop ideas for further research. This approach is appropriate and necessary due to two-fold reasons. First, there is the lack of research of PMOs in the context of international projects. Second, the qualitative case study method provides a focus on insights of the issues in an inherent complex context (Eisenhardt 1989) in that qualitative research can provide thick, detailed descriptions of actual actions in real-life contexts that recover and preserve the actual meanings that actors ascribe to these actions and settings. Qualitative research can thus provide bases for understanding social processes that underlie management (Gehart, 2004).

We relied on following primary data sources: first-hand knowledge, archives, and interviews with the PMO members and the projects members. The first-hand knowledge comes from the four-year direct participation in and observation of international projects under the control of a PMO. Archival data includes emails, meeting minutes, and business reports. Interviews were conducted with over 20 employees at different levels and functions within both projects and the PMO. Using first-hand knowledge and extensive archival data, we are able to present a chronological and dynamics view of the PMO. We triangulated the data in various ways to provide more accurate information and improve the robustness of the resulting theory (Anand et al, 2007). Any information that is confidential was eliminated but the research result was not affected by the eliminations. We started our analysis with introducing company’s profile, identifying power construct of major players in an international business network. Then the efforts were made to analyzing the performance of the international project. After that, we analyzed how the PMO’s efficacy was compromised by its closed control loop and injustice procedures.

4. Case description

4.1 The profiles of the company and the project

The company under study, coded as ABC, carries out upstream oil & gas cooperation and engages in overseas upstream investments and operations. Since establishment in 2001, the ABC has expanded its business to more than 20 countries, in which there are 38 oil exploration and development projects, including an IJV project under this study, which is coded as CM. Initially the ABC was organized in a matrix form with 18 functional departments at headquarter and 38 projects overseas. Each of the functional departments at headquarter was authorized to control those overseas projects in its functional area. CM was jointly formed by the ABC and an oil company from host country in 2004. As an international joint venture project, CM was embedded in the business network of host country; it heavily relied on local resources for project implementation, for example, its 65% employees, and 90% contractors were from host country; particularly, CM relied on its shareholder from host country for providing critical resources which were unavailable in the marketplace.
4.2 Motivation for establishing PMOs
With 38 projects scattered in more than 20 countries, geographical distance created a barrier for ABC to implement internal integration. Timely and effective communications between projects and the headquarter became problematic. The responsiveness of ABC headquarters to various project contingencies remained at a low level. In addition, structural independence of those international projects such as independent governance system and separate information systems reduced projects’ dependency on the headquarters, thereby further reducing the intra-corporate links and power of the headquarters with respect to projects (Nohria and Ghoshal, 1994). Therefore ABC was concerned about potential uncertainties and risks caused by weak intra-corporate links and high external dependence of IPs. To address above problems, ABC initiated a “go-frontier” strategy in 2007 by forming four regional PMOs around the world to overcome geographical barriers and exercise direct controls over those overseas projects. The four PMOs were established in the four geographic regions - Middle East & North African, Russian Central-Asia, Latin America, and West Africa & Asia Pacific.

4.3 Dual governance systems of the project
This case study focuses on the way PMO in Dubai (coded as MENA) supervised its international projects and dealt with the partners from the host country. As a detached office of the ABC, the MENA covered all the ten projects in the Middle East & North African, including the CM.

As shown in Fig 1, there existed two governance systems through which ABC controlled CM. The first one was a joint governance system. ABC and its partner from host country had jointly formed the board of directors by which both shareholders can exercise collective controls over the CM. The board members and the management team members of the CM were selected from the partners in proportion to their equity in the joint venture project. In the meantime, ABC set up an additional governance system to exercise private controls by forming an exclusive sub-team within CM which comprised employees assigned into the project by the ABC only. By leveraging such internal controls through sub-team, ABC expected to closely supervise project execution.

According to the hierarchy of the ABC, MENA, as a PMO, was a formal organizational entity to which the sub-team of the CM should report and from which they receive directions, guidance, and oversight. Upon the establishment of the MENA in 2007, its general manager was assigned to be the chairman of the board of the CM to lead collective governance over the CM. Therefore, through two governance systems MENA was able to supervise, manage and coordinate project execution on behalf of the ABC.

4.4 PMO’s wide range of work scope with limited resources
MENA set up six departments covering a wide range of work scope: exploration and development, production and operation, planning and finance, new project selection and development, administrative management, and service providing.
The following Table 1 presents a list of the jobs completed within one week in 2007 to illustrate MENA’s wide range of work scope. The data were extracted from MENA weekly meeting minutes in 2007.

<table>
<thead>
<tr>
<th>Department of PMO</th>
<th>Project locations</th>
<th>Work Completed by MENA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration &amp; Development Department</td>
<td>Saudi Arabia, Yemen, Sudan, Algeria, Iran</td>
<td>Monitoring drilling progress, selecting logging methods, preparing operational plans, and offering solutions to an operational accident.</td>
</tr>
<tr>
<td>Engineering Dept.</td>
<td>Yemen, Sudan, and Algeria</td>
<td>Monitoring drilling operations, determining drilling depth, and approving an oil cleanup plan.</td>
</tr>
<tr>
<td>Procurement Dept.</td>
<td>Saudi Arabia, Yemen, Sudan, Algeria, Iran</td>
<td>Coordinating between the projects and ABC for new procurement activities.</td>
</tr>
<tr>
<td>New Project Selection and Development</td>
<td></td>
<td>Initiating two new projects</td>
</tr>
</tbody>
</table>

The PMO established in the frontier was successful in terms of providing technical support. According to the Exploration Manager of CM, the MENA provided better technical supports than functional departments did to meet CM operational needs. However, as an establishment with extensive scope of work, MENA faced difficulties obtaining sufficient resources, particularly in HR area. MENA recruited engineers and managers from domestic oil companies. Most of them lacked international working experiences and English language skills, consequently, creating certain barriers for MENA to effectively communicate with oversea projects and the partner(s) from host countries.

4.6 PMO’s closed control loop

Even with six departments covering a wide range of work scope, MENA still faced problems with unclear definition of its role. According to the minutes of an ABC executive meeting in Nov, 2007, six months after MENA was formed, the top management of the ABC was still on the debate over MENA’s role: whether the MENA should be defined as a supporter to provide technical services for oversea projects, or a decision maker to centralize all the authorities to supervise projects, or somewhere in-between on the spectrum.

In response, MENA rushed to define itself as an all-purpose decision-maker; it took over most of powers from functional departments of the ABC, striped the projects of all the authorities previously delegated by the board of directors, and made all the decisions for the projects. It is worthy to note that before the establishment of MENA, the international projects functioned as semiautonomous entities, following the joint governance system and having its own decision-making authorities delegated by the shareholders.

In addition, it seems that MENA preferred to leverage private controls through the exclusive a sub-team than to reach out to the board for joint governance, even though the MENA’s general manager was also the chair of the CM board. MENA gave all the instructions directly to the sub-team using ABC’s domestic format and in their native language as if they were still at home to implement a domestic project.

The fact that the MENA had never communicated with stakeholders from the host country regarding the project implementation suggested that the PMO voluntarily restricted itself in a closed control loop. Without considering the existing agreements with partner(s) from the host country, MENA imposed its management procedures onto the sub-team and made it mandatory that all the operational decisions of the CM were subject to its approval. Actually such move violated CM’s Delegation of Authority (DOA) and the Shareholder Agreement which bestowed full authority to the CM. As a result, the new-imposed processes created conflicts with the partners from the host country, leaving the sub-team in an embarrassing position between PMO and the local partner(s).

Specifically, in accordance with this new requirement, CM sub-team requested for MENA’s approval of releasing its third drilling rig by submitting a detailed report along with an operational plan and a cost-benefit analysis in April 2007. But the MENA did not give any feedback till August 2007, thereby delaying relevant operations, incurring additional costs, and causing a dispute with a contractor.
The reason for the late decision was that MENA was not aware of the CM’s agreements with contractors from the host country which specified a timeframe for each operation. Another example was related to the procurement activities in the projects. At the end of 2007, the MENA instructed all the projects to report their procurement plans for 2008 with an intention of taking over the decision-making authority on procurement activities from all the projects. That move violated CM’s independent procurement policy and procedure approved by the shareholders, and consequently it threaten the relationship with its local partners.

Moreover, through the interviews with over 20 employees at different levels and functions within both projects and the PMO, MENA was evaluated for its ability to manage, lead, participate, and control effectively. The results as presented in Table 2 show that MENA didn’t function well in managing stakeholders from host country, directing project operations, training project managers, and creating a harmonious environment for projects to cooperate with partners from the host country.

### Table 2: PMO performance assessment

<table>
<thead>
<tr>
<th>Category</th>
<th>Work breakdown</th>
<th>Results and comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stakeholder management</strong></td>
<td>Analyze and manage local stakeholders</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Communicate with local stakeholders</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Participate in Board meeting</td>
<td>Not actively</td>
</tr>
<tr>
<td></td>
<td>Use joint control mechanism</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Follow the agreements with local partners</td>
<td>Yes, except in procurement and HR areas.</td>
</tr>
<tr>
<td><strong>Administrative support</strong></td>
<td>Organize or facilitate project meetings</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Collect and archive project information</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Standardize data report format</td>
<td>Yes, but in its own format</td>
</tr>
<tr>
<td></td>
<td>Accept English as business language</td>
<td>No</td>
</tr>
<tr>
<td><strong>HRM</strong></td>
<td>Share experience and knowledge across projects</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Give advice on project management process</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Train project employees</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Reassign project employees upon project completion</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Select employees for MENA</td>
<td>Yes, but new-hires didn't have international working experiences</td>
</tr>
<tr>
<td><strong>Supervise project operations</strong></td>
<td>roles and responsibilities clear, distinct and well defined</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Approve project operational plans</td>
<td>Yes, but its micromanagement violated project Delegation of Authority</td>
</tr>
<tr>
<td></td>
<td>Monitor and supervise project operations</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>integrative management</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Provide technical advice</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Internal integration within the ABC</strong></td>
<td>Unify project processes without considering contingencies of project</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Report project status to upper management</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Identify and select new projects</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Multiple-project management</strong></td>
<td>Coordinate between projects</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Share resources across projects</td>
<td>No</td>
</tr>
</tbody>
</table>

In response to MENA’s abusive supervision and deterioration of the relationship with the local stakeholders due to MENA’s controls, the CM and other projects in this region referred this issue to the ABC executives. As a solution, ABC rebalanced the powers between the PMO and the international projects by removing MENA’s authorities as a front decision-maker and transferring it into a regional service center in the end of 2009.
5. Discussions and lesson learned

PMO is an essential entity that characterizes such functions as defining and improving business processes across the organization, supporting project plans, training project managers and bridging projects and the senior management of the corporate. However, MENA, as a PMO, didn’t fulfill those responsibilities. In this session, we will explore the reasons for MENA’s failures and discuss about lessons learned from this case.

Our discussions start with identifying the role of MENA in supervising its IPs and its control mechanism. From this case we found that the MENA defined itself as an absolute power by stripping international projects of all decision-making authorities; we also found that the MENA restricted its controls into a closed loop by establishing a sub-team within the international project as shown in Fig 1. Its intention of excluding the influence of local business network might help MENA pursue an absolute power. But such absolute powers in a closed loop might hurt IPs because local business network plays a central role in IPs success (Hite and Hesterly, 2001, Lane and Lubatkin, 1998).

Luo (2007) argued that foreign company’s adaptation to the partnership network is needed for resources sharing and operational integration. In this case, the stakeholders from the host country constituted a local network in which the CM was embedded. Not only did the network provide irreplaceable resources for CM, but also it controlled CM via a joint governance system which required compliance of all the stakeholders, including the PMO. Actual relationships among those actors tended to be more federative and the power tend to be more contested (Ghoshal & Nohria, 1989). The federation is considered to be a dispersed structure (Handy, 1992) in which the PMO’s authority does not result in ultimate power. As a result, all the stakeholders are involved in a perpetual bargaining process, constituting a strong feature of horizontal or vertical competition and interdependence in the network. Therefore, the first lesson learned is that the PMO, as one of those players in the network, should not identify itself as an ultimate decision maker, but rather as a cooperator to adapt its management procedures to the contingencies of the local network.

The second lesson learned is about PMO’s control mechanism characterized with a closed loop including MENA and a sub-team. Although private controls over IPs from foreign parent companies are inevitable for any joint projects due to each parent’s competitive aims and identity separateness (Luo, 2007), to some extent foreign PMO’s controls over IPs should be open to the project’s local environment because an open system is capable of self-maintenance on the basis of throughput of resources from the environment. “Openness” reflects a PMO’s ability and confidence to communicate with the environment over the mistakes it made such that it can learn from each other without having to resort to self-defensive mechanisms. In addition, based on the findings of Ahamadi’s research (2011), there is positive relationship between system openness and project performance.

Given the advantages of system openness, why did MENA still select a closed control loop in supervising its IPs? One reason is that the environment can produce stresses and strains for an open organization during learning and adaptation processes (Schein, 1990). By restricting its communications between MENA and the sub-team, MENA could hide itself behind the project team and avoid the challenges from local stakeholders, such as, directors’ requests for justifications for certain PMO’s decisions at the board meeting. In addition, bargaining power asymmetry between partners can influence the degree of PMO’s openness; this asymmetry hampers, at least partly, the weaker party's willingness to be vulnerable to relational risks in dealing with local stakeholders.

In the meantime, MENA’s choice can also be explained by organizational culture theory which defines open verse close dichotomy as a dimension of organizational culture (Hofstede, 1983), therefore the organizations with a closed system don’t easily give up their basic underlying assumptions (Schein, 1990) and open its control loop to IPs environment.

The lack of local business knowledge is another reason why the PMO restricted itself in a closed loop. The knowledge is not only about the local environment in general, but specifically includes understanding local institutional context of the host country (Birkinshaw and Hood, 1998; Ferner, 2000; Morgan and Whitley, 2003). Failing to acknowledge the importance of information and knowledge concerning local network, MENA selected employees without international working experiences and foreign language skills, negatively affecting effective communications with local partners and contractors. The lack of knowledge also lessened MENA’s confidence to reach out of the closed loop. Actually lack of knowledge and being stuck in a closed loop had created a vicious circle, decreasing PMO’s efficacy in managing local stakeholders and supervising IPs.
For example, the MENA didn’t actively participate in the activities of CM board to promote the interests of ABC. Nor the MENA provided CM with best practices and standards in project implementation, let alone setting up a platform to promote knowledge sharing among those projects. So the second lesson learned is that a PMO should make most efforts to open its control loop to the extent that information and knowledge can be obtained, local networking built-up and stakeholders well managed to meet the needs for IPs implementation. The network embeddedness of international projects not only influences the relationship between PMO and the stakeholders from the host country, but also has impacts on the behaviors of the IPs employees as the external embeddedness and joint controls may help promote procedural justice. By exploring the extent of procedural justice in MENA, we can analyze the working conditions of project employees.

Taggart (1997) see procedural justice as one of the keys to becoming an effective global player. Kim and Mauborgne (1993) proposed the measures of procedural justice, which are, effective two-way communication; the extent to which the projects are allowed to challenge corporate's strategic views; the extent to which the corporate is knowledgeable about the project's environment; the extent to which corporate provides the project with a rational account of strategic decisions. The above case underlines the fact that the MENA implemented injustice procedures, for example, MENA dodged the accountability for the decisions it made by pushing sub-team of the CM in front to face the challenges from local stakeholders; the sub-team of IP was not allowed to challenge PMO strategic views during the decision-making process; PMO’s manipulations and interference caused chaos for the project execution.

Combining low procedural justice with authority centralization will create the most unattractive location for projects where, in extreme cases, the PMO-project interface is characterized by dissent, mistrust, and a master-servant relationship (Taggart, 1997). The project operating under such abusive PMO controls won’t have flexibilities to adapt to the context for better project performance. Moreover, when perceiving the PMO to be unfair, project employees may not remain committed as PMO expects (Walumbwa et al., 2008). They may build their power base and oppose PMO’s instructions by allying with local stakeholders or using local information and knowledge that may not be available to the PMO (Ferner, 2000, Fan et al., 2012). Therefore, as the third lesson learned, a PMO should promote procedural justice to develop its legitimacy, and create a harmonious environment for oversea projects to advance their performance, particularly in an institutionally demanding and complex environment in which multiple internal and external stakeholders are involved.

6. Conclusions

Through a case study, this study contributes to the PMO literature by presenting lessons learned that the external embeddedness of international projects determines the role of the PMO and the way PMO manage its projects. By analyzing the power constructs of an external business network, we found it unwise for a PMO to define itself as an ultimate decision-maker within a dispersed structure. We also discovered that a closed control loop adopted by a PMO leads to its failure in supervising international projects and managing external stakeholders. Therefore PMO should promote managerial openness and procedure justice by adapting its management procedures to the contingencies of the external network. This study also indicates that a PMO must prove its worth by capturing knowledge and information concerning external business network, providing its projects with guidance on best practices and standards, and promoting knowledge and resources sharing among those projects. By expanding upon the existing PMO research to include an adaptive control approach for managing international projects, this research would advance our knowledge of PMOs and may help us decode some of PMOs’ difficulties.

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