IMPACT OF INTERNAL STAKEHOLDER’S ENGAGEMENT ON PROJECT PORTFOLIO MANAGEMENT SUCCESS, IT INDUSTRY IN LAHORE, PAKISTAN

1 Madeeha Shah, 2 Imran Haider Naqvi
M.J.S Scholar Management Sciences
madi.kattsnco@gmail.com
1COMSATS Institute of Information Technology, Lahore, Pakistan.
2Head, Centre of Islamic Finance/Associate Professor Management Sciences
drimranhaider@ciitlahore.edu.pk

ABSTRACT: Stakeholder behavior and stakeholder management were essential success elements within project portfolio management (PPM) success. This pragmatic study of 87 well reputed software houses of Lahore, were managing projects in portfolios investigated the effect of engagement of internal stakeholder’s engagement on project portfolio management success. Study showed that the ramifications of stakeholders was phase-peculiar and that role clarity affected the nature of the relationship between the internal stakeholder’s engagement and project portfolio management success as a moderator. Analysis of data was performed by Pearson correlation and Step wise Hierarchical Regression. Results explained that internal stakeholder’s engagement have insignificant effect on the PPM success, but with moderating effect of role clarity internal stakeholder’s engagement show strong and highly significant effect on the PPM success. This study enriches project research by applying stakeholder theory to the project portfolio context and offers practical guidance further professionalizing PPM.

Key Words: Project portfolio management, Internal stakeholder’s engagement, Role Clarity, Project portfolio management success.

1. INTRODUCTION

Increasingly, companies had been doing work in the form of projects; furthermore more than two projects were managed in the portfolio. Project portfolio management is a new field for companies to manage a large number of projects at a time. Projects have been emulated in significantly rising shares of spending for project-correlated enterprises [1,2]. However, the assumed advantage in the controllability of single projects comes along with a loss of transparency and thus the effectiveness of the entire collection of projects in a firm [3]. Therefore, companies that manage several projects all together required a planned management approach for project portfolios and project portfolio management (PPM) thus became a key proficiency to implement strategies and remained comparative [4,5,6]. Companies need project portfolio management now days to manage the project in a better way.

Research and practice both suggested that internal stakeholder’s engagement with the skills to persuade projects play a critical role in the project management success [7], [8] and [9]. Moreover, in the specialized and intellectual management literature, a common view was that stakeholder management and performance were strongly related [10]. Additionally, internal stakeholders and their benefit might be affected by the projects or project results; thus, from moral principles and sustainable management point of view, they must not be ignored in project management, which was emulated in some interpretations of project management success [11] and [13]. Internal stakeholders had direct relationship with the project portfolio management success.

Stakeholders had immense significance in the project portfolio management success. There were different kinds of stakeholders. According to this study different types of managers were involved in the important projects. So, Primary stakeholders of the companies were dealt with high gratitude while other stakeholders were sometimes unnoticed due to some failures or wrong decisions. To increase the corporate social performance, all stakeholders like managers, customers and others were gave equal rights, so that they can work cynically with high motivation in the PPM [12,14]. Study mentioned that stakeholder’s engagement was vital but especially internal stakeholders got equal rights to be concerned with the project portfolio management success. To achieved good performance of project portfolio provide fairness to all stakeholders.

The literature point out the various belongings which help to enhanced the project portfolio management performance. One of these factors was engagement of internal stakeholders. Engagement of stakeholders enhanced the performance of PPM. Beringer and team [14,15] found positive consequences of some internal stakeholder’s engagement on PPM success. Beringer and co authors [14,18] measured the impact of internal stakeholder’s engagement on sub variables like strategic fit and average project success of the dependant variable separately. Furthermore, they found significant results for some managers in different phases of the project portfolios. Therefore, present study will find the impact of internal stakeholder’s engagement on the PPM success which will be combination of strategic fit and average project success. The underlying study will described the impact of internal stakeholder’s engagement on project portfolio management success. In present study results will based on internal stakeholders in PPM and their impact on PPM success. One major reason is that this study is not still verified in Pakistan. Beringer and associates [14,49] identified that some internal stakeholders with moderating effect of role clarity had positive
effect on the strategic fit and as well average project success. However, Beringer and co authors [14,12] did not measured the impact of internal stakeholder’s engagement on overall project portfolio management success. An empirical research was thus required to determine and enumerate the impact internal stakeholder’s engagement on Project Portfolio Management success with distinctive effect of their role clarity in IT industry Lahore, Pakistan. For this study IT sector was being preferred because of the distinctive portfolios managed in IT sector, following by [14,15]. In light of the above, this study will examine the project portfolio management success in managing diversified and complex projects and impact of internal stakeholder’s engagement on Project Portfolio Management success in IT sector, Pakistan.

2. RESEARCH QUESTIONS
1. What is the effect of internal stakeholder’s engagement on project portfolio management success?
2. What is the effect of internal stakeholder's engagement with moderating variable role clarity on project portfolio management success?

3. THEORATICAL BACKGROUND
Project portfolio management success can cover multiple portions and contexts [17], [18] and [19]. For the purposes of this study, study focused on an operational short-term perception and a strategic long-term perception. The first perception encircled the cumulative success of all projects in a portfolio. Therefore, average project success is explained along the three recognizable dimensions of the project management triangle: cost, schedule and quality [21]. Delivered projects within budget, on time, and according to stipulations were renowned criteria for measuring project portfolio success [22,23,24]. To analyze success from the portfolio point of view, study defined these project success criteria as the average across all projects within a portfolio. For the second perception, the literature typically applied the concept of strategic fit of a portfolio, which showed the internal strategic fit [26,27,28]. This point of view referred to the alignment of project objectives and resource allocation corresponding to the strategic relevance of projects [29,30,31]. Study explained the two sides or perspectives of the project portfolio management success. Beringer and associates [14,26] measured the internal stakeholder’s engagement with these two perspectives separately but this study measured the internal stakeholder’s engagement with project portfolio management success by collecting both perspectives. In the framework of project portfolio management, we define strategic fit as the degree to which the goal and demands of a portfolio projects were reliable with the goal and demands of the overall organizational policy [16]. This specifically referred to the alignment of project objectives, such as a project's fulfillment with and contribution to a projected strategy, and the configuration of project demands, such as resources that were allocated across a portfolio such that the most efficient resources were provided to those projects with the utmost strategic significance [4,20]. Project portfolio management was associated with two perspectives strategic fit and average project success, previous study measured the effectiveness of PPM by these two perspectives. But this study will measure the effect of PPM perspectives collectively. As Phillips and associates [25] explained about stakeholder theory, “stakeholder theory is a theory of organizational management and ethics”. The basic assumption of stakeholder theory was that a company, as represented by its administration, had relationships with many component groups of persons within the company and in its external environment, and that those teams play a essential role in the company’s success, and the interests of all stakeholders were of fundamental value [12,10,32]. Although embedded in strategic management, the stakeholder concept has been applied to other research areas, such as project management. Also in program management scholars had increasingly advocated for integrating the idea of stakeholder theory [33] the existing literature was primarily project-oriented and pragmatic research remained comparatively not enough. In strategic and project management, so far only a very small number of scholars have addressed areas of stakeholder behavior unambiguously [34], [35,36,37]. Few researchers have unreservedly covered different aspects, like [38], who explained a classification of stakeholders [39] and [40]. To explain stakeholder’s engagement with respect to its end product on an organization’s goals, complete literature review revealed primarily two perspectives. First, researchers explained whether stakeholders were compassionate or were intrusive and conflicting with respect to a desired accomplishment [41,42,43] improve this categorization by differentiating between passive and vigorous support as well as unbiased engagement of internal stakeholders. Accent of senior management, involvement by top and line management, support by senior management were the three main sides by which project portfolio management success enhanced to a definite level. Line and senior management involvement had also increased the performance of project portfolio management success [48]. Managers paid attention on competent communication, so that other stakeholders of project portfolio has also prejudiced completely on project portfolio management success [16]. Senior manager’s had noteworthy effect on the project portfolio management success [14]. Senior and line manager’s engagement had convincing impact on the project portfolio management success. From the existing literature, Study developed following hypotheses for the senior and line managers to empirically test the relationship:

H1: The greater the senior manager’s engagement in PPM, the better prospects for success of PPM.
H2: The greater the line manager’s engagement in PPM, the better prospects for success of PPM.

Internal stakeholders directly exaggerated the project portfolio management success. Internal stakeholders integrated different kinds of managers. According to the study and research the internal stakeholders and their impact on the project portfolio management success. Beringer and associates [14] and [16] described that project managers and senior managers had significant effect on the portfolio project management success. Senior and line managers were discussed above while project
managers and project portfolio managers were remaining. Study analyzed the gap of the involvement level of different internal stakeholders on the project portfolio management success. So literature referred to generate hypothesis to test the impact of project managers and project portfolio managers on the project portfolio management success:

**H3:** The greater the project portfolio manager’s engagement in PPM, the better prospects for success of PPM.

**H4:** The greater the project manager’s engagement in PPM, the better prospects for success of PPM.

Different studies had different results about the role clarity. Studies which have been used for role clarity as a moderator were described here. Role clarity moderated the relationship between role ambiguity and athlete satisfaction [44]. Another study explained that need for role clarity did not moderate the relationship between the extent of role clarity and job satisfaction [45]. Role clarity utilized as moderator in both studies but in one it was effectual whereas in another study it was not working. So, role clarity moderated the independent variables which depend upon the nature of variables. Beringer and team [14,48] measured the senior manager’s engagement with moderating effect of role clarity on the project portfolio management success with two perspectives. Noteworthy effect of senior manager’s engagement on the project portfolio management success with moderation effect of role clarity was found during the study. From the deliberated literature, study created hypothesis to test the impact of moderation on senior manager’s engagement and project portfolio management success:

**H5:** Role clarity moderates the relationship between senior manager's engagement and Project Portfolio Management success.

Research recognized insignificant effect of line managers with moderating effect of role clarity on the project portfolio management success with two perspectives [14,48]. Bray and associates [44] analyzed that role clarity superior the relationship between the dependant and independent relationship. Jonas and co authors [48] accomplished from their study that line and senior manager’s engagement enhanced the impact on the project portfolio management success. To measure the effect of line manager’s engagement with moderating effect of role clarity on project portfolio management success study produced a hypothesis to test the relationship between line managers and PPM success with increasing effect of the role effect:

**H6:** Role clarity moderates the relationship between line manager's engagement and Project Portfolio Management success.

Line managers were also the important part of the internal stakeholders. Beringer and associates [14] and [48] found insignificant results for the project portfolio manager’s engagement with moderating effect of role clarity on project portfolio management success. Furthermore, Project leadership and project management were two important key fundamentals which were directly related with the project portfolio management performed by project managers and project portfolio managers [46]. Hence, Study developed suggestions to measure the project portfolio manager’s engagement on the project portfolio management success with moderating effect of role clarity. Above literate helped to generate the hypothesis to empirically test the relationship:

**H7:** Role clarity moderates the relationship between project portfolio manager’s engagement and project portfolio management success.

Research originated significant effect of project manager’s engagement with moderating effect of role clarity on the project portfolio management success [14,35]. Ahmed and co authors [46,49] described the project leadership performed by project managers which lead towards the project portfolio management success. From the literature study measured the project manager’s engagement with moderating effect of role clarity on project portfolio management success. So study produces a hypothesis to test the relationship for the project managers:

**H8:** Role clarity moderates the relationship between project manager's engagement and project portfolio management success.

This literature explained about different factors which directly or indirectly shaped the performance of the Project Portfolio Management Success. Factors which had positive effect on the Project Portfolio Management Success were involvement of internal and external stakeholder. In this literature involvement of external stakeholders was not yet explored, and effect of both internal and external stakeholders on the Project Portfolio Management performance accomplishment was until now not studied. This study intended to find the impact of internal and external stakeholders on the Project Portfolio Management Success.

**THEORATICAL FRAMEWORK**

Beringer and co authors [14] and [38] focused on the impact of internal stakeholder’s engagement on project portfolio management success. The current study determined the impact of internal on project portfolio management success. Neville and associates [14] and [39] related this study with the stakeholder theory in project portfolio management success perspective.

Freeman [32] defined a stakeholder as “any cluster of people or person who can affect or was affected by the accomplishment of the organization's goals. Based on this definition Beringer and associates [14] and [34] explained project portfolio stakeholders as any team or individual in involvement with a project portfolio. So this theory also supported present study because study supposed that internal stakeholder’s engagement had significant effect on the project portfolio success. Project portfolio management success further had two dimensions strategic fit and average project success. Present study will find impact of internal stakeholder’s engagement on the both of project portfolio management perspectives collectively.
5. METHODOLOGY
The present study is cross sectional conducted in IT industry Lahore, Pakistan during the September 2012 to June 2014. The study selected 87 well known and highly reputed software houses. Data has been collected by simple random sampling in those software houses who were dealing in the multiple technologies. The obtained response was 100 and the study was pre-tested by valid and reliable scales, moreover valid scale adopting items from the studies of [14,16,47] for collecting, and measuring the data related to the internal stakeholder’s engagement and its impact on the project portfolio management success. The reliability and validity of the instrument was good with high scores. Table.1 mentioned the reliability value of the instrument used by this study and has been tested by using SPSS 20.0. For data analysis the study utilized SPSS 20.0 for performing the analysis of frequency distributions, Pearson’s Correlation and Pair wise hierarchical Regression. Details were provided in the Table 2 and Table 3.

6. RESULTS AND FINDINGS
The scales were proved as highly reliable with the help of SPSS 20.0 (Cronbach’s alpha = 0.963, Table 1).

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<th>Cronbach’s Alpha</th>
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<td>0.963</td>
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The Pearson’s Correlation values of internal stakeholder’s engagement and project portfolio management success were described by SPSS 20.0 in Table 2. Results of pair wise hierarchal regression showed that internal stakeholder’s engagement had insignificant effect on the project portfolio management success (0.101, p > 0.05, Table 3). Study supposed the positive and significant relationship between the internal stakeholder’s engagement and project portfolio management success with moderating role of the role clarity. Results privileged the present study and mentioned positive and significant effect of the internal stakeholder’s engagement on the project portfolio management success with moderating effect of the role clarity (0.195, p < 0.05, Table 3). Results substantiated the hypothesis related to the moderating effect of role clarity because role clarity fully moderated the relationship between the internal stakeholder’s engagement and PPM success.

7. CONCLUSION
Based on results and conclusions internal stakeholder’s engagement had significant effect on the project portfolio management success. Internal stakeholder’s mentioned worth mentioning effect with moderating role of role clarity on the project portfolio management success. Furthermore, findings explained that role clarity moderated the relationship between the internal stakeholder’s engagement and project portfolio management success. Role clarity play vital role within the organization and fully moderated the relationship between internal stakeholder’s engagement and project portfolio management success.

8. DISCUSSIONS
Main purpose of this study was to identify the relationship between internal stakeholder’s engagement and project portfolio management success. In project portfolio management success stakeholders were involved significantly or insignificantly. In study of Beringer and team [14, 35, 36, 37] showed that internal stakeholders like senior managers and project managers had significant effect on the project portfolio management, but line managers and project portfolio managers had insignificant effect on the project portfolio management. Jonas and associates [48,40,14] described that increasing task of role clarity did not have noteworthy effect of all internal stakeholders on the project portfolio management success. Present study find insignificant relationship with the PPM...
success while with the moderating role of role clarity study proved all hypotheses related to the internal stakeholder’s engagement and PPM success.

9. FUTURE RESEARCH AND LIMITATIONS
The present research model can be applied in other sectors e.g., construction short and long term projects. This study had been conducted in the IT sector in Lahore Pakistan. Other major cities like Karachi and Islamabad might generate different results by receiving more positive responses. The present study had been carried out on smaller sample size; by increasing the sample size results can be achieved with better improvements.

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