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SCIENTIFIC ASPECTS OF THE PROCESS OF ORGANIZING PROJECT
PORTFOLIO MANAGEMENT

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Abstract: The article reveals the scientific aspects of the process of organizing project portfolio management. An analysis of existing research on project portfolio management was carried out. The frequency of project portfolio reviews was considered. Emphasis is placed on the decision-making process for the portfolio of projects. A review of research on the organizational aspects of project portfolio management is also made. A conclusion is made on the review of studies and proposals are made on the process of organizing project portfolio management.

Keywords: portfolio of projects, organizational aspects, management, dominance of criteria, selection process, decision-making process, responsibility, tools and methods.

Introduction. In modern conditions, Uzbekistan has stepped up work on the application of project management, which in fact, is the most important part of the entire management system of the organization. Scientific research has been carried out, including on project portfolio management.

Existing research on project portfolio management focuses on a fairly general level with a lot of practical advice for managers. It is generally accepted that project portfolio management processes should be formal and encompass all types of projects in their entirety (Cooper and others, 2001b). New product manufacturing projects should be included, as well as other types of projects such as process improvement, cost reduction, basic research, customer-driven projects, maintenance, and infrastructure projects (Bridges, 1999; Cooper and others, 2001b).

Methods and methodology. The project portfolio management process is seen as a dynamic ecosystem in which the list of existing and new R&D projects must be constantly reviewed. During the review process, new projects are evaluated, selected and prioritized relative to each other and ongoing projects. Existing projects can be accelerated, curtailed or redirected, and resources reallocated in favor of existing projects (Cooper and others, 2001b).

The literature also generally recognizes that in order to be successful in managing a portfolio of projects, it is necessary to have a formal process for the development of individual projects. Such formal development processes (e.g. step-by-step processes) are now common practice in companies (EIRMA, 2002). This formal project review process should be integrated with the formal portfolio review process so that they can provide project information to each other.

Therefore, the overall management of the project portfolio is carried out in support of both the formal project development process and the portfolio review process. These two processes can interact at two extremes: either the formal development of the project or the review of the portfolio as the dominant process.

The "criteria dominance" approach is often used by companies that already have a well-established formal project development process. They then add portfolio management to their evaluation process, almost as an additional decision-making process to make

small adjustments to the portfolio. This approach is widely used in large companies, in knowledge-intensive industries and where the project development cycle is long (Cooper and others, 2001b).

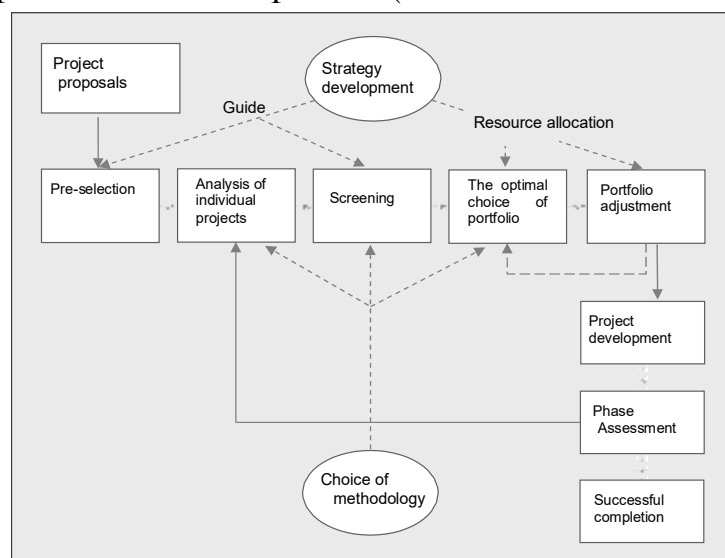
The second approach, whereby all projects are questioned and put on a par with others in reviews (several times a year), is said to be better suited to companies in fast-growing industries such as software, information technology and electronics. Here, all projects are put to a vote, and the revision process can lead to large adjustments and reallocation of resources (Cooper and others, 2001b).

Periodicity of portfolio reviews

In order to ensure that a number of existing projects are constantly updated and aligned with the company's intentions as new business opportunities arise, it is necessary to review the existing portfolio of projects from time to time (Sommer, 1999; Cooper and others, 2001b; EIRMA, 2002). The review process should be periodic, during which all projects are reviewed and compared with each other (Cooper and others, 2001b). Most often, portfolio reviews are conducted four times a year (Cooper and others, 2001b; EIRMA, 2002; Kendall and Rollins, 2003; McDonough III and Spital, 2003). This is confirmed by a study conducted by Szwejewski and others (2004), which showed that their companies reviewed the entire portfolio of projects on a quarterly basis. According to McDonough and Spital (2003), Portfolios that are reviewed more frequently are more likely to be successful. They note that the appropriate frequency of reviews is likely to vary from company to company and that it depends on factors such as the type of projects that are considered in the portfolio, the timing of preparation and the dynamics of the industry. If a company operates in a competitive and/or technologically demanding environment, it probably needs to be reviewed more often.

Portfolio decision-making process

At the more granular level of the project portfolio management process, which is characterized by the way in which project portfolio management activities are carried out, the contribution to this process will be more limited. As mentioned earlier, Archer and Ghasemzadeh (1996) take it a step further by arguing that there is a complete lack of structure for the logical organization of tools and methods in an agile process that supports the portfolio selection process. However, they themselves proposed a general framework for the portfolio selection process (Archer and Ghasemzadeh, 1999).



Drawing 1. Project Portfolio Selection Process.

In an earlier version of the proposed structure (Archer and Ghasemzadeh, 1996), They divided the process into three general stages, which they called Pre- Process Stage, Process Stage и Post-Process Stage. The pre-processing stage includes the collection of project proposals and the pre-selection of existing projects and project ideas (Drawing 4). The next stage, the main one, is called the process stage and includes the analysis of individual projects, the selection of projects and the selection of the optimal portfolio, shown in Figure 1. These are fairly general stages in the evaluation of individual projects, followed by the selection and subsequent composition of the project portfolio. At the third stage - post-process - the portfolio is balanced and adjusted. This process also involves returning to the last step of the main process if portfolio adjustment requires a new portfolio selection (Drawing 4). Along with the direct project selection process, the system also includes the development of projects and the connection of project information with the analysis of individual projects.

The framework also includes a strategic link to the project selection process. In its model, the strategy influences the selection of projects in the form of selection guidelines and individual stages of project analysis (Archer and Ghasemzadeh, 1999). At later stages, the composition of the project portfolio is strategically bound by resource allocation directives.

This model appears to cover all activities that are important for portfolio management. However, the model assumes that all decisions are made through a linear logical process, such as the one described, where all projects that are or can be part of a portfolio are considered within the same process. In addition, the model does not take into account how different people are involved in different stages, which can have implications for the organization of the process.

Organizational aspects of project portfolio management

Studies on the organizational aspects of portfolio management, as well as on procedural aspects, should be considered as not very well developed. In addition, the organizational aspects are largely characterized by general advice for managers that must be taken into account. These general guidelines focus on what kind of people should be involved, but not on how they are involved in portfolio management activities. However, there is no doubt that the question of what kind of people are involved and how they are organized to manage a portfolio of projects is crucial (Levine, 1999). It is generally believed that the decisive factor for success is the people who manage the process (Kendall and Rollins, 2003). If you have the wrong set of specialists, it doesn't matter how well the process of building a portfolio of projects is developed. Accordingly, the literature states that the way the people involved in the process are organized is vital (Cooper and others, 2001b), but without an indication of how to involve and organize people in the process of managing a portfolio of projects.

Some input was also made in determining which organizational functions should be represented in the portfolio management work. For example, in a study conducted by EIRMA (2002), it was found that sales, marketing and R&D managers should be motivated. Cooper and others. (2001b) came to the conclusion that the same people involved in the process of forming a portfolio of projects are involved who are involved in the most important moments of new product development. In most businesses, this means that this is the management team - top management.

Responsibility for portfolio decision-making

The primary responsibility for managing a portfolio of projects may lie with different

individuals within the company - for example, the CEO, senior management, senior management of the R&D department, a specific "project office", strategic planning units, portfolio development team, or project planning team (EIRMA, 2002; Center for Business Practice, 2003). Final decisions on the portfolio of projects should be made by high-level panels. Final accountability remains with the company's senior management or board of directors (EIRMA, 2002). In practice, however, it is alleged that these responsibilities are delegated to different levels within the company (Kendall and Rollins, 2003). But at the same time, one of the common reasons for the failure of the implementation of a portfolio management system is that those responsible for success are at too low a level in the management reporting structure, without direct communication and support from the senior management team (Kendall and Rollins, 2003).

When organizing work on project portfolio management, it is also important to note that many companies today create project offices in order, among other things, to collect and disseminate project information in a single format (EIRMA, 2002). However, according to this study, these project management units do not share responsibility for project portfolio planning. The companies participating in this study also do not have portfolio planning groups (EIRMA, 2002).

Findings. The theoretical review showed that the organization of project portfolio management is not very well developed from the point of view of organizing project portfolio management activities and connecting people with project portfolio management processes.

Starting with an early outline of what is referred to in this thesis as the organizational aspects of project portfolio management, the various aspects related to the use of tools and techniques, procedural and organizational aspects were described separately. The literature on portfolio management has not previously made a clear distinction between procedural and organizational aspects, although some authors have emphasized their importance separately (Archer and Ghasemzadeh, 1996; Levine, 1999; Cooper and others, 2001b).

Much attention, however, has been paid to the development of tools and methods to facilitate portfolio management (Archer and Ghasemzadeh, 1996), and different authors have decided to divide tools and methods based on different premises for their purposes (Martino, 1995; Archer and Ghasemzadeh, 1996; Linton and others, 2000; Chiesa, 2001). For a brief overview of the tools and methods available, a division into three general objectives of project portfolio management has been chosen. Various tools and methods should be considered as widely developed in both theory and practice. But how to use tools and techniques to support project portfolio management activities is an area where more research is needed.

Summarizing the materials relating to procedural aspects, it was shown that the theoretical contribution was made at a fairly general level. It is generally argued that the process of building a portfolio of projects should be formal, cover all types of projects, be generally dynamic and therefore require constant review (Cooper and others, 2001b). At a more granular level of how project portfolio management activities are actually carried out, Archer and Ghasemzadeh (1996; 1999) attempted to create a common model of how different decisions could be made in a structured process. The presented model provides a good understanding of the general stages of project portfolio management, but it is so versatile that it leaves many questions as to how decisions are actually made in the project portfolio management process.

Summarizing the area of organizational aspects of portfolio management, it was noted that the study in this area was even more general than in the area of procedural aspects. Generally, it is claimed that each project portfolio is unique and requires that The staff managing the project portfolio was organized according to the specific situation in the company (Kendall and Rollins, 2003). At the same time, it is generally argued that the personnel involved in the acceptance process solutions, is the key to successful portfolio management (Cooper and others, 2001b). The managers who are usually involved in portfolio decision-making are representatives of sales, marketing, production, and R&D departments (Business Practice Center, 2003), and the responsibility for making decisions on a portfolio of projects may lie with different individuals in the company, but the final decisions on the portfolio of projects should be entrusted to high-level teams (EIRMA, 2002).

Despite the generally accepted view that each project portfolio is unique and requires the parties involved to be organized according to the specific situation, little attention has been paid to the aspects that are important in organizing project portfolio management. Accordingly, it is seen as an area in which more practical knowledge and scientific research are required.

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