PROJECT MANAGEMENT IN KOSOVA USING THE PRINCE2 METODOLOGY

Dea Mustafa

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PROJECT MANAGEMENT IN KOSOVA USING THE PRINCE2 METODOLOGY

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PROJECT MANAGEMENT IN KOSOVA USING THE PRINCE2 METODOLOGY

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This thesis has been submitted in partial fulfillment with the requirements of the Bachelor studies
ABSTRACT

In order to have successful projects companies are using different project management methodologies. As a standard and proved logical framework methodology is PRINCE2 (Project In Controlled Environments) which is de facto standard for project management in UK. In addition Post and Telecom of Kosova had decided to implement PRINCE2 as a standard methodology for project management. Aim of this research is to prove that with implementation of PRINCE2 projects will have more probability to succeed and the failure of the projects will be identified in early stages of the project and products will be delivered with agreed time, quality and cost.

Research was conducted in PTK, other public companies and in private sector, also literature is used for this research (PMI, OGC, APM and academic journals). Findings from these research show that in PTK there is no evidence of proper risk analyze, decisions during project life cycle are ad hock and that there is not any standard in place for project management. Reasons for project failure in PTK are very similar with reasons which are identified by PMI. Recommendations which are coming from this research are supporting and justifying implementation of standardized project management methodology and recommended project management methodology for PTK is PRINCE2.

From this research there are some identified questions that are challenging bodies of knowledge and in a same time are offering base for further researchers.
DEDICATIONS

I would like to dedicate this thesis to my most patient readers and my most charitable critics: my wonderful parents Burbuqe and Gazmend and to my little brother, Donat, to whom I will always do my best to give a path to follow.

This thesis is also dedicated to all my professors, my mentor and all those who taught me that through hard work, patience, persistence and love you will get far in life; that no one develops in a pampered environment and you should actively seek out challenges and hardships, so you can transfer them into valuable assets.

Last but not least, I dedicate this thesis and all my current and future work to the newborn country that I love the most Kosova.
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1. INTRODUCTION

1.1 Background to the study

In time of globalization and aggressive competition in order to survive many businesses are becoming project oriented businesses. Companies are investing a lot in staff which is involved in project management, despite this fact companies are still facing with big number of failed projects. Most of the projects are failing because their initial project implementation processes are not clearly defined, risks are not analyzed, project control is missing and because of the lack of validity of the business case. Although there is a set of standards and techniques for project management, in the current era of globalization and establishment of different strategic alliance it seems more appropriate to implement standardized logical frameworks. As a standard and proved logical framework methodology is PRINCE2 (Project In Controlled Environments) which is de facto standard for project management in UK and it is becoming a standard for countries outside UK. In addition, Post and Telecom of Kosova had decided to implement PRINCE2 as a standard methodology for project management.

1.2. History and facts about Project Management in Kosova

Project Management in Kosova is a relatively “new” discipline. Kosova was part of Yugoslavia which was under communist regime, and as a result of this there was no competitive and risky business environment. From 1990-1999 Kosova was occupied by Serbia, during this time all public companies where under police control and private sector was under pressure. After war in 1999 new business had start and many international organizations had run projects in Kosova, (USAID, DFID, DynCorp, CRS, UNHCR, GTZ, CARITAS, European Agency for Reconstruction etc), but all of them had use different method for project management, and projects where managed from expatriates, as a result there was no capacity building on project management for Kosovars.
In Kosova there are six big public companies:

- District Heating Enterprises in Gjakova and Pristina,
- Kosovo Electricity Corporation (KEK),
- Kosovo Railways,
- Post and Telecommunication of Kosovo (PTK),
- Pristina International Airport and
- Water, Waste and Irrigation Enterprises.

All of them are managed by international body Kosova Trust Agency, based on findings of Office of the Auditor General (2006) all of them are facing with project failure and they do not have standardized project management method.

1.2.1 Aims and Objectives

The aim of this research is to prove that with implementation of logical framework methodology PRINCE2 (Projects In Controlled Environment) in managing projects, projects will have more probability to succeed; failure of the projects will be identified in early stages of the project and products will be delivered with agreed time, quality and cost. Research is focused in Post and Telecom of Kosova which is public owned company. PTK has 4 Business Unit’s: Post of Kosovo, Telecom of Kosovo, Vala– the Mobile Operator. According to a drafted five year business plan PTK will invest 550 million by the end of 2010. PTK employs 2400 people. Until this year PTK had have monopoly in Kosovo market. A pilot research is conducted also in other public companies in Kosova and in private sector.

In order to fulfill those objectives in this research following questions are raised:

- Which are the main reasons for project failure in Post and Telecom of Kosova?
- Will implementation of logical framework method PRINCE2 provide more chances for project success in Post and Telecom of Kosova?
• Why management of Post and Telecom of Kosova had decided to implement logical framework method PRINCE2 as a standard method for managing projects?
• To examine how will people accept new way of managing projects in this company?
• Which could be possible problems of implementing logical framework method PRINCE2 in Post and Telecom of Kosova?
• Which are similarities and differences between PTK and other Public Companies / Private Sector in approach for project management?
• Which are the types of project control literature of project management is providing?
• How is defined project failure and project success in project management literature?
• How are defined logical framework methodologies in project management literature?
• How it is implemented PRINCE2 in other companies?

1.3 Expected Benefits from this Research

According to (Rozenes, 2005) in last couple of decades there was no any literature review regarding project control and that major part of the work of organizations is nowadays carried out in projects. In a world today exist different opinion regarding the way how project management should be done, in one side bodies of knowledge are insisting that all projects are similar and should be managed with the same procedure and in the other side are other researchers which are stating that every project should be managed in unique way and that is time to reconsider bodies of knowledge. This research is analyzing those issues and it will contribute in understanding the different voices regarding project management. Project management is a very old discipline in the world, for example building of pyramids, china wall were large projects, (Shenhar, 2005), but in that time project managers didn’t have to deal with issues like resources availability, competition and globalization, since they had used slaves for labor, project was sponsored by the kingdom and they were in a “center of the world”. In last century project management was mainly developed by the army, but since in the army staff is well trained, motivated and equipped it differs from situation in which project managers in real business environment are facing. This research is discussing project issues like planning, scheduling, management of risk, reasons for project failure and success,
types of control which can be implemented in the projects, logical framework methodology, and approach of different business sectors regarding project management and also are discussed issues regarding resistance to change. In this thesis are compared experience, problems and recommendations of companies which had implemented PRINCE2, with findings in PTK. As the result of this research will be clear picture regarding PTK approach to project management, justification of adopting PRINCE2 as standard methodology for project management in PTK and differences and similarities between PTK and Public / Private sector regarding approach to project management.
2. LITERATURE REVIEW

Literature review is divided in these parts: project management, project planning and scheduling, risk management, project failure and success, project control, logical framework methodology, PRINCE2 methodology. Approach of Public sector for project management, lessons learned from other companies which had implement PRINCE2 and resistance to change. In this chapter are described and analyzed findings from other researchers regarding project management, project planning and scheduling, risk management, project management bodies of knowledge, project success and failure factors, different control modes for projects, logical framework methodology. Those discussed topics are important for this research since they are identifying current trends, issues and different opinions regarding project success, project control, scheduling, risk management and project management. In this chapter is also discussed PRINCE2 methodology and experience of other companies which have implemented PRINCE2, this part is to identify benefits, limitations and possible problems regarding implementation of PRINCE2 methodology, while last part of literature review highlights possible human reaction regarding change management.

2.1 Project Management

Project Management is the discipline of managing and organizing resources in such a way that the project is completed within defined scope, quality, time and cost. The first challenge of project management is to ensure that a project is delivered within defined constraints. The second, more ambitious challenge is the optimized allocation and integration of inputs needed to meet pre-defined objectives. There are many definitions about role of project management; according PMBOK purpose of project management is to meet project requirements, while according PRINCE2 role of project management is to plan, monitor and control all aspects of the project. Different role for project management is predicting German Organization for Standardization or DIN 69901. According to DIN the role of project management is to provide complete set of
tasks, techniques, tools applied during project execution. Based on defined role of project management by PMBOK, PRINCE2 and DIN it is obvious that role of project management is to provide skills, techniques, control and support during project execution. Similar conclusion can be found in a research conducted by (Crawford, 2006) when she was defining project management as a socially constructed field of practice which was developed from tools and techniques designed to support the management of major projects. (Hyvari, 2006) concludes that major part of the work of organizations is nowadays carried out in projects.

A project is a carefully defined set of activities that use resources (money, people, materials, energy, space, provisions, communication, quality, risk, etc.) to meet the pre-defined objectives. Most common definition for the project is an undertaking which, via a series of planned activities, is designed to achieve a particular objective by a particular time, more professional definition for the project is giving (PMI, 2004) “A management environment that is created for the purpose of delivering one or more business products according to a specified business case”, (p.14). Similar definition for projects are giving (OGC, 2005; Cicmil, 2006 and Milosevic, 2003). All researchers agree that purpose of the project is to create a unique product (tangible or intangible) in specific period of time with preset human and work resources and that projects had to do with delivering, this could be change or product, which need to be achieved within time limit, cost limit and with agreed quality. Bodies of Knowledge are created and developed by PMA (Project Management Association) with a purpose to standardize procedures and processes of the project. Use of Bodies of knowledge is definitely increasing even that there are some doubts regarding efficiency. APM and PMI for project management are serving as standardized procedures. PMBOK means the ‘Project Management Body of Knowledge’, a term which describes the PMI’s view of the relevant topics and knowledge within Project Management profession. Projects are about change and project management is about managing that change. In Literature review done by (Rozenes et al, 2006) the significant importance is given to Project Management Bodies of Knowledge. These researches are stating that as a result of progressive request for project management solutions in the development of bodies of knowledge (BoK) that recapitulate the core information in the spot of project management, bodies of knowledge have been compiled by 2 professional associations: the Association of Project Management (APM) and Project
Management Institute (PMI). Both of them are matchless phenomena in the areas of industrial engineering and management. (Morris, 2001) had conducted a review of the existing project management bodies of knowledge. Researcher is indicating for existence of the need for bodies of knowledge and for permanent update.

For project management methodology currently there is an ongoing debate between researchers, (Shenhar, 2005; Williams, 1999) which are stating that there is a conclusion of traditional project management about misunderstanding of concepts and common beliefs that all projects are the same and those similar techniques and tools can be applied, (Shenhar, 2001) in research “One size fits all” is dividing studied projects in four categories. With a purpose to manage properly projects he recommends to have different approach for each category. The most important disagreement in opposition to the bodies of knowledge approach is that particular methodologies do not fit all projects. Despite this many researchers are opposing Shenhars theory and they are concluding that all projects are similar and should be managed in similar way. (Raziq, 2006; Morris, 2001; Baccarini, 1999). It doesn’t mean that there is something wrong with all available models, but there is a need for agreement regarding the types of topics which should be covered. (Morris, 2001). Based on conclusions and recommendation of researchers’, it looks as if the Logical Framework Methodology is suitable solution for project management.

2.2 Project Planning and Scheduling

Planning is one of the most important parts of Project Management Process, in order to have successful project planning PRINCE2 proposes three levels of plan, the Project Plane, the Stage Plane and the Team Plan, (OGC, 2005). In multi project environments a schedule often needs to be sought before the start of the project that is in accord with all parties involved. (Leus, 2003). As wellknown problem in Project Management is identifying schedule changes and tight schedules and excessive concurrence of project phases, Kumar (2000). Another researcher (Khodakarami, 2007) is identifying CPM, PERT, Critical Path, and Monte Carlo as techniques for project scheduling. Project management and control methodologies, such as network scheduling and Gantt charts, are being mentioned more frequently as control
techniques (Lo & Humphreys, 2000). Another researcher (Kumar, 2005) is recommending use of Gant charts for managing projects, because they are simple to understand and easy to construct. Because of this Gant Charts are most preferred tools for most of the project managers for all their projects. But in Practice many managers are unaware of the tools they can employ to improve their performance, almost 80% of these daily task project managers in the UK prefer to use pen and paper as their project management tool, followed by 77% using Microsoft Word, 70% using Microsoft Excel and 7% using no project management tools at all (Lewis, 2006). Word and Excel are not the right tools for project scheduling and project planning. There are a lot available tools which are user friendly and can be very easy implemented (Bean, 2005). Recommends use of Wikis for communication and for project planning and scheduling this is related to more advanced tools for planning, scheduling and tracking as MS Project Server, MS Groove which are giving just in time information regarding project status when project team is in different geographical area.

2.3 Risk Management

It is responsibility of Project management to identify and to manage properly identified risks, and to deliver products within agreed time, quality and cost. Many researchers are identifying risk as a major reason for project failure (Whittaker, 1999; Yetman, 2007; Fransis and Elran, 1998; Kodakarami, 2007), every project is associated with risks, it is impossible to have free risk project, (Cabano, 2004) but projects are running within agreed risk or within balance between probability and impact of identified risks and price of the action (OGC, 2005). Project Risk Management is dealing with risks and response to identified risks and “includes the processes concerned with conducting risk management planning, identification, analysis, response, and monitoring and control on a project” (Kodakarami, 2007).
While Cabano (2004) states that reward should be bigger than risk threatening project, OGC (2005) is suggesting balance between risk and price of the action, despite this every project manager should have a constant view on risks during project planning and project management. In literature it is mentioned that the use of risk logs which are helping project manager to track and to manage risks, those risk logs should be updated permanently during project life. Project managers should also deal with every issue which is raised by any interested parties in a project. In literature most common responses to identified risks in the project are: Avoidance, Prevention, Reduction, Compromising, Transfer, Assumption (OGC, 2005; Cabano, 2004; Genus, 2006; Whittaker, 1999; Yetman, 2007; Fransis and Elran, 1998; Raziq 2007). Despite all risk analysis and chosen responses it is human factor which remain the main issue, in order to solve this researchers are suggesting to get the right people to increase project’s success potential (Cabano, 2004; Genus, 2006).
2.4 Project failure and success

Project success is one of the most discussed topics in a discipline of project management, but literature of project management is not giving reliable explanation of the term project success, (Baccarini, 1999). Two distinct components of project success can be identified: project management success and product success. In the last three decades the term ‘projectization’ is present in global business environment, (Zack, 2006). At present many companies have position of project manager but small number of them has adequate training or professional background. In actual business environment many businesses are facing with project failure, (Rozenes, 2006). Most of the projects are failing because of lack of risk management (Whittaker, 1999; Yetman, 2007; Fransis and Elran, 1998), lack of procedures (Whittaker, 1999; Battaineh, 2002) and because of schedule, budget, performance (Shenhar, 1997; Hacker, 2007).

According PMI (2006) most of projects are failing mainly because of:

- Lack of a valid Business Case,
- Ill-defined requirements and scope,
- Poor Communication between stakeholders,
- Failure to define and ‘own’ responsibilities,
- Poor estimation of time and costs,
- Poor quality management,
- Inadequate organization,
- Inadequate planning,
- Insufficient attention to risks,
- Failure to define quality expectations,
- Lack of meaningful control mechanisms.

In literature review findings of researchers can be found, which had conducted research with a goal to analyze project success factors. (Sanchez & Perez, 2002) and (Fricke and Shenhar, 2000) had come with a list of project success factors. On these list main factors for project success where: included clear goals, support from management, ownership, a control
mechanism and communication. Findings from another research conducted by (Fransis and Elran, 1998) are raising an issue of Sanchez and Fricke findings. In their research they are stating that there is a relation to risk level measured by situational factors with level of success of implementation of specific control of the project. A choice of procedures is available to express the project success - most common among them are meeting schedule, budget and performance goals, (Shenhar, 1997). In many cases projects are not achieving expectations and that in schedule, budget, and performance criteria (Hacker, 2007).

By identifying project failures it is possible to bring to light the most effective project control rules. (Yetman, 2007) for project success or failure identifies questions which need to be raised regarding risk management. Raised questions are regarding risk analyses, risk management and communication. (Whittaker, 1999) had conduct survey in 1450 companies in both public and private sectors. Findings from this research are that the main reason for project failure is lack of risk management (time and impact of risk). Findings on this research had show that also low level of skills and control had impact on project failure. To similar results had come (Odeh & Battaineh, 2002). They had conducted research in construction projects in Jordan with the objective to identify the major causes of delay in construction industry. In both researches it is a visible fact that lack of procedures and processes is
important factor for project failure, this can be minimized with implementations of project control. It is evident that many businesses are facing with project failure. As the main identified reason for project failure is the lack of control. (Roznes, 2006). In literature for project management the element culture is not discussed and analyzed as other identified factors which are having impact in project failure. (But Henrie, 2005) and (Hashmi, 2006) state that a project failure factor is the identification culture, which in era of globalization should not be ignored. Objectives, end user commitment and adequate resources are identified as three critical projects related facts, (Hyvari, 2006). (Shenhar, 2004) has raised the issue that there is a missing link between business strategy and the project plan.

2.5 Project Control

Aim of the project control is to plan-monitor-control cycle, it includes controlling time and money, Gant charts and s-curves, earned value analysis, performance indices and forecasting. Three qualities are recommended by (Floyd, 2004) in order to measure and control project performance, capital costs, time and value. In order to achieve this there is a need for project control. Main task of this project control is to bring closer as much as possible planning of the project and its execution in order to fulfill project goals in agreed time, quality and cost. Without proper system of control which will identify what is going wrong with a project in early stages it is impossible to re-plan when something is going wrong or when a request for change is made. In order to manage projects successfully and to deliver desired product in scope of planed time, quality and cost implementation of project control methodology is mandatory. In early 70 Block (1971) had introduce method of project control ACP (Accomplishment / Cost Procedure). This method is designed to meet the needs of management in any complex project. The PMBOK Guide defines the use of 21 processes related to planning, out of the 29 processes required for proper project management. In a research conducted for controlling research projects, (Avison, Baskerville, & Myers 2001), for improvement of project importance main attention is given to the control issue. (Rozenes et al, 2006) in literature review for project control has classified project control systems as single and multidimensional control systems. Both control systems are running at least once or more predefined project control objectives. Common capability of one dimensional and
multidimensional project control systems is to determine when to perform activities of project control. Researchers of project management and practitioners state that existing project control systems have a number of shortages (Shenhar, 1997; Rozenes, 2006). In a study for survey of deterministic project scheduling conducted by (Kolisch & Padman, 2001), findings show that matching of project objectives with the appropriate methodology is a significant aim that remains to be explored. Although there is a disagreement between researchers regarding project control systems, all of them agree that project control is significant factor for project success or failure. (Whittaker, 1999; Odeh & Battaineh, 2002; Rozenes, 2006).

Another author (Hollman, 2003) in article for best practices for project control recommends the use of project control specialist. Project control specialists can be assigned to handle multiple small projects. (Hollman, 2003) justifies this with a fact that project managers are too busy with running and implementing a project even without performing all tasks of project control and that there is a risk if the project manager is pulled off or leaves the project. But (Zack, 2006) recommends use of project control professionals, and suggests that project control specialist must take the leading role in project management. Another researcher (Kirsch, L, 2004) differentiates controls as ‘formal’ and ‘informal’. With this opinion he is opposing Hollmans recommendations regarding his statement that project controls are formal. (Jaworski, 1988) concludes that formal control modes are exercised via utilizing informal mechanisms. Consistent with Jaworski researchers generally classify behavior and outcome controls as formal control modes and clan control as informal (Cardinal, 2001; Kirsch, 1996).

Even though these definitions of control are usually accepted by researchers, there are overlaps and inconsistence across the various conceptualizations. Some researches argue that plan control is actually a form of behavior control, while others maintain that these controls are distinct (Krisch et al. 2002). In literature we can find different types of project control methodologies. The total control methodology (TCM) is based on the scenario that several separate processes usually exist within each product line, (Kwok & Rao, 1998). Another research paper introduced e new technique to provide dynamic real-time monitoring of time, cost and technical performance related to project parameters, (Bauch & Chung, 2001). This methodology is called statistical project control tool (SPCT). Whilst TCM is using quality control tools, SPCT is requiring use of appropriate chart for recording parameter data.
Another method is TQM (Total Quality Management) TQM principles support the entire operational process including project management and project control. Any organization that manages projects should use TQM principles as a guideline, (Rozenes, 2006). (Steyn, 2001), is giving an important role to Theory of constraint approach (TOC) which offers controlling of project scheduling by monitoring the time buffers and to Risk Management as a factor in project control (Tummala and Leung, 1996; Dey, 2001; Rozenes, 2006). TOC is relatively new and it needs still to be proven, management of risk is used as a controlling parameter in many types of projects, even though it is difficult to forecast major world events, it is expected from project managers to forecast those events which could have impact on their projects. (Candela, 2003) had come to conclusion that the set of tools which is used for project control is the same set which is used for schedule, cost, progress, working hours and change management. The variance is in the way these tools are used, another researcher (Besner, 2006) concludes that use of management tools and techniques in project performance is conditional and “tools“with high intrinsic value could be called super tools. Among those tools are: Scope statement, requirements analysis, lessons learned, progress report, change request”, (p.43). All those recovered by PRINCE2, except planning tools which are not covered by scope of PRINCE2.

2.6 Logical Framework Method

The logical frameworks are analytical tools used to plan, monitor, and evaluate projects (ITS, 2006) indicates that Logical Frameworks has become a standard for International Development project design. Logical Frameworks are tools which are used by management with a purpose to promote good project design. Logical Frameworks are planned methods for successful project management. Uncertainty and change are the important factors that support implementation of them by the firms. Other researchers (Baccarini, 1999; Davis, 1995) propose the use of Logical Frameworks to understand and analyze concepts of project management success and product success. In order to formulate a hierarchy of project objectives. Logical Framework Method is using top-down approach. (Norie, 2006) gives an important role to logical framework methodology since they had contributed to the improvement of methods of connecting projects to strategic outcomes. Logical frameworks
have become standard in the preparation of development investment and they can help in reducing risk of the project, (Hubbard, 2001). In Ericson case study conducted by (APM, 2002) findings show it is very expensive to improve and implement a project methodology. The methodology must make available structure and serve as a leading set of business best practices for project management.

Many researchers are proposing Logical Frameworks as a standard for managing projects (Baccarini, 1999; Hubbard, 2001; Besner, 2006; Raziq, 2006) but there are also opinions that Logical Frameworks are not successful since projects are unique and they cannot be managed in a same way (Shenhar, 2004; 2006; Milosevic, 2006). (Crawford, 2006) traces in a research the evolution of concepts of project management from the use of tools and techniques on standalone projects to the conceptualization of project management as an organization capability is concluding that:

“PRINCE2 which is developed by the UK Office of Government of Commerce, ostensibly to help public sector organizations, improve their efficiency, gain better value for money from their commercial activities and deliver more successful programs and projects”, (p.76). OGC recommends use of Projects In Controlled Environments PRINCE2 as a logical framework methodology for project management.
3. PROBLEM STATEMENT

3.1 Approach of Public Sector for Project Management

Public companies are taking initiative in adopting and reforming new management techniques, (Brunsson, 2000). In public companies this happens because the level of responsibility is smaller, cause of collective responsibility which offers them a commodity to undertake more risky steps. In public sector profit is not always the main reason which is having impact on decision making; this is a gap perhaps inhibiting full adoption of PPM methods in the public sector or nonprofit context.

Because of their social responsibilities and the diffuse nature of their multi-stakeholder missions in public sector, financial returns should not be used as the main criteria for consistent project scoring and ranking, (Norrie, 2006). Since Kosova was managed by UNMIK (United Nations Mission in Kosova) public companies were also managed by international body called Kosova Trust Agency. It is observed that different cultures become the critical success factor related with the project management when they are implementing for the same product but in different public companies. In successful project there are literally hundreds of factors that have an effect on results of the project. In general the outcome and success of project could be related for instance to managerial competence, general circumstances, environment, timelines, budget, quality and the multitude of variations and combinations these factors produce. In order to design successful project-management implementation in different cultures (Hashmi, 2004) proposes to follow the rules of PM Book & ICB. In order to implement successfully a project, the Project Manager must deal with many different components; like politics, people, culture, processes and property.
3.2 Resistance to change

In actual business environment many businesses are moving to management by projects in order to achieve their objectives. This movement has to deal with changes and companies are facing with resistance to change. This resistance could come from organization, the individual or from both. In order to cope successfully with organization change according to (Moorhead, 2005), management should consider international issues, take holistic view, start small, secure top management support, encourage participation, foster open communication and reward contributors. (Price, 2006) identifies two types of change: Crisis changes (triggered by external factors) and chosen change (triggered by a workforce committed to the success of an organization). Implementation of PRINCE2 is mixture of both changes; since PRINCE2 is adopted by many companies in Europe in order to improve performance of project. (Price, 2006) has developed a change in management strategic framework which consists of a six step process: preparing the organization; developing the vision and implementation plan; checking; communications; workforce engagement; implementation and evaluation.

Another researcher (Lines, 2004) states that “Resistance towards change encompasses behaviors that are acted out by change recipients in order to slow down or terminate an intended organizational change”, (p.198) As a challenge for management could be that project managers may resist PRINCE2 implementation because they will be affected by implementing new way of managing projects. (Michelman, 2007) had identified few resistances: the naysayers, the predictors of disaster and the ones who dig in their heels and fight at every turn. This researcher is accepting them as a part of organizational life and suggests that: “One of the biggest mistakes change leaders can make is to assume that resistance is without merit”. (p.3). Management should focus on areas where resistances have spreading power, where might resistance run the deepest and who has the most to lose. Another researcher (Compton, 2004) is stating that change is constant and that many businesses chose to persuade that they are functioning optimally even that they are not and that there is a philosophy why to change something which is functioning, but in time of globalization businesses must follow trends or they will not be able to compete.
Many companies are hiring business manager; role of this manager is to take care for operations side of business and to report to board of directors. This is very similar with PRINCE2 organization structure where according PRINCE2 Project Manager should manage project on daily basis and to report to project board.

Table 1. Eight reasons why change processes are failing

<table>
<thead>
<tr>
<th>KOTTERS 8 REASONS WHY MANY CHANGE PROCESSES DON'T SUCCEED</th>
</tr>
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<tbody>
<tr>
<td>1. Allowing too much complexity.</td>
</tr>
<tr>
<td>2. Failing to build a substantial coalition.</td>
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<tr>
<td>3. Not understanding the need for a clear vision.</td>
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<tr>
<td>4. Failing to clearly communicate the vision.</td>
</tr>
<tr>
<td>5. Permitting roadblocks against the vision.</td>
</tr>
<tr>
<td>6. Not planning for short term results and not realizing them.</td>
</tr>
<tr>
<td>7. Declaring victory too soon.</td>
</tr>
<tr>
<td>8. Fail to anchor changes in corporate culture.</td>
</tr>
</tbody>
</table>

Source: Kotter, 1990

Another researcher Kruger had given visual presentation of Change Management Iceberg. According to Krüger many change managers only consider the top of the iceberg: Cost, Quality and Time ("Issue Management"), but below surface there are two more dimensions of
Implementation and change management, Management of Perceptions and Beliefs, and Power and Politics Management

(Sun, 2007) has studied organizational changes in an emerging economy in China. Results from this research shows that change in Chinese organizations did not seem to be an easy process because of the institutional and cultural complexities. Businesses are still influenced by government and politics and they are regulating changes. Mainly those changes are initiated from the top management and lower-level employees are rarely involved. Similar research was done by (Alas, 2007) in Estonia, where findings show that two extreme types of reactions from employees were most visible. On number of employees had totally agreed and accepted changes while the others where against those changes.

In both cases people were not involved in decision making process and manly implementation of changes had go through top management and this is related with (Kotters, 1990) reasons why change processes are failing. In order to implement changes in the company (Gomez, 2007) is suggesting that there is a need to form organization culture and philosophy. Other issues which need to be considered are Education and Communication, Participation, Facilitation and Support, Negotiation, Manipulation and Cooptation and Coercion. In order to implement changes many businesses are hiring some professional for the position of Change Manager, but according (Dorocher, 2006) one manager need 12 to 18 months for full integration within company, to avoid this companies should identify champions within company and to run changes with their current staff.

Functional transformations are happening in private and public companies, but still many of them fail to meet anticipated objectives (Gilmore et al., 1997). Around 50% of all change efforts fail mainly because of poor change leadership, (Quinn, 2004). (Reichers et al, 1997), as a reason for failing in change implementation is fact that employees don’t believe in changes resulting from prior experiences where organizational changes were perceived to be the latest management fad or quick-fix attempt to address a problem.
4. METHODOLOGY

4.1 PRINCE 2 Methodology

Today most businesses are experiencing high level of change. This has become a way of life for organizations to be more effective on competitive in order to thrive and to achieve better efficiency and better value for money. Projects are gathering resources, technology, skills and ideas to achieve business objectives and deliver business benefits. Good Project Management helps to ensure that risks are identified and managed in appropriate way, and benefits and objectives are achieved within cost, time and required quality. PRINCE2 is recognized as an international product and is a standard method for project management. It is a project management method designed to provide a framework covering the wide variety of disciplines and activities required within project. PRINCE2 is derived from the earlier PRINCE technique, which was initially developed in 1989 by the Central Computer and Telecommunications Agency (CCTA) as a UK Government standard for information systems (IT) project management; however, it soon became regularly applied outside the purely IT environment. PRINCE2 was released in 1996 as a generic project management method. Business Case is driving force for the project in PRINCE2. PRINCE2 is very successful in public and private sector and it is de facto a standard framework for managing projects in UK and its use has spread beyond the UK to more than 50 other countries (Raziq, 2006).

PRINCE2 provides project with:

- A controlled and organized start, middle and end,
- Regular reviews of progress against plan and against Business Case,
- Flexible decision points,
- Automatic management control of any deviations from the plan,
- Involvement of management and stakeholders at the right time during the project,
- Good communication channels between the project management team and the rest of the organization,
• Agreement on required quality and the outset and continuous monitoring against those requirements.

PRINCE2 adopts the principles of good project management to avoid identified problems and at same time helps to achieve successful projects. These principles are:

• A project is finite process with a definite start and end,
• Project always need to be managed in order to be successful,
• For genuine commitment to the project, all parties must be clear about why the project is needed, what is intended to achieve, how the outcome is to be achieved and what are their responsibilities in that achievement.

Raziq (2006) in research for Project Management & PRINCE2 methodology has identified that business which is based in processes like automobile; construction and IT frequently choose to implement standardized project management, which can be defined as a standardized set of project management practices. Researchers (Lamers & Betrancourt, 2004) conclude that PRINCE2 as a project management method can be applied to many kinds of projects and that is dealing specifically with changes in the project environment that influences the success of the project and that is very flexible. But at same time we have different opinions that project management is a complex discipline and it would be wrong to assume that blind application of PRINCE2 or some other methodology will result in a successful project (Shenhar, 2004). Otherwise, we cannot assume that every aspect of PRINCE2 will be applicable to every project. Because of this, each process has a note on scalability. This provides guidance to the project manager as to “how much” of the process to apply (Morris, 2001). Advantage of this is that PRINCE2 can be tailored to the needs of projects (Raziq, 2006). Disadvantage is that many of the essential elements of PRINCE2 can be omitted. Implementation of PRINCE2 is involving change management, (Baccarini, 1999; Raziq, 2006), which should be used as a proactive management decision tool. Another researcher (Candela, 2005) recommends immediate raise of change orders by all staff. PRINCE2 is a process-driven project management method which contrasts with reactive/adaptive methods such as Scrum.PRINCE2 defines 45 separate sub-processes and
organizes these into eight processes. In picture 3 are shown PRINCE2 processes, techniques and components.

Figure 3. PRINCE2 Process and Components

*Source: Cabano (2005)*

During implementation of project under PRINCE2 methodology, process of directing of the project is continues, which is offering very good control and decision points. Process of planning before getting authorization for the project it may look as a expense but in long term it will have positive impact on the project and it should be done consistently on each project. *(Gibson et al. 2006)*. Another researcher *(Cabano, 2005)* raises the issue for the role of human factor in project control since people will plan, execute and control projects. Project control tool, techniques and practices are typically well defined and usually available for most project teams. But there are still instances where this is not the case, and this needs to be defined and documented. PRINCE2 is giving this solution with processes, techniques and components.

*(Turner, 2005)* in literature review for project manager’s leadership styles as a success factor on projects had set following research aims:

1. “To determine whether the competence, including personality and leadership style, of the project manager is a success factor for projects,
2. To determine if different competence profiles are appropriate for different project
types.” (p. 59)

Findings are that the leadership style and competence of project manager have no impact on
project success, which means that the leader has less of an impact on performance. PRINCE2
is predicting use of Team Manager and Project Support Role. Management of Risk is the way
in which the project should approach and manage risk, PRINCE2 defines a risk as uncertainty
of outcome, which may be either a positive opportunity or a negative threat. Once analyzed
risks are managed where appropriate to remove, reduce the effect of a negative threat and to
take advantage of positive opportunities. Risk management is also one of the eight main areas
of PMI and APM of the UK and is art of many training programs for project managers.

Figure 4. Tolerance line According to Prince 2

Source: OGC, 2005

There is an assumption that PRINCE2 and PMBOK are alternative, even competitive
approaches to Project Management and there is a need to decide which one to adopt. Even
that PRINCE2 and PMBOK are dealing with project management; they are not a same thing.
(Wideman, 2002) defines PRINCE2 as a pragmatic Project Management method, while
PMBOK is defined as encyclopedic source of information about all aspects Project
Management.
5. RESULTS

5.1 Conclusions from literature review

The major part of the work in organizations is nowadays carried out in projects and many companies are changing the way of working and becoming project oriented companies. In order to achieve this, project management is applied on those companies. The purpose of project management is to help meeting the project requirements and that through planning, monitoring and controlling. Project Management Association had created and developed Bodies of Knowledge with a purpose to standardize procedures and processes of the project. Use of Bodies of knowledge is definitely increasing although there are some doubts regarding efficiency. APM and PMI for project management are serving as standardized procedures. In project management literature there is an evident fact that many researchers (Shenhar, 2005; Williams, 1999; Milosevic, 2006) are opposing the use of Bodies of Knowledge, which are stating that there is a conclusion of traditional project management about misunderstanding of concepts and common beliefs that all projects are the same and those similar techniques and tools can be applied, while the others are supporting Bodies of Knowledge, (Raziq, 2006; Morris, 2001; Baccarini, 1999). There is no contradiction between using a body of knowledge and using the concept of one size does not fit all. Clearly, not all projects in the world are managed in the same way (example construction to space, for example, or iPods to English Channel Tunnel). Even in the same industry we will find differences. In the automobile industry, new car model designs are managed differently than an annual improvement in an existing model, or think about Toyota, they build a new Camry different than they built Prius, their first hybrid car. Prius required much higher technology development and more intensive testing. So using standards for the same kind of projects is fine, but the standards have to be updated at this time to recognize the reality that there are differences among projects. It is time to rewrite the bodies of knowledge to recognize this reality, and outline the standard for each kind of project.

While researchers are concentrating on finding and updating standardized project management methodology, very little is done in identification of project success. Review of
project management literature provides no consistent interpretation of the term project success, generally in project management literature two distinct components of project success can be identified: project management success and product success, (Baccarini, 1999). Literature review of project management is defining reasons for project failure. Most of the projects are failing because of the lack of risk management (Whittaker, 1999; Yetman, 2007; Fransis and Elran, 1998), lack of procedures (Whittaker, 1999; Battaineh, 2002) and because of schedule, budget, performance (Shenhar 1997; Hacker, 2007), culture, (Henrie, 2005, Hashmi 2006), while identified project success factors are: included clear goals, support from management, ownership, a control mechanism and communication, (Sanchez and Perez ,2002; Fricke and Shenhar, 2000), schedule, budget, and performance criteria, (Hacker, 2007). Another reason for project failure is planning (Kumar, 2000; OGC, 2005; Khodakarami, 2007; Lewis, 2006; Bean, 2005). A very important role in project management is having project control. Without proper system of control which will identify what is going wrong with a project in early stages it is impossible to re-plan when something is going wrong or when a request for change is made. In literature there are different modes of project control, like one and multidimensional control systems (Rozenes et al. 2006), total control methodology (Kwok and Rao, 1998), statistical project control tool (Bauch and Chung, 2001), total quality management (Rozenes, 2006), theory of constraint approach (Steyn, 2001), network scheduling and Gant charts (Lo and Humphereys, 2000; Kumar, 2005), logical frameworks methodology which are analytical tools used to plan, monitor, evaluate projects, understand and analyze concepts of project management success and product success are recommended by many researchers (Raziq, 2006; Baccarini, 1999; Davis, 1995; Norie, 2006; Hubbard, 2001; Besner, 2005) and adopted by many companies. PRINCE2 which stands for Project In Controlled Environments is developed by the UK Office of Government of Commerce, ostensibly to help public sector organizations to improve their efficiency, gain better value for money from their commercial activities and deliver more successful programs and projects is de facto standard for project management in UK. PRINCE2 is recognized as an international product and is a standard method for project management. It is a project management method designed to provide a framework covering the wide variety of disciplines and activities required within project. PRINCE2 applies two elements as driving
force for the successful project management, clear / valid business case and proper risk management. Despite this PRINCE2 is very flexible and it is applicable in many kinds of projects, (Raziq, 2006; Lamers and Betrancourt, 2004).

There is an assumption that PRINCE2 and PMBOK are alternative, even competitive approaches to Project Management and there is a need to decide which one to adopt. Even though PRINCE2 and PMBOK deal with project management they are not a same thing, (Wideman, 2002) is defining PRINCE2 as a pragmatic Project Management method, while PMBOK defines it as encyclopedic source of information about all aspects of Project Management. Implementation of PRINCE2 is involving change of management, (Baccarini, 1999; Raziq, 2006), which should be used as a proactive management decision tool. This implementation is much difficult in public sector than in private, even though public services have themselves taken the initiative in reforming and adopting new management techniques (Brunsson, 2000).

In public companies this happen because the level of responsibility is smaller, cause of collective responsibility which offers them a commodity to undertake riskier steps. In public sector profit is not always the main reason which is having impact on decision making; this is a gap perhaps inhibiting full adoption of PPM methods in the public sector or nonprofit context. Because of their social responsibilities and the diffuse nature of their multi-stakeholder missions in public sector, financial returns should not be used as the main criteria for consistent project scoring and ranking, (Norrie, 2006). The implementation of PRINCE2 has to deal with changes and companies are facing with resistance to change. This resistance could come from organization, the individual or from both. In order to cope successfully with organization, change according to (Moorhead, 2005), management should consider international issues, take holistic view, start small, secure top management support, encourage participation, foster open communication and reward contributors. (Price, 2006) identifies two types of change: Crisis changes (triggered by external factors) and chosen change (triggered by a workforce committed to the success of an organization). Implementation of PRINCE2 is mixture of both changes; since PRINCE2 is adopted by many companies in Europe and it will improve performance of project.
5.2. Overall Conclusions

Many companies have adopted PRINCE2 and among the reasons for this are recommendations, need for standardization and adaptation, the need for better control and large number of failed projects. As identified benefits of PRINCE2 implementation are: increased manpower, better approach to risk management, improved customer satisfaction, cost reduction, improved product quality, good framework of project management which can be explained and people can use, recognized spare responsibilities, a clear business case for a project, effective communication, project accountability, effective project boards, appropriate project management resources, effective management of suppliers and PRINCE2 has proved to be robust, flexible, more accurate planning results from splitting the project into stages, and PRINCE2 can be tailored to the particular project.
6. RECOMMENDATIONS FOR FURTHER RESEARCH

This research can be used as a basis for new researchers regarding Project Management Methodology in other public companies and in private sector in Balkan region. This research is raising also some questions regarding project management generally. Questions which are raised are:

1. Are the logical framework methodologies right solution?
2. Should all projects be managed in a same way?
3. Is it clearly defined what is project success?

6.1 Limitations

This research has had also its limitations, as a limitation is the fact that in the last couple of decades there was no literature review regarding project control, there is not enough available academic research regarding PRINCE2 project management methodology. For this reason, researcher had asked help from Office of Government of Commerce UK and they had provided case studies and their analyses for PRINCE2 implementation and possible problems which can occur during adaptation of this project management methodology.
7. REFERENCES


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