

The Misconception of the Roles and Responsibilities of a Project Management Office (PMO) in Malaysian Banking Sectors

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Abstract

The Project Management Office (PMO) wonder is a dynamic and constantly changing establishment in the project environment. The roles, functions and practices expected of the PMO differ as widely as the industries and organizations, which host them. By uncovering the various definitions, documented history of the PMO and its practices, this article attempts to explain how PMOs have developed to current times, how PMOs develop their methodologies and how crucial PMOs are in the Malaysian Banking Sectors.

Keywords

Program Management, Project Management, PMO, Banking, Financial Institution, Malaysia

1. Introduction

With the ever-growing need for new technology, especially during this digital era, organizations have been establishing Project Management Office (PMO) to ensure projects are managed according to a standardized process, agreed timeline, and based on the organization's requirements (Hobbs & Aubry; 2008; Aubry et al., 2008). There is a claim of PMO practice, frequently referred to as "best practice" in enhancing organizational project outcomes (Darling & Whitty, 2016).

1.1. Background

PRINCE2 is the most popular and all government projects are maintained by PRINCE2 in the UK (Sarker et al., 2023), but in the Malaysian Banking Sector, there is a mix of PRINCE2, PMP and internal best practices. It depends on the

framework previously implemented, practiced, and understood by the banks that may have been brought by a member of the senior management team or a consultant who was engaged in a particular project.

1.2. Purpose

In this article, a review in depth on how this has been done differs from organization to organization due to availability of skill sets and experiences, especially in Malaysian Banking Sector.

1.3. Significance of the Study

By understanding the definitions, functions, types of PMO and the expectation of task requirements by a bank on a specific project, we can gauge the reality of level of understanding of PMO in the Malaysia Banking Sector. Moving forward, any PMO established whether as a permanent unit or a temporary arrangement looking into a project implementation can use, leverage and justify its existence to avoid any misconception or misunderstanding that can impact a success or a failure of a project and most importantly the reputation of the project and program management certification obtained.

2. Definitions of PMO

The definition of Project Management Office (PMO) has evolved over the decade from a type of national governance and strategy in relation to agriculture based on the 1800s view (Bell, 1805) to an organizational structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques (Project Management Institute, 2013). Hence, the structure and function of the PMO continuously change, based on the changing context, needs, and capability maturity of the organization (Aubry et al., 2008).

The existence of PMO is a necessity for public and private sector organizations whose main activities are project-related. Because of this, the project management unit in the host organization can actively interact with the project and business environment and be responsible for improving the project management skills of the host organization (Khoori & Hamid, 2020).

Some of the functions and definitions of PMO based on this study are shown in **Table 1**.

3. Different Types of PMO

According to the *Project Management Book of Knowledge (PMBOK) Guide 6th Edition* (n.d.), and referring to *Petty (2019)*, there are 7 types of PMO that deliver value, the responsibilities of a PMO can range from providing project management support functions to the direct management of one or more projects. Hence, the diversification of the expectation from organization-to-organization changes based on the resources available, existing skill sets, degree of control and influence it has on a project within the organization.

Table 1. Functions and definitions of PMO.

Functions of PMO	Definitions	Sources
Strategic Driver	PMO adds value by delivering tangible benefits to the organization, such as improved project outcomes, enhanced decision-making through data-driven insights, increased stakeholder satisfaction, and greater organizational agility.	Mohite et al. (2024); Meléndrez et al. (2021); Cahyadi and Firman (2020)
Governance Management	PMO undertaking governance management for a particular project or programs where procedure, policies, agreements and written commitments has to be adhered to.	Pasian and Williams (2023); Fayadh (2020)
Performance Enabler	A role that has to lead project evaluations, review and standardize processes, managing transformation and innovative projects, build trust and mutual understanding, provide administrative support, and achieve customer satisfaction and employee efficiency.	Pérez Rave et al. (2023); Sergeeva and Ali (2020)
Knowledge Management	PMO acts as a knowledge management, a function to embrace learning, information processing, knowledge and information storage, and exchange process within the organization.	Tijani et al. (2024); Salwan et al. (2023); Mathew et al. (2023)

3.1. Supportive PMO

This type of PMO provides a consultative role to projects by supplying templates, best practices, training, access to information and lessons learned from other projects.

3.2. Controlling PMO

Controlling PMO provides support and requires compliance through various means such as adoption of project management frameworks and methodologies, use of specific templates, forms and tools or conformance to governance frameworks.

3.3. Directive PMO

Directive PMO takes control of the projects by directly managing the projects. Project Managers are assigned by and report to the PMO.

3.4. Activist PMO

Popular in organizations with distributed, business-centric project ownership, the activist PMO takes a broad view and enabling approach as opposed to a controlling approach. Typically, it has a view of incoming project demand, and supports decision makers by analyzing business cases for alignment and risk. Essentially, the PMO vets business cases and project proposals. This broad view provides a project portfolio dashboard of the status of all projects that it maintains, and oversight so that when projects in the dashboard go “red”, it might suggest or solicit remedies.

3.5. Delivery PMO

Delivery PMO, alternatively recognized as the project delivery PMO, is among

the most prevalent styles. According to Gartner, approximately 40% of PMOs primarily operate as delivery PMOs, entrusted with the strategic planning and oversight of project execution in alignment with business objectives. Project managers are empowered to oversee their projects, actively make decisions, and escalate issues as needed. Additionally, the objective is to cultivate repeatable processes and methodologies that foster a results-driven culture within the organization.

3.6. Compliance PMO

Compliance PMO is often the most suitable style for organizations where documentation, processes, procedures, and methodologies are lacking or inconsistent. In this scenario, the compliance PMO tends to be tasked with establishing standard practices for measuring project performance and the development of a capability for understanding the status of key initiatives.

3.7. Centralized PMO

When PPM maturity levels are low, organizations depend on the skills and abilities of key performers to get work done. At higher levels, efficiency is key, and management seeks to reduce this dependency and establish reliable processes for project tracking and reporting. A centralized PMO is therefore formed as a place where new hires can be quickly brought up to speed on how best to get project work done in the organization. In the centralized PMO, representatives from the various project support organizations get together to share their practices in a best-practices council.

4. PMO's Diversification of Expectation

From these two different definitions published by renowned firms, we can simulate those misconceptions from their practices, deliverables based on methodologies and values towards the implementation success are immanent.

Let us take an example of a newly setup PMO in a particular Malaysian Islamic Bank where only the Head of Department is a certified Project Manager whether PMP® or PRINCE2® and has gone through an end-to-end project implementation, but all his subordinates have never dealt with project before plus the bank has never established a PMO before.

The management expects that the PMO would straight away be able to manage projects. The subordinate on the other hand assumed that without the proper experience and knowledge, they would only assist in ensuring minutes of meetings are taken and preserved for future reference. So, what should be done to ensure a standardized understanding of the newly established PMO?

Managers face many challenges related to operations in the multi-project environment. To support their activities in that field, a special approach to PMO has to be established, to focus on the start-up phase of PMO and, during that phase to define the scope of activities related to operations in the multi-project

environment. However, in the first instance, the mechanisms supporting a strong influence should be implemented and only then the medium impact ones. Such a procedure would significantly increase the role of PMO as a facilitator of desired activities within a short time from its initiation and more quickly create added value for the company.

After the successful initiation of PMO, as the next step, the ongoing procedure of looking for improvement in operations of PMO should be established. It is highly recommended that such a procedure be a part of the overall system of assessment and improvement in project management maturity for the entire company.

Therefore, it is crucial from the top management perspective to place the PMO in the organizational structure and assign to it an adequate level of authority in a way that would enable its potential to increase the efficiency of operations in the multi-project environment. According to [Rahul \(2023\)](#), the design of the PMO, which is the most common type of organizational structure used for managing projects, portfolios, or programs, must undergo significant changes due to the transformation of an organization.

Following the proposed approach, the company should be able to establish the PMO that could be perceived by middle-level managers and staff not only as an additional “paperwork body” but could be supportive of them. They could profit from standardization of the methodology, tools and techniques. Moreover, if the historical data is gathered and analyzed, the usage of the knowledge based on the lessons learned ([Paliszkiewicz, 2009](#)) could be much appreciated by the project managers. However, there is also a need that the supporters of the PMO concept should sell the idea in a proper way before the PMO starts up its operations.

5. Conclusion

As a conclusion, there is no one-size-fits-all PMO description. In different organizations, the definition of PMO may vary in name and function, but it is essentially an organizational structure that centralizes, coordinates, and oversees the management of projects and programs. The best type of PMO is one that is tailored to support organizational needs at a level, the organization can embrace and from which it can realize benefits ([Pettesy, 2019](#)).

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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