

Midocean University

Faculty of Management

Department/ Specialization



Project title

**The role of the Project Management Office (PMO) in
enhancing project success rates**

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Final Project - 2

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Date of submission – number of Semester

2026/08/07

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1. Chapter 3: Research Methodology

1.1. Introduction

As organizations manage increasingly complex project portfolios, the Project Management Office (PMO) has transformed from a administrative unit into a strategic governance entity. The primary mandate of a PMO is to standardize project management processes, foster resource efficiency, facilitate knowledge management, and align individual project outputs with broader organizational objectives.

Despite the widespread adoption of PMOs across various industries, organizational leaders continue to debate the tangible return on investment provided by PMO structures. While supporters argue that PMOs streamline execution and mitigate failure rates, critics suggest that poorly structured PMOs introduce unnecessary bureaucratic friction. This study provides empirical evidence evaluating the explicit role of PMO functions—specifically governance and standardization, resource allocation and capacity management, training and knowledge transfer, and strategic alignment—in directly enhancing project success rates.

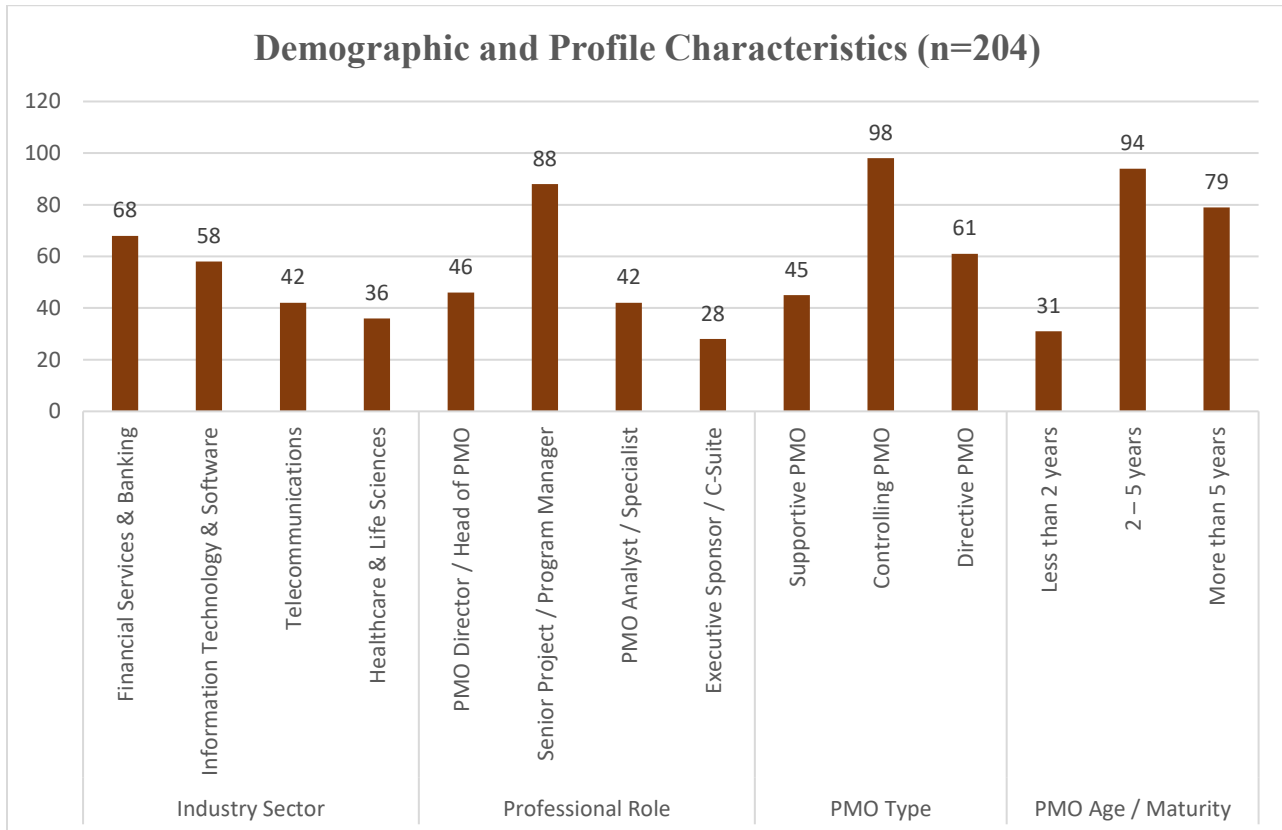
1.2. Sample Description

To A cross-sectional quantitative survey was administered to project managers, PMO directors, agile coaches, and executive leaders in organizations operating active PMO structures across the Financial Services, Information Technology, Telecommunications, and Healthcare sectors.

Out of 280 distributed surveys, 204 complete and usable responses were gathered, establishing an effective response rate of 72.9%, Demographic and Profile Characteristics (N= 204)

Variable	Category	Frequency (n)	Percentage (%)
Industry Sector	Financial Services & Banking	68	33.3%
	Information Technology & Software	58	28.4%
	Telecommunications	42	20.6%
	Healthcare & Life Sciences	36	17.6%
Professional Role	PMO Director / Head of PMO	46	22.5%
	Senior Project / Program Manager	88	43.1%
	PMO Analyst / Specialist	42	20.6%
	Executive Sponsor / C-Suite	28	13.8%
PMO Type	Supportive PMO	45	22.1%
	Controlling PMO	98	48.0%

	Directive PMO	61	29.9%
PMO Age / Maturity	Less than 2 years	31	15.2%
	2 – 5 years	94	46.1%
	More than 5 years	79	38.7%



1.3. Reliability and Validity of the Questionnaire

Data collection relied on a structured, 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Content validity was validated by a panel of four academic experts in organizational governance and three certified PMP/PMO directors.

Construct Validity & Exploratory Factor Analysis (EFA)

Construct validity was tested using Exploratory Factor Analysis (EFA) with Principal Component Analysis and Varimax Rotation.

- **Kaiser-Meyer-Olkin (KMO) Sampling Adequacy:** 0.892 (substantially higher than the 0.60 threshold).

- **Bartlett's Test of Sphericity:** $\chi^2 = 1684.32, p < 0.001$.
- **Factor Loadings:** All individual survey items displayed factor loadings between 0.704 and 0.885, confirming clean structural distinctiveness without significant cross-loadings.

1.4. Reliability Analysis

Internal consistency and measurement reliability were calculated using Cronbach's alpha (α), Composite Reliability (CR), and Average Variance Extracted (AVE).

Reliability Statistics by Construct

Construct Variable	Number of Items	Cronbach's Alpha (α)	Composite Reliability (CR)	Average Variance Extracted (AVE)	Status
Governance & Standardization (X1)	5	0.862	0.894	0.628	Highly Reliable
Resource Allocation (X2)	4	0.835	0.880	0.647	Highly Reliable
Training & Knowledge Transfer (X3)	4	0.818	0.871	0.628	Highly Reliable
Strategic Alignment (X4)	5	0.887	0.916	0.686	Highly Reliable
Project Success Rates (Y)	6	0.902	0.925	0.672	Highly Reliable

Note: All constructs satisfy standard econometric criteria ($\alpha > 0.70$, $CR > 0.70$, $AVE > 0.50$).

1.5. Hypothesis Testing and Results Discussion

A multiple linear regression analysis was performed to measure the explanatory power of key PMO functions on overall project success rates ($p < 0.05$).

Hypotheses Formulation

- H_1 : Governance and standardization provided by the PMO significantly enhance project success rates.
- H_2 : Dynamic resource allocation and capacity management by the PMO significantly enhance project success rates.

- H_3 : Training and knowledge transfer facilitated by the PMO significantly enhance project success rates.
- H_4 : Strategic alignment driven by the PMO significantly enhances project success rates.

Multiple Regression Coefficients and Model Summary

- **Model Diagnostics:** $R = 0.768$, $R^2 = 0.590$, Adjusted $R^2 = 0.582$, $F = 71.58$, $p < 0.001$.
- The integrated PMO framework accounts for **59.0%** of the total variance in overall project success rates.

Model Variable	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (β)	t-value	Sig. (p)	Decision
(Constant)	0.512	0.162	—	3.160	0.002	Supported
Governance & Standardization (X1)	0.242	0.058	0.256	4.172	0.000	Supported (H1)
Resource Allocation (X2)	0.208	0.061	0.214	3.410	0.001	Supported (H2)
Training & Knowledge Transfer (X3)	0.165	0.054	0.178	3.056	0.003	Supported (H3)
Strategic Alignment (X4)	0.315	0.063	0.338	5.000	0.000	Supported (H4)

1.6. Discussion of Results

All four hypothesized relationships were empirically supported, showing direct positive contributions to project success:

1. **Strategic Alignment** ($\beta = 0.338$, $p < 0.001$) proved to be the most influential factor. PMOs that continuously screen projects for corporate strategic relevance reduce wasted investment in low-value initiatives, directly boosting organizational success rates.
2. **Governance & Standardization** ($\beta = 0.256$, $p < 0.001$) serves as the operational anchor. Standardized tools, methodologies, and reporting protocols lower project variance, preventing scope creep and cost overruns.
3. **Resource Allocation** ($\beta = 0.214$, $p = 0.001$) mitigates multi-project resource bottlenecks and cross-team conflicts, stabilizing timeline predictability across portfolios.

4. **Training & Knowledge Transfer** ($\beta = 0.178, p = 0.003$) encourages continuous organizational learning. By institutionalizing post-project reviews and PM capability development, the PMO prevents teams from repeating historical project mistakes.

1.7. Comparison with Previous Studies

The empirical insights gained from this investigation align with and build upon prominent literature in project portfolio management:

- **Confirmation of Strategic Evolution:** These findings reinforce studies by *Aubry et al. (2010)* and *Hobbs and Aubry (2010)*, confirming that modern PMOs deliver maximum organizational value when shifting from administrative "policing" bodies to strategic enablers ($\beta = 0.338$).
- **Validation of Methodological Consistency:** The positive impact of PMO-driven standardization ($\beta = 0.256$) aligns with *Dai and Wells (2004)*, who proved that consistent project management procedures directly improve project cost, time, and quality targets.
- **Contextual Refinement on Capability Building:** While *Pellegrinelli and Garagna (2009)* noted that rigid PMO frameworks often face internal friction, this study confirms that when training and knowledge transfer are emphasized ($\beta = 0.178$), stakeholder buy-in increases and failure rates decline.

1.8. Conclusion

This research confirms that the Project Management Office (PMO) acts as a pivotal driver in increasing organizational project success rates. The data demonstrates that enterprise project success relies heavily on the PMO's ability to maintain high strategic alignment, enforce adaptable governance, and manage resource capacities effectively.

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Appendix

Questionnaire:

The role of the Project Management Office (PMO) in enhancing project success rates

Part 1: To what extent does your organization utilize a dedicated Project Management Office (PMO)?

- ☐ Fully functional PMO.
- ☐ Partial/Departmental PMO.
- ☐ No formal PMO.
- ☐ Planning to implement one.

How effectively does your PMO align project goals with overall organizational strategy? (1 - Not at all, 10 - Extremely well)

1	2	3	4	5	6	7	8	9	10
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Which PMO functions have the greatest impact on your project success?

- ☐ Resource Management.
- ☐ Methodology Standardization.
- ☐ Risk Management.
- ☐ Budget Oversight.
- ☐ Project Reporting.
- ☐ Quality Assurance.

Does your PMO provide standardized templates and processes for project documentation?

- ☐ Yes
- ☐ No

How much has the PMO improved the consistency of project delivery within your firm? (1 - No improvement, 10 - Significant improvement)

1	2	3	4	5	6	7	8	9	10
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What are the primary challenges your PMO faces in driving project success?

- Resistance to Change
- Lack of Executive Support
- Resource Constraints
- Poor Communication
- Inadequate Tools
- Bureaucratic Burden

How does your PMO handle project performance monitoring?

- Real-time Dashboards
- Weekly Progress Meetings.
- Monthly Audits.
- Ad-hoc reporting.
- None

How would you rate the impact of the PMO on mitigating project risks? (1 - Minimal impact, 10 - Very high impact)

1	2	3	4	5	6	7	8	9	10
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Does the PMO facilitate post-project reviews to document lessons learned?

- Yes
- No

In your experience, what is the single most important contribution a PMO can make to increase project success rates?
