



Assessing the Alignment of Projects with Corporate Strategy: The Case of Ethiopian Insurance Corporation

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Statement of Declaration

I, the undersigned, hereby declare that this project work entitled: *“Assessing the Alignment of Projects with Corporate Strategy: The Case of Ethiopian Insurance Corporation”* is my original work, except for citations which are acknowledged properly. I also declare that it had not been presented for any educational qualification in AAU or any other institution.

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Date

Statement of Certification

This is to certify that the study which is being presented entitled: *“Assessing the Alignment of Projects with Corporate Strategy: The Case of Ethiopian Insurance Corporation”* was undertaken by Mirchaye Mulugeta for the partial fulfilment of MA Degree in Project Management at Addis Ababa University School of Commerce, is to the best of my knowledge an original work conducted by her, and had not been submitted earlier to this or any other institute. Now, it is submitted for examination with my approval.

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Statement of Approval

This is to certify that the study presented by Mirchaye Mulugeta entitled: “*Assessing the Alignment of Projects with Corporate Strategy: The Case of Ethiopian Insurance Corporation*” was submitted for the partial fulfilment of MA Degree in Project Management at Addis Ababa University School of Commerce, complies with the university regulations and meets accepted standards with respect to quality.

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Abstract

Companies develop their own best corporate strategy in order to cope up with the dynamically changing market environment. Strategic projects are expected to be derived from the grand strategy so that they are considered as tools to achieve the strategic objectives. Once projects are initiated from the corporate strategy their alignment shall be consistently ensured in the processes of the entire project management phases. This research work is conducted on assessing alignment of projects with corporate strategy in the case of Ethiopian Insurance Corporation (EIC). To this end the researcher tried to understand the existing practice in the area of Strategy formulation and implementation; project management practice and alignment of the two components: project management and corporate strategy. Alignment between the two exist means the resources and activities of projects are brought in line with the strategic goals and targets of the company. When alignment is achieved success of projects will be highly improved. With an objective of assessing the alignment practice in EIC, five research questions were constructed. While conducting the study the researcher has used qualitative research approach with descriptive research design using semi-structured interview. Using purposive sampling technique nine (9) participants were objectively selected to be interviewed. The findings of the study revealed that even though projects are initiated from the corporate strategy itself; gaps were identified in general on project management practice, portfolio management as well as execution and monitoring existing practices. By taking the gaps into consideration, associating with previous works and available literatures to continuously assess the strength of alignment between projects and strategy then taking corrective actions is finally recommended. This is very essential for the company in order to improve the general practice of project management and strengthen the alignment.

Key words: *Alignment, Strategy, Corporate Strategy, Project, Project Management*

List of Acronyms and Abbreviations

EIC: Ethiopian Insurance Corporation

BSC: Balanced Scorecard

SPM: Strategic Project Management

MVV: Mission Vision and Values

SWOT: Strength, Weakness, Opportunity and Treats

KPI: Key Performance Indicators

PMI: Project Management Institute

CEO: Chief Executive Officer

PMO: Project Management Office

PPM: Project Portfolio Management

Chapter One

1.1. Background of the Study

Corporate level business strategy focuses on how to deal with competition in a better way by means of creating advantages that help organizations bring the benefits that will sustain them when attracting customers and defending themselves against competitive forces (Milosevic & Srivannaboon, 2006). According to (Milosevic & Srivannaboon, 2006) When organizations link their projects to their corporate strategy, they become better enabled to accomplish their strategic goals.

Organizations can cope up with the dynamically changing environment by adjusting their management practice combining with the strategic project management, which is a new type of managing strategy (Mihic et al., 2006). It is said a new management style because of the different project characteristics which they are done in a complex and changing environment with an effective leadership, team mix of different expertise and working towards a common goal. (Mihic et al., 2006) also mentioned that project management is a flexible strategic management and noted that project management is to be considered as a means to achieve the company's strategic goals in a changing business environment.

(Heerkens, 2006) discuss strategy is a critical success factor for companies. Most companies do have well-crafted strategic plans for short and long durations; though proper implementation and monitoring is in question. As noted in (Heerkens, 2006) there are many reasons for the case of lack of proper implementation: To list some, strategic plans are not well communicated to all performers and the daily routine activities of each performer are not clearly

aligned with the company strategy. There is also a view that strategy of a company is a responsibility of executive managers.

These days' organizations are transitioning from traditional to project driven enterprises in running and implementing strategic ideas. Traditional companies are those having functional structure and project resources will be assigned and negotiated from different functions; in addition project success is evaluated from cost, schedule and quality perspective (Grundy & Brown, 2002). In project driven companies project management is carried out by an independent office with increased authority. Projects are aligned to corporate strategy which helps projects to initiate from company vision and prioritized based on their impacts to achieve strategic goals of the company. Allocation of resources to the projects given prior attention and Executive Management are highly involved. Project progress is also reviewed and monitored to ensure it is executed towards the company goals. Furthermore, project success is measured by the value it contributes to company vision using different measures like satisfaction and productivity in addition to cost time and quality.

Projects turn strategically viable ideas to products and services thereby organizations can become stronger, competitive and successful. Strategic project management approach helps to link Projects to Corporate strategy (Grundy & Brown, 2002). Though, in companies project management office is organized as a separate office and there are different projects initiated from different departments, it requires a lot of work to be done on aligning projects with corporate strategy.

The main idea of this project work is to study practice of strategy formulation and implementation, project management practice together with its accomplishment and the alignment between Corporate Strategy and Projects. Ethiopian Insurance Corporation (EIC) is taken as a case to investigate the extent to which projects are

linked to corporate strategy. For the purpose of this project paper, two strategic periods i.e. from 2003 E.C. to 2007 E.C. and 2008 E.C. to 2012 E.C. are considered.

Based on information from EIC website the Ethiopian Insurance Corporation was established by proclamation No. 68/1975 by taking over the assets and liabilities of the nationalized 13 private insurance companies, which later became the branches of the corporation. The corporation was established to engage in all classes of insurance businesses in order to guaranty insurance service reach the broad masses of the people and to promote efficient utilization of both material and financial resources. Moreover, the 68/75 proclamation empowered the corporation to manage, administer, supervise and direct all insurance business transactions at a national level and also negotiates, arrange, underwrite and correct reinsurance treaties and policies with foreign companies.

EIC was operating in the insurance business for about nineteen years under protected monopolistic system as state owned insurer. In the mid 1991GC a fundamental change has taken place and liberalism was introduced. Therefore, EIC was re-established as public enterprise under proclamation number 201/94.

Currently there are additional sixteen privately owned insurance companies operating in Ethiopia. This brings market competition and designing a different strategy in order to excel in the market and provide better service to customers.

1.2. Problem Statement

The lack of alignment between projects and corporate strategy which (Lanka and Martin, 2007) argues as the primary cause of project failures as well as a barrier to achieving long-term competitive advantage. There are various projects which are undertaken in different functional units of EIC. Projects are initiated from corporate strategic plans but their execution is distributed to the functional units and departments. All projects are managed in traditional way of project

management which basically control cost, schedule and quality. There are also projects that do not meet schedules.

The Balanced Scorecard (BSC) tool is used in EIC for strategic plan preparation and measuring performance of initiatives. Balanced Scorecard was introduced by (Kaplan & Norton, 1992). Consequently, within a period of only 15 years lots of private, public and non-profit enterprises around the globe have adopted it. The BSC concept has been extended and broadened into a management tool for formulating, communicating and implementing strategy (Kaplan, 2009). BSC is a tool designed for strategic planning, cascading and performance evaluations that help organizations view their performances from four different perspectives. These perspectives are financial, customer, internal business process, and learning and growth (Kaplan & Norton, 1992).

Due to the reason the company uses this BSC tool; there is a sense that all offices plan their activities and projects towards the corporate strategy but the alignment is not clearly shown. Even the contribution of projects towards the strategic goal is not evaluated.

(Poli & Shenhar, 2003) mentions that one of the major project success factors is the alignment of project to corporate strategy. Having the above issues this project will try to assess the gaps in strategy formulation and implementation and management of projects planned and executed in the two strategic periods (from 2003 EC to 2007 EC and 2008EC to 2012 EC). In addition the practical alignment of projects to corporate strategy had been studied in project initiation, portfolio design and resource allocation and execution phases.

1.3. Research Questions

In order to address the research problem at the end of this project the following research questions are expected to be answered:

- How does EIC formulate and implement corporate strategy?

- How is the practice of project management in the company?
- How the company aligns project to corporate strategy at project initiation phase?
- How is the practice of portfolio management and resource allocation and its alignment to the corporate strategy?
- How the company practices alignment of projects to corporate strategy at project execution phase?

1.4. Objectives

1.4.1.General Objective

The general objective of this project work is to assess the practice of strategy formulation and implementation and evaluate project management practice and accomplishment of projects planned and executed in the two strategic periods in EIC. The alignment of projects to corporate strategy is also studied in project initiation, portfolio design and execution phases.

1.4.2.Specific Objectives

Specific Objectives include:

- To evaluate the process of Corporate strategic plan preparation and implementation
- To evaluate project management practice in two strategic periods
- To identify if projects are aligned to corporate strategy at project initiation phase
- To evaluate if proper project portfolio management is applied based on corporate strategy
- To evaluate if projects are aligned to strategy at project execution phase

1.5. Significance of the Study

The area of aligning projects to corporate strategy is somehow a new approach in project management especially in Ethiopian context. Understanding the importance of clear linkage between strategy and projects from selection phase through portfolio design, resource allocation, execution and closure; models are proposed in previous times to describe the alignment steps and improve project management maturity. This study will examine the strength of linkage between strategy and projects in the case of EIC by collecting primary data through structured interview from those involved in setting strategy and also project managers worked for different projects in the company in addition to assessing secondary data sources.

This study is primarily useful for executive management and project managers in EIC to see the gap between projects and corporate strategy so that they can better plan and manage projects in strategic manner. It could also be an input for other insurance companies in Ethiopia to improve their project management practice. In addition, researchers may also be interested to use the practical findings of this study for further research in the knowledge area.

1.6. Scope of the study

The knowledge area that is covered is Strategic Project Management (SPM) in which the main focus of this research is to examine the process of formulating corporate strategy in EIC and its implementation monitoring and evaluation; and how practically aligns projects to the corporate strategy. As strategies are developed at the top management and middle management levels the population of the study is the two level's management team members and project managers. In addition Strategic Management Department staff who are responsible for

planning, monitoring and evaluating corporate strategy are also included in the study population.

The company undertakes projects at head office level which is situated in Addis Ababa thus the research will cover only this site. Though there are many projects undertaken in the company; in this case study those specific projects with in the strategic periods from 2003 E.C.to 2007 E.C. and 2008 E.C. to 2012 E.C. are considered. This is because of the strategic plan preparation by the same tool BSC is used during these periods.

1.7. Limitation of the study

The effect of COVID 19 in the research is one major challenge encountered to conduct face to face interview and include as many experts as possible to make cross validations with collected data.

1.8. Organization of the study

The project is organized in five chapters: Chapter 1 is to provide the general over view of the project work while chapter 2 is a review of relevant literatures available in the area of Strategy, project management and the alignment of projects and corporate strategy. Research methodology applied in the case study will be discussed in chapter 3. Data collection and analysis methods including the sampling technique will also be described here. The fourth chapter will present the collected data from the selected sources and the findings will be discussed in detail. In Final chapter a conclusion derived from the above chapters and findings will be presented. The conclusion is expected to make sure that all the research questions are answered in the body of the study. Finally, some recommendations together with future research opportunities in the area will be provided.

Chapter Two

Review of Related Literature

2.1. Introduction

An overview of previous literatures relevant to the topic area is to be discussed under this chapter; it mainly focuses on three points. The first part is theoretical literature review in which it summarizes what literatures have said about Strategic Management, Project Management and Project success factors and particularly Alignment of Projects to Corporate strategy will be covered. In the second empirical literature part it will be discussed what researchers studied in the area. From this review what has been previously done, what is current state and what is emerging in the topic will be discussed. Finally, a conceptual framework for the purpose of this study will be developed on the bases of literature reviews and research questions.

2.2. Theoretical Literature Review

2.2.1. Strategic Management

In the history of strategy it was initially linked to military forces where they use to defeat their enemies (Ansoff, 1965). Next by end of 1960's it is made to be linked with budgets and financial objectives. In the book (Ansoff, 1965) it has linked strategy with business companies; the concept was taking strategy as gap analysis of where we are today, where we want to be and what steps and tasks to accomplish to get there.

Corporate strategy is concerned with an organization's general purpose and scope, as well as how value is added to its many elements (business units). This could involve issues like as geographic coverage, product or service diversity, or

business unit diversity, as well as how resources are distributed across the many segments of the firm (Johnson et al, 2005).

Operational/ Functional strategies are concerned with how effectively the constituent components of an organization implement corporate-level plans. The integration of operational decisions and strategy is critical since, in most firms, successful business plans are based in significant part on the decisions or activities that are undertaken at the operational level (Johnson et al, 2005).

Strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action (Johnson et al, 2005).

(AL-Sanafawy, 2021) states that the power of company strategy is expressed not when formulated but when properly executed and implemented in the work performed on the ground. In the competitive market environment strategic variables are dynamically shifting to cope up with the rapidly changing business environment. (Porter, 1997) defines “Strategy is about making choices; deliberately choosing to be different.” The development of corporate strategy goes to developing different frameworks for formulating as well as executing measuring and monitoring, if the crafted strategy is going to the right direction. In companies the entire work process is structured in different departments like Finance, Marketing, Purchasing, Human resource, Information Technology, Operations etc... in a way they work in an interrelated manner together with executing their work individually.

The current thinking of strategic planning is that the strategy developed at the corporate level should be communicated to all employees and each employee should be working towards meeting the strategic goals set by the company. In order to do so, everyone should know what to do to achieve the goal of the Corporation and also should be rewarded according to the fulfillment of the

specific duties and responsibilities. In line with this objective (Kaplan & Norton, 1992) proposed a process of strategic mapping and development of scorecards to align organizational units and each individual's activities to the strategy.

(Al-Sanafawy, 2021) discusses Balanced Scorecard (BSC) as a way of uncovering additional non-financial business drivers. In the book it is phrased as "BSC takes strategy from theory to action" (Kaplan, 2009) defines Balanced Score Card as a tool designed for strategic planning, cascading and performance evaluations that help organizations view their performances from different perspectives rather than the old way of evaluating only from revenue generated or financial point of view. It is also stated using BSC has incredible value to align organizational activities to the strategy. The four perspectives are explained in short as follows:

- a) **Financial Perspective:** This perspective considers the maximization of profit as the final goal of an enterprise. It is believed that all efforts made to improve processes and enhancing customer satisfaction by improving the quality and timely delivery of goods and services will lead to financial success. Financial goals are more often used to measure a company's sustainability (Kaplan, 2009).
- b) **Customer Perspective:** considers the strategy of differentiated value provided to the customer as a target. Companies, by implementing a unique strategy and using available resources, have created the most value to their target markets. This unique strategy focuses on maintaining customers and attracting new ones. In this perspective, from the balanced scorecard, key performance metrics include customer satisfaction, customer retention, new customer acquisition, customer profitability and market share (Poli & Shenhar, 2003).
- c) **Internal Business Process Perspective:** Organizations manage their internal processes to differentiated value provided to their customer. Achieving each of the goals of customer perspective needs a series of

efficient and effective operational processes. These processes should be set in terms of internal processes and appropriate measures to control the progresses. Achieving goals under internal business process perspective will ultimately impact financial objectives and customer needs (Kaplan, 2009).

- d) Learning and Growth Perspective:** An organization's ability to innovate, improve and learn ties directly to its value as an organization. The main point is that learning to improve organizational processes is essential in helping to improve internal processes (Kaplan, 2009).

Strategy development and execution using Balanced score card follows the following steps as per (Sharma, 2009).

Step 1 Business Assessment

In developing a Balanced Scorecard, like any other strategic formulation processes, the first step is environmental scanning and mission, vision, values (MVV) formulation. In this step company strengths and weaknesses, the opportunities and threats it faces from the external environment are viewed in detail which is known as SWOT analysis.

Furthermore, in depth analysis of the industry in which the company operates, and need analysis of customers and stakeholders are carried out in this step. Finally using the output of the above mentioned activities, the company's mission, vision and values are formulated or revalidated if previously exist.

Step 2:- Strategy Formulation

Based on the outcome from environmental scanning and depending on the newly developed mission, vision and values of the Corporation, the next step is developing the corporate strategy. As per (Kaplan, 2009) Corporate strategy is guiding book that shows what should be done and how it should be done to achieve the vision set by the company. Here, before proceeding to activities that

are performed in this step, one should define what strategy is. (Ansoff, 1965). Strategies can be long-term (e.g., “What must a company do to achieve its vision?”), or short-term (e.g., “What should be done to achieve our short-term business goals?”). Strategy is also different from tactics; tactics answer more narrow questions, such as: What specific actions should a company take, which are consistent with the organization’s overall strategy? Whereas Strategy requires selection among alternative ways of doing things, focusing on few things and rejecting the rest.

The development of strategy includes:

Naming perspectives and assign weights: here the four perspectives Financial, Customer, Internal Process and Learning and Growth are analyzed from the company context. Weights will be assigned based on the input resources to invest in each of them or intensity of the job to be done and the outputs to be achieved at the end so that it becomes more measurable (Valmohammadi & Sofiyabadi, 2015).

Customer value proposition: One of the benefits of BSC as (Kaplan & Norton, 1992) is that it gives emphasis and tells that companies have to develop their strategy putting customers’ needs at the top of their attention. To this end, they advise a company should ask two important questions: Who are target customers? and what is the value proposition in serving them? The answers to these questions will be the building blocks of the strategic themes and results. Customer value proposition is developed by answering these two questions in detail. Customer value proposition helps in:-

- Aligning organization’s product or service with the values and needs of customers
- Identifying how the organization’s product or service will provide a unique benefit to the customer

- Distinguishing an organization's product or service from the competition and so on.

Develop Strategic Themes and Results: visualizing strategy by decomposing the overall strategic direction into few strategic themes or goals. Strategic themes are defined as (Kaplan, 2009) those focus areas that an organization shall focus in order to achieve its vision. One of the most important stages in developing a balanced scorecard is developing strategic themes. Strategic themes broadly define the business and allow the organization's vision to be decomposed into operational effort. They represent the major focus areas of the organization; they are the "Pillars of Excellence" (Kaplan, 2009). Consequently, the themes and thematic results that emanate from them are based on their importance for a company in achieving its vision.

Step 3: Strategic Objectives

Strategic objectives are building blocks of strategy said (Kaplan, 2009). They are actions critical to strategy success developed on theme level and compiled to form organizational level objectives.

Step 4: Strategy Mapping

Strategy map is a graphical representation which visualizes cause and effect relationship of objectives across the four perspectives. It is developed for each identified theme and how the output of one perspective will become input for the other and finally achieve the desired goal.

Step 5: Identify Performance Measures

Key Performance Indicators (KPI's) will be developed for each objective to track the performance of strategy whether the actions taken are leading to the desired results of the strategy or not.

Step 6: Strategic Initiatives

Under this step the projects that are critical to success of the strategy are identified prioritized and planned. Not all projects are strategic projects; the projects taken as an initiative here are those prioritized as critical for the achievement of overall company strategy.

At the end of this stage a scorecard developed containing the previous steps will be drawn and communicated to each employee using different methods so that everyone in the company visualize, understand and become strategy focused.

Step 7: Measuring Performance

After implementing the strategy its performance will be measured and analyzed based on previously set KPI's and evaluation if it is working well and take corrective actions when required.

Step 8: Alignment

In this step overall company strategy will be transformed to business unit strategy and down to team or individual level to contribute their responsibilities with specific actions, projects and tasks.

Step 9: Evaluation

Managers will periodically evaluate the performance of the strategy how it improves the company and make corrective actions.

The steps discussed above are meant to be steps for successful strategy implementation and there are also different researches around strategy and BSC. Step 6 Strategic Initiative, which breaks strategy down to projects is the main focus of this project work which is many companies in Ethiopia used the Balanced scorecard approach for design and implementation of strategy and why many projects in those companies have gap in their execution need to be further studied.

2.2.2. Project Management

Project Management Institute (PMI) put definition of a project as “a temporary endeavor undertaken to create a unique product, service or result” (PMBOK® Guide, 2017). The same book defines project management as “the application of knowledge, skills, tools and techniques to project activities in order to meet project requirements.” The project management process includes Initiation, Planning, Execution, Monitoring and Controlling then Closure. While conducting any project there are known project constraints which includes cost, scope, quality and time. Managing a project requires balancing constraints to be successful. In addition proper identification and appraisal of projects is required so that resources can be allocated to proper projects.

Different models, standards and frameworks of project management are developed at different times for various sectors and project types. The case implies that there are many challenges and gaps identified in the process of project management and it is still a researchable topic. To mention some of the reasons: an argument which says the underlying theory of project management used in PMBOK is not explicitly constructed for Project Management and it seems that it is a combination of theory of Project and Management. In addition the existing theory is also outdated one (Koskela & Howell, 2002). Another reason as stated in (Besner & Hobbs 2006) absence of uniformity of applying one project management methodology to different sectors. (Koskela & Howell, 2002) also noted that learning and improvement in the area is difficult due to lack of organized documentation. (Antonacopoulou & Michaelides, 2021) has discussed about decision making in projects as most of the time tacit or judgments based on previous experience.

In an article by (Mihic et al., 2006) a project oriented company model is explained in detail, the model is constructed based on internal company need, stakeholder’s

requirement and external business environment factors. Based on the model Project management as a strategic tool, beyond analyzing internal and external factors it gives attention to the structure if it can be reliable in carrying out all the required tasks to be accomplished.

It is noted in (Mihic et al., 2006) that project oriented company has four dimensions (i.e. leadership, success factors, project authority, project financing and resources) to respond to changes. The issues are complementary to each other for the success of a project in a project oriented company. Missing one component may result in failure. Project Vision shares most of the characteristics of company vision though it is more complex and it represents project success factors and highly influenced by project leader and project stakeholders. Linking strategies with project goals leads to project priorities and diverting attention to those strategic issues allocating proper resources.

The Balanced Scorecard tool is mentioned in the article (Mihic et al., 2006) to be used in project oriented organizations for planning projects and measuring performance of initiatives. The idea of the authors related with the BSC concept is that organizations shall give more focus on proper strategic planning and execution than controlling budget. They have shown that current researches are adding strategy as one central component in the project management model with the three constraints (budget, time, quality, and strategy).

2.2.3. Project Success Factors

Project stakeholders like Board of Directors, CEO, project managers, top management, project teams, customers, suppliers... have different views on project success (Ramos et al., 2016). What is a successful project is most of the time related to quality, schedule and budget. (Poli & Shenhar, 2003) emphasizes project success is wider than these measures. Additional measures for project success

includes increase in market share, increasing revenue, customer / stakeholder satisfaction, continuous improvements and project impact to the business.

Project Success factors as per (Orčík, 2012) defined as “Elements of the project that can be influenced to increase the likelihood of success: or independent variables that make success more likely”. The correlation between different units of the company is critical point in success of projects (Besner & Hobbs 2006). These issues will be handled when the projects strategy is aligned to corporate strategy.

(Ramos et al., 2016) articulates project success is a result of project management success and product success. Project management success is a collective result of proper management of project team, resources, project environment, project manager skill, organizational environment and technical factors.

Company Structure of project management is also one success factor for projects. It is explained in (Mihic et al., 2006) that organizations structure project management as a temporary office for achieving project goals and it is mainly due to resource constraints. They mentioned that project management is a flexible strategic management system consisting traditional management and expertise. They have argued that disciplines of modern project management focus on company strategic issues and are designing a separate project management office. Organizations are continuously changing and become project oriented companies.

2.2.4. Alignment of Project to Corporate Strategy

The concept of Strategic Project Management (SPM) comes to align projects to corporate strategy. It is defined in (Grundy & Brown, 2002) as the process of managing strategic projects by combining corporate strategy and project management techniques in order to implement corporate strategy and deliver organizational breakthroughs. Projects are considered strategic when they are linked to strategic objectives with the goal of improving the performance of the company.

Strategic projects are projects that deal with new business and create or sustain strategic positions in markets and businesses. Typically, strategic projects are initiated with a long-term perspective in mind. (Shenhar, 2004).

Strategic Project Management is a series of practices, procedures, processes, tools, and behaviors which, when considered collectively, characterize the extent to which an organization creates effective linkages between excellent project management practices and excellent business practices all in the name of advancing the overall strategic objectives of the organization (Heerkens, 2007).

Strategic alignment is defined most of the time with related to Information Technology. For this research the definition from (Patel, 2013). “the process of bringing the actions of organization’s business divisions and staff in to line with organizations planned objectives.” As mentioned in this article companies achieve strategic alignment through projects (to prepare the company for the future) and day to day operations. It requires commitment to the strategy, properly communicate the strategy, application of performance measurement and selecting the right project.

Companies are practicing portfolio management because they understand project management is a critical strategic tool. (Wessels, 2007) defines portfolio management as “a centralized management of one or more portfolios, an approach to achieving strategic goals by selecting prioritizing, assessing and managing

projects, programs and other related work based on their alignment and contribution of organizations strategies and objectives”.

Aligning project goals to organizational goals is essential because it helps employees perform better when they understand the goals of their organization and develop ownership feeling when they are clear on the difference their existence in the company makes. On the other hand when their focus become diversified and blurred the overall company lose its initial business purpose.

(Steyn, 2015) discusses that the link between strategy and project selection is not clear in many companies. The reason is that functional units propose different initiatives and they are not compiled together with the other functional initiatives and compared for their impact to the strategy so that sufficient resource could be allocated. The theory and practice is not the same in many companies and such type of misalignment should be eliminated in which executives are responsible for the case. In this work the author has tried to analyze an alignment model and identify the gaps in the model which will be used in different case studies as a tool to test if there is clear alignment between projects and strategy. As stated in the article in order to say there is a clear linkage it needs to be linked in the process of strategic planning, project screening, portfolio design and assigning resources then finally monitoring performances until assessment of project impact on the strategy. Strategic planning is discussed in detail in section 2.2, while the others are as follows:

Project screening/ Pre project phase:

Project screening is required because resources are constraints, even though a company seems strong and capable to sponsor many parallel projects it may lack to commit one of the critical resources. Key Executives will become involved in too many projects and will lead projects to a prolonged schedule and may result in failure too. In pre-project phase a feasibility study will be conducted to identify projects and an indication of cost will be put to decide if it is viable or not. Then projects can be compared to one another with their support to strategy, financially and risk of failure. Only those projects with high impact to the business and with sufficient resource should be passed to the next step together with their priority ranking.

Portfolio Design, Resource Allocation and Scheduling:

After priority of projects is set; portfolio design comes to get maximized benefit from projects to be executed balancing the resources allocated. This could be reached by applying different techniques like combining high risk and breakthrough projects with high positive impact together with low risk and improvement type of projects. An example could be project to support individual function with those projects impacting many departments. In addition projects reached in different phases can be combined together. This process should be properly documented and updated regularly.

After having the list of selected projects key resources should be assigned to each project without creating conflicts between projects. Contingencies will also be set accordingly to ensure stability and proper execution.

Execution and monitoring:

Once projects pass the previous phases and launched; detail planning and implementation of proper project management approach to execute according to plan and monitor the performance of the execution otherwise projects will be lost from truck in the middle. Finally proper close out is important taking lessons that will be used for future projects. In addition impacts of the specific project to the strategy shall be assessed so that one can conclude that the projects are strongly aligned to the strategy.

Establishment of project management office (PMO) is a modern approach responsible to manage portfolio of projects and project management with responsibility and proper authority is essential in aligning projects to corporate strategy. Clear roles need to be designed to all managers, project managers, and portfolio managers and so on.

SPM approach is mentioned in current academic research area and practical environments because project success is critical to business success. High amount of investment is also required to run major strategic projects so it is important to critically support and follow up the project management practice to bring the intended outcomes.

2.3. Empirical Literature Review

According to PMI Review (2017) report of a survey conducted on 730 senior professionals working in organizations; grouping them as highly matured and low matured based on their business analysis, project management processes and business alignment to strategy. The report shows that in 88% of matured ones strategy implementation is successful due to the business is aligned with organization strategy and in low matured ones only 48% are successfully implementing their strategies. From this figure the report concludes that alignment of business to strategy highly contributes to proper strategy implementation.

There is significant failure rates in the IT sector which are highlighted by the gap in project management (Stanleigh, 2006). According to (Stanleigh, 2006) the overall success rate for IT projects is only 16.2%, while challenged projects are 52.7%, and cancelled projects are about 31.1%.

Strategy and Project relationship is studied in (Yousefi et al., 2008) by dividing in to two **process driven alignment** (which discusses projects are aligned with in the process of designing Corporate strategy as they are objects to implement it on the ground) and **Position driven alignment** (which focuses positioning the projects strategically considering proper allocation of resources and empowerment, it basically refers project portfolio management approach). This research is a case study research conducted on AIG (American Insurance Group) situated in Europe,

and focuses on Alignment of Corporate Strategy and Innovation Projects using the position driven approach. The researchers underline the fact that projects need to be aligned to the corporate strategy in order to achieve success. A new idea from the result of the research is that they found innovation projects are more complex and stakeholders needs change dynamically. They concluded that there should be a room for project strategy to be flexible to address the nature of these types of projects even though it is emanated from the company strategy.

In (Buys et al., 2010) the authors mentioned project portfolio management (PPM) is a basic point to focus when thinking about alignment of projects to strategy. A case study conducted in 32 South African technology companies. How much is the success of projects with implementing PPM. The research found that fully implementing PPM greatly impacts strategy implementation success. On the other hand if not fully implemented i.e. key responsibilities in PPM are missing, the impact to strategy as well as project success could not be achieved.

Another empirical Nigerian case study research is on implementation of Strategic Project Management (SPM) approach on public sector research and development projects (Shah et al., 2018). For the case study 300 project practitioners were selected to fill the research questionnaire and 213 of them respond to the questions. From the findings of the research they found that lack of project team development, insufficient project funds, limitation on strategic project

management knowledge, organization culture and employee attitude are major difficulties for implementing SPM approach.

A research conducted on alignment of projects to strategy by (Kalkidan, 2020) for the fulfilment of MA in project management at AAU analyzes the case of Ethio-telecom. As the area is new there is limitation in finding case studies under this topic conducted in Ethiopia; the only project found available is Kalkidan's work and it is a good indication that the area is highly researchable. It is also pointed out in the work as a future research area to analyze the application of Strategic Project Management in different sectors.

The project work has taken case of Ethio-telecom and participate top management team and project managers a total of 6 Employees to see if projects are aligned with corporate strategy in the company by considering project lifecycle phases, project selection, portfolio management and execution phase. She found that the linkage is visible at project selection phase and also in project portfolio management. But it missed the linkage during execution that the researcher mentioned loose of commitment and inconsistent project management practice is discovered. Which finally recommends having a uniform project management practice in the company could improve the practice of alignment between projects and corporate strategy.

2.4. Conceptual framework

Under this research project work the application of Strategic project management for practical projects in case of EIC is researched by considering alignment of Business Strategy and Project Management using the different project phases: pre-project phase (initiation phase), Portfolio design, then Execution and monitoring. Moreover, it will be checked if the practice of strategy implementation process considers projects as high importance for the company vision by taking the process of strategy development and implementation practice in the company and project management practice will also be analyzed to see the strength of alignment from different perspectives. For the purpose of answering the research questions in order to say if projects are strongly aligned to corporate strategy it is used a model of testing alignment developed by (Steyn, 2015). This model is slightly customized for the research objectives as shown in *Fig.1* below.

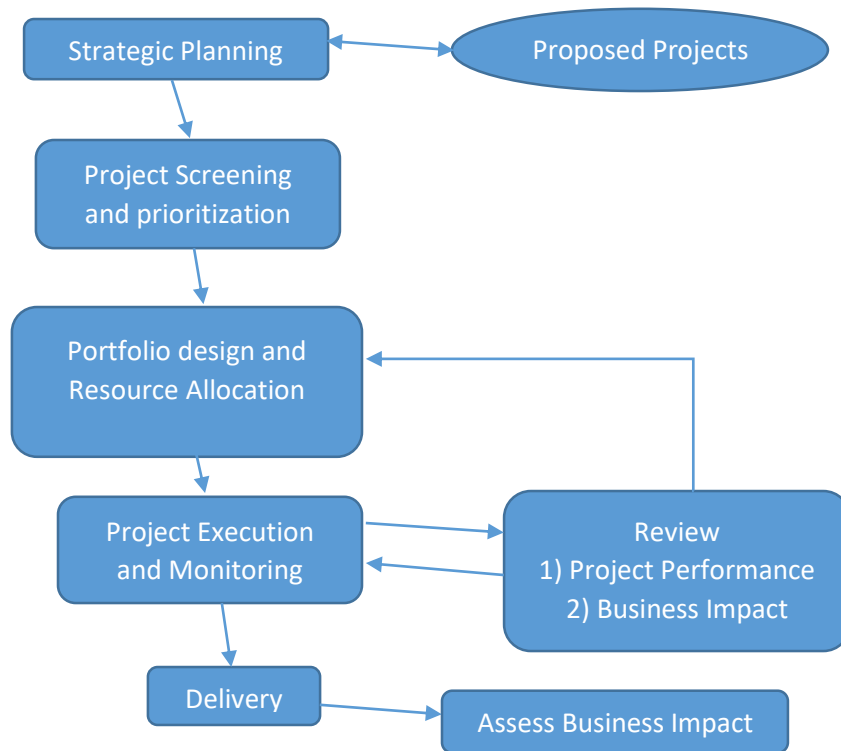


Fig:1 Project and Strategy alignment Model taken from (Steyn, 2015) and customized by the researcher

Chapter Three

Methodology of the Research

3.1. Introduction

Under this chapter research design, sampling methods, data collection analysis and interpretation techniques used in the project work will be discussed. In addition ethical considerations taken while conducting the study will be noted.

3.2. Research Design

Research design is a blue print to be used for answering the research questions (Nassaji, 2015). It is about collecting data according to the problem in place economically as well as accurately. The purpose of this research is to describe current situation in EIC in strategic formulation, implementation and project alignment to the corporate strategy and identify gaps. The appropriate research design used is Descriptive design. This type of research design theoretically analyzes and present a collected data to help better understand the specific research (Maxwell, 2012).

According to (Maxwell, 2012) descriptive research designs help provide answers to the questions of who, what, when, where, and how associated with a particular research problem. Furthermore, a descriptive study cannot conclusively ascertain answers to 'why' question. It is used to obtain

information concerning the current status of the phenomena and to describe what exists with respect to variables or conditions in a situation.

As discussed in chapter two above there are models which can be applied in case studies for checking the existence and strength of alignment between projects and corporate strategy. For the purpose of this study the model designed by (Steyn, 2015) is used customized to meet project objectives.

3.3. Research Approach

Qualitative research approach is an approach used when researchers want to have deep understanding on practices and experiences (Maxwell, 2012). The group of participants involved in data collection are less in number than the quantitative type of research. While conducting interview the questions are mostly open ended and more flexible when further explanations are required additional questions can be constructed from the responses of the interviewee (Maxwell, 2012).

This research follows qualitative type of research approach which describes the current practice of project alignment and Corporate Strategy in case of EIC. Moreover, the data collection methodology involved reviewing secondary sources and primary data is collected using structured interview. When it is structured interview it means that interview questions are

developed prior to conducting the interview. When those questions are designed they are targeted in answering the research questions and guided towards the research objective. Interviewees in similar categories will be forwarded with similar questions. During the interview session the researcher will try to create a deeper understanding of the individual participant opinions and attitudes. Finally, the collected data will be analyzed and interpreted qualitatively.

3.4. Population, Sample Size and Sampling Methods

Population of the study is the group of target people from which the study focuses and appropriate sample will be drawn (Saunders & Townsend, 2016). Accordingly, this case study will involve those who participate in strategy formulation (12 experts); the middle and top management team who work in head quarter (22 experts), the employees who work in Strategic Management process of the corporation whose main duties are strategic formulation, facilitate cascading and monitor and evaluate the objectives periodically (7 experts). Another focus area to be included in the population are those project managers and team leaders who involve in project implementations on those projects conducted during the selected strategic periods (8 experts). The total population includes 49 employees.

Sampling method used is purposive sampling. Purposive sampling is also known as judgment sampling in which the researcher uses own judgment to choose members of population who participate in the study (Black, 2019). When it is judgment it means the researchers can use own belief that they can obtain a representative sample by using justifiable and sound judgment. This Sampling technique is used because the purpose of the research is defined on area of alignment of project and strategy. In this case samples drawn from strategic development team are 3 from which one of them is in the strategic management team and the other two are from other departments who involve in the strategic document preparation of the two specific strategic periods covered under this study. 2 executive management members and 4 project managers and team leaders who led different projects in EIC. A total of 9 representative samples were selected for conducting interview. Different researchers recommend sample sizes for qualitative study using interviews based on the area of research 9, 13, 20 even 30 and so on in which after some number of interviews there comes an issue of saturation where there is no new opinion noted from interviews (Vasileiou et al., 2018). (Saunders & Townsend, 2016) for organization and work place research recommends 9 to 12. For this research 9 is taken considering the COVID-19 situation and 5 of them are willing to have face to face interview but the rest 4 are arranging online zoom session for conducting interview.

3.5. Data Collection and Analysis

Data collection involves accessing secondary data like project documents, strategic plan and reporting documents of EIC in the selected strategic periods. Primary data was collected using interviews. The interview questions were developed in a way that the answers could meet the target of this research work in answering the research questions. After validating the questions with the research advisor and colleagues it was sent to the selected participants two days before so that they can prepare themselves and cooperate for the research work providing useful inputs. Though the questions were open ended and the participants could openly discuss their opinions; sending the questions in advance helped to guide the interview session organized as much as possible.

The collected data will then be analyzed and interpreted using qualitative technique. When qualitative data analysis is used to interpret qualitative data revisiting research questions and objectives is required to focus and generate what is required out of the collected data (Nassaji, 2015). From the different types of qualitative data analysis methods Narrative analysis is selected to this research for analyzing the data collected from the different sources. Further focus on narrating the experiences shared by the respondents;

compare them each other and direct in a way to answer the research questions.

3.6. Ethical Considerations

It has been made clear for all participants of the study that it is purely used for academic research purpose and the willingness of participants is considered to involve in the interview session. Their privacy and anonymity would be kept secret.

Confidentiality of any information gathered from documentations as well as interview responses will strictly be maintained. Moreover, the use of decent language in describing the findings is sustained throughout the study.

Chapter Four

Findings and Discussion

4.1. Introduction

This chapter discusses in detail about the findings from interview responses and secondary sources reviews like project documents including plans, project reports and Strategic Plan documents found from the company. The chapter is organized based on the research objectives which include Evaluating Strategy Formulation and Implementation Practice; Project Management Practice and Accomplishment; and Alignment of Projects to Corporate Strategy.

4.2. Practice of Corporate Strategy Preparation & Implementation

To evaluate the existing practice of strategy formulation and implementation; strategy document of the past periods were reviewed except those confidential parts for external parties. Detail evaluation conducted on accessible documents and further analysis done on the summarized responses of interviewees. Interview questions in this area include how the company manage strategy formulation and implementation; who participates in formulation; if the different units prepare functional strategy; if strategic goals and objectives are clearly communicated to

all stakeholders; and progress of implementation measured with respect to set strategic targets.

Interview participants explained in detail the process of preparing corporate strategy in the company. Responses collected in this area are compiled and presented as follows. Corporate strategy is to be prepared for a period of 5 years and preparation for next period begins early starting from month of October in the year when the current strategic period ends.

The company has a dedicated Strategic Management Directorate which is responsible for preparation, implementation and monitoring progress of strategy throughout the corporation. This directorate, as part of the process, perform environmental scanning that serve as an input for strategy formulation process. The formal strategy formulation engagement starts by organizing a dedicated team composed of medium and top level management members selected from different work units. Trainings being conducted for refreshment and new dimensions to create common understanding among team members. As a team they will involve in formulation and individually lead implementation of the strategy within his/her respective functional units.

Previously, before 2003 EC the company used traditional method of strategy preparation. But then they understood there are better tools for strategy formulation which could make the company to focus on different perspectives rather than only the financial one and evaluate its progress from additional

dimensions. During the fiscal year 2003 E.C to 2007 E.C the company used Balanced Scorecard Approach for the first time and continue with 2008 E.C to 2012 E.C using the same methodology. Those two periods are the focus of the research due to similar methodology implementation.

The team initially does SWOT analysis and revalidate the company mission, vision and values. Next identification of perspectives in which the company strategic dimension is organized; the perspectives are Financial, Customer, Internal Business Process and Learning and Growth. Then they assign weights to the perspectives out of 100%; the weights indicate resource allocations and efforts to be invested then evaluation of performances will be performed accordingly. Based on the BSC methodology they did customer value proposition which makes the company give better focus to its customers by segmenting based on different parameters and their impact to the company.

After going through the above steps the team then developed three strategic themes/ pillars of excellence. The themes were developed so as to put the corporate vision in detail for further changing them in to operational activities. Next brainstorming is done to define corporate objectives. While conducting the session all team members draw objectives in relation to their specific areas. The various objectives listed from each team member organized and grouped correlated to each perspectives. A total of 11 corporate strategic objectives were developed most of them are related to perspectives learning and growth and

internal business process. This is because lot of effort and resource is to be invested to improve services and processes of the company including the human resource, working environment, culture and technology aspects. It in turn will improve customer service and ultimately impact the financial outcomes. Financial perspective is more of a result of what is done on the others.

For the developed objectives related Key Performance Indicators (KPI's) are outlined to clearly define the measures of each activities to be performed. Qualitative and Quantitative measures are identified based on each objective.

The next step is where cascading to initiatives and projects is to be performed. Here objectives will be transformed to different initiatives and projects. Then a corporate score card will be drawn which depicts the detailed process in one page picture to make more understandable to all employees.

By this stage the steps concluded will be submitted to the top management team for review and approval. Once the management team approves and owns the Strategic plan it will be presented to the Board of Directors as owner of the corporation.

After approved and accepted all sections will be communicated about the corporate score card and then take their own part to draw detailed functional business unit score card. Those units will also partition the scorecard to their teams with detailed annual action plan and put an owner to initiatives; this is where alignment is practiced. Cascading is done until team level and not go down to

individual level. Finally, evaluation of the strategic implementation performance will be done based on reporting from each unit in quarterly bases. Compiled reports will be prepared and compared to strategic plans with respect to the key performance indicators. Targets will be revised according to the evaluation results.

From the documents and interviewees response on practice of strategy formulation and implementation; the formulation is well done and when compared between the two strategic periods the second one is much more organized from the first period. When comes to cascading it is done up to team level and not individual level which creates some gaps in the full implementation to the expected level. Evaluation is also done until team level; it results individual contributions and impacts are not visible as to expectations. Further, noted areas of improvement include more participation, commitment, communication and close monitoring should be done for both successful preparation of strategy and its implementation.

4.3. Project Management practice and Success

In order to answer the research question regarding project management practice and success of projects; project documents available like initiation documents, project charters and project reports were provided for the researcher. It was not easy to find completed documents for all projects, unless the project is relatively big either in terms of cost or its impact in the company. Project Evaluations are not regularly conducted for all projects. The gaps identified in documentation are

analyzed based on interview responses. Interview questions raised include: project management practice from structural and resource allocation point of view and its monitoring and evaluation practices; if they have used any project management technology or tools; and if formal project management trainings were considered:

In addition, the number of projects initiated in the two strategic periods and their accomplishment including challenges and resolutions were discussed in interview sessions with strategic management directorate leaders and executives participated in the research.

Once the project taken over by the work unit, full project charter will be prepared that will serve as guiding principle throughout project execution period. The charter includes project objectives, its scope, high level business needs, identified stakeholders, their responsibilities, resources of all types needed and when to get same, time table for each milestones, meeting periods for status updating, managing change requests, communication, and expected outcome of the project.

Project charter document will be approved by the project sponsor or steering committee. The steering committee members are different based on the project type and all concerned are included as much as possible. Once the project is approved it follows project processes, some of the projects may be implemented using internal corporate resources and others need engagement of external

consultant which will be recruited formally per prevailing procurement procedure.

Interviewees revealed that monitoring and evaluation is done during project execution phase. They follow up the progress of projects based on project reports and provide feedback for corrective actions. Furthermore, strategic management directorate requests project reports quarterly and compile in comparison with the planned target which is also presented to the top management team.

Initiated projects during 2003 E.C. to 2007 E.C include two new Building Projects, two In-house Software Development and Implementation Projects, Systems Integration Project and Datacenter upgrading project. In the second strategic period from 2008 E.C. to 2012 E.C. one of the building Projects and Data Centre Upgrading project are rolled over to this period. In addition to that HR Restructuring Project, Core System and ERP Solution Upgrading Project, Website Improvement Project, CRM (Customer Relationship Management) Software Implementation Project and Balanced Scorecard Implementation Project were the major projects taken from the score card document and also interview responses.

One issues raised as limitation is overlapping projects which use company resources intensively are encountered due to the reason that projects are managed under functional project structure. This makes people participate in different projects at the same time which creates overlapping assignments and diverse their attention. Even though, monitoring is done during project execution its regularity

was an issue and may escape schedules agreed in the project charter due to coinciding assignments. Experts participate as an additional assignment on top of their duties. They will also be supervised with two managers; the project manager and functional manager which bring conflicting responsibilities. Meeting schedule and some cost implications were discovered in project accomplishments. Any project management tool or technology not considered yet but they are planning to test an open source software for future use. Though there are issues the general project accomplishment is better in the second strategic period than the previous one.

Regarding Project Management maturity assessment the respondents discussed that there was no formal assessment supported by tools and models yet. But from periodic evaluation reports the management tried to identify limitations in the area. Understanding the gap in project management and most of the projects planned are part of technology initiatives; at the end of the second strategic period i.e. 2012 E.C. it was proposed to structure a separate project office to directly report to the CEO (Chief Executive Officer).

This office takes care of Information Technology Projects isolating from the routine support and administration tasks to give priority and attention. The project office has permanent staff and will take resources from other units based on the proposed project requirement. The selected team members will be moved to project office until the project is completed. This approach is in preliminary stage

and executives interviewed are expecting better project management practice in the future.

Project success factors mentioned by interview participants include Executive full buy in and commitment since it ensure allocation of sufficient resources timely and will set the tone at the top periodically. Awareness and communication to all stakeholders to convey a clear message on the subject matter and what in it for them upon completion of the project. Defining the scope and clear responsibilities of the project participants is also an essential factor.

Interviewees mentioned there were challenges as they are unavoidable happenings while executing projects, managing them will mater a lot for successful implementation of projects. Major challenges are coming from missing stakeholders on identification stage which makes difficult to manage their interests accordingly. Project risks were not identified throughout the project duration continuously which creates risks to materialize and its management becomes difficult.

4.4. Project Alignment to the Corporate Strategy

Three of the research questions are related to alignment of Projects to Corporate strategy which are to be addressed by interviews. Under this study a model selected (Steyn, 2015) shows that to evaluate alignment starts from initiation phase (strategy formulation, project prioritization and selection), continues to process of

portfolio management, resource allocation and project execution & monitoring.

The responses collected are organized in the three stages as follows:

4.4.1. Alignment on Project Initiation Stage

Questions raised in interview session include how projects are initiated in the company and how they are made aligned to corporate strategy; if there is a way that projects are prioritized and selected; what criteria are used in prioritizing projects and if project managers participate in strategy formulation.

As it is stated in the strategy formulation steps projects and initiatives taken from all representative work units are included in the strategy document. Based on the initiatives included in the corporate scorecard all units take their part to prepare a functional unit score card; together with detail schedule and budget plan to execute the projects and initiatives.

Projects are conducted functionally in the respective units and project teams are organized with leaders/ project manager/ project director as required represented from the responsible function. Team members selected from different functions based on the project objectives to be addressed.

When different projects come together in a single function there is a practice to evaluate projects based on resource consumption and availability, project complexity, its criticality, stakeholder need, availability of finance and so on. This

is done at functional level but does not include prioritizing projects at corporate level.

While preparing corporate strategy in the past two strategic period's project managers (who manage projects together with their other duties) were participated in strategic plan preparation. These experts are not purely project managers but it is their additional assignment. A strong belief is reflected in the importance of participating project managers in strategy formulation so as to create a link between formulation of the strategy and running of resultant projects.

Most projects are emanated from the strategy itself and further enriched and updated to the current situation by a team formed for the purpose. But there are times when idea of project may be emanated from any work unit or individual staff. Priorities may arise due to internal or external market environment pressure. This time the ideas may be projectized and implemented without revising the corporate strategy.

4.4.2. Alignment at Project Portfolio Management and Resource

Allocation

Interview questions for the purpose of answering alignment in portfolio management and resource allocation are: what is the practice of project management from structural portfolio management and resource allocation point of view.

It is explained in the sessions that the company does not have financial limitations the problem is regarding human resources. In the question 4.2.1 prioritizing projects is addressed in functional level and found that it had limitations on prioritizing at corporate level. Though there is no financial constraint not all projects need to be conducted in parallel but only those projects which impact the corporate strategy shall (Steyn, 2015); it is for those projects resources to be allocated based on their priority. Overloading and stressing expertise was mentioned which is a result of weakness in prioritizing and selecting projects at corporate level with respect to vision and objectives.

Prioritizing projects not only done at the beginning but also every time revised. The importance of Portfolio Management for projects become considered in the company late in 2012 E.C. from the problems identified in the previous practice of project management.

4.4.3. Alignment at Project Execution and Monitoring Stage

To answer this research question in the interview included questions like how to monitor and evaluate the progress of initiated projects; if they measure project progress with regard to cost time and quality; if there is a way that they evaluate any project with regard to meeting strategic goals and objectives; how executives support and follow up while executing a project.

From interview responses it is found that once projects initiated and started a detail plan is developed including cost and time schedule by the owner functional unit. Steering committee approves the prepared plan. Reporting periods are also set in the plan based on the project types and complexities. Assigned project managers deliver performance reports including issues and risks which require steering committee attention. This way the steering committee become involved and informed about projects.

It is discussed in the session frequency of reports may not be achieved all the time as planned in charter document. In addition in the reports most of the time quality issues based on achieving requirements, cost target and schedule are covered. But quarterly compiled reports presented and compared to planned target and objectives at corporate level. Customer Satisfaction or Employee satisfaction level with respect to a specific project not measured yet. (Grundy & Brown, 2002) mentions to evaluate regularly and check whether projects are going well with the planned objectives and targets. In addition their support to corporate strategy shall be evaluated. According to this point the general practice of EIC alignment in execution and monitoring stage is good except some gaps in project reporting.

Chapter Five

Summary, Conclusion and Recommendation

5.1. Introduction

This is the last chapter of the study on assessing alignment of projects to corporate strategy in the case of EIC. In this chapter the entire research work and findings will be summarized and concluded. Finally, Recommendation will be forwarded based on the findings for further action and academic research continuation in the area.

5.2. Summary

The objectives attempted to be achieved in this research includes: evaluating the process of corporate strategic plan preparation and implementation; evaluating project management practice; identify if projects are aligned to corporate strategy (during project initiation, portfolio management and project execution and evaluation phases). In addressing the project objectives five research questions directly related to the objectives were developed to be answered by the end of the study. To guide the research activities a defined scope of two strategic periods in the company (from 2003 E.C. to 2007 E.C. and from 2008E.C. to 2012 E.C) were selected. The study is conducted at EIC Head Quarters in Addis Ababa.

In order to answer these research questions secondary sources were reviewed and primary data was collected through structured interview from 9 respondents includes project managers, strategic management directorate experts and executive members purposefully selected to meet the project objectives. The interview was conducted using zoom meeting session with 4 of them and face to face with 5 of them and each session took on average 30 minutes.

The findings shows that Strategic Plan formulation and implementation practice in EIC using the Balanced Scorecard approach. The practice in the second period recorded better results in implementation of corporate strategy from the first strategic period by taking lessons. Strategic plan preparation participates experts from various work units makes its implementation much easier. Strategic plan formulation and implementation is in general well performed and also improved through time.

When project management practice was discussed in interviews it has been understood that while projects are complex and their impacts is very high critical attention is required. Though, the Strategic Project Management practice concept was new and not visible; the company is trying to adjust its way of managing projects strategically. This can be explained by structuring a project management office separately from day to day routines. From the responses initiative is taken only for Information Technology projects in a way that the project manager is empowered for taking full responsibility of projects executed under this office.

Their project risk management, monitoring and evaluation practice is found to have some limitations. Project reports escape schedules agreed initially on project charter. Even though, it is believed that the company is progressing well and making improvements in its project management practice a formal Project Management maturity assessment not yet conducted.

Considering alignment of projects with the corporate strategy; the BSC approach by itself drives projects to be initiated from the Strategy. Functional units also prepare their own detailed scorecard initiating from the corporate scorecard which clearly shows that projects are taken from the corporate strategy. When goes to prioritization and ranking it is done in each functional unit but not implemented at corporate level.

In relation to the company practice on portfolio management and resource allocation; there is no separate office responsible for project portfolio management which manages project resources in an organized manner. Resource allocation based on the criticality of the project at a corporate level is rare and overlapping projects result from the practice of undertaking projects in the different functional units.

When considering project execution and monitoring; projects are monitored and evaluated during execution individually and quarterly by consolidated performance reports presented by Strategic Management unit. The monitoring and evaluation is done by comparing the actual status from planned target using cost, quality, schedule and milestones or deliverables. It has limitations in reviewing and updating project risks throughout the project execution and continually monitor project accomplishment to evaluate from targeted plan. Impact assessment of already completed projects not yet practiced to assess satisfaction resulting from the specific project and its value contribution to the corporate objectives and goals.

5.3. Conclusion

The subject matter of alignment of projects to strategy in companies becomes a focus area for successful project accomplishments. Success is measured traditionally from cost time and quality dimensions. (Grundy & Brown, 2002) Strategic project management makes companies focus on projects when their value to support the vision is clearly visualized. Vision of a company guides planning, setting objectives, coordinating and evaluating projects. Every employee becomes focused to a specific project especially complex and stressful ones if they are aligned to the company vision. Sometimes people may think that their activities are really supporting the corporate vision but practically are not.

There are models and measures that indicate whether the intended alignment is achieved or not. This study is conducted in the case of EIC to check the alignment of projects with the corporate strategy with the help of an adapted model to test alignment designed by (Steyn, 2015) with little modification to fit the research objectives. Based on this model the first thing to evaluate is the process of strategic development and implementation, then the project management practice from initiation, prioritization, resource allocation and execution including structural organization considerations.

The findings of the study revealed that the company strategic planning and implementation practice using the BSC approach considered alignment of projects to the strategy. Though projects are initiated from the Corporate Strategy gaps are identified in each phase from initiation through portfolio management and execution. Therefore, it is very vital for the company to continuously assess the strength of alignment between projects and its grand strategy to take corrective actions when required. This will further improve the project management practice of the company.

5.4. Recommendation

Traditional project management practice evaluates projects performance based on delivery within time, budget and quality. With the new dimension Strategic Project Management it is not enough to measure only with these metrics. Even though projects are delivered meeting time, budget and quality targets when they miss the alignment component to Corporate Strategy their real value generated in support of company vision is not recognized (PMI Review, 2017).

Therefore, in the study it is taken as a good practice having implemented BSC for Strategic Planning and Implementation which makes projects initiated from the strategy itself. For those project cases initiated out of the strategy due to needs on changing environment and business practice, the company should create a room

for revising strategy document based on the dynamism of the market. Alternative Strategies or mix-of strategies can be considered in this aspect.

Monitoring and Evaluation is also done individually for projects as well as at corporate level. On top of that it is recommended to do impact assessments to help visualize the real contribution of each completed project towards the vision.

Moreover, it is noted in the study about structuring a separate Project office for IT projects, but it shall also be considered to manage all the major projects executed in the company at one wing to properly prioritize and manage resource allocations and executions. This will improve the portfolio management practice and the project management performance too. Furthermore, EIC shall assess its project management maturity regularly to see the gaps and make corrective actions in the area.

Another recommendation lies in using project management collaboration tools and technologies, based on their needs to improve project team collaborations and reporting practices. In addition trainings in the area of project management are highly recommended since the practice is changing dynamically.

5.5. Suggestions for Future Research

The area of Strategic Project Management which discusses more about alignment of each project to corporate strategy is a new approach especially in Ethiopia. Therefore, more researches are expected so that its implementation can be customized to the needs and sizes of different companies. In addition quantitative research approaches may reveal a better finding in participating as many experts as possible from companies of different sectors.

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Annex

Interview Guide

(Questions for Executives and Strategic Management Team members)

Company_____ **Job Title**_____

- 1- How do you manage Strategy formulation and implementation in the company? (Methodology and who did it?)
- 2- Do the different units of the company prepare functional strategies emanated from Business strategy?
- 3- Is there a way in the company that strategic goals and objectives communicated to all stakeholders?
- 4- How does the company measure the strategic implementation progress?
- 5- How projects are initiated in the company and how they are made aligned to the Business strategy?
- 6- Is there a way that projects are prioritized and selected? If yes, what criteria are used in prioritizing projects?
- 7- What is the practice of project management from structural and resource allocation point of view?
- 8- How do you monitor and evaluate the progress of initiated projects?
- 9- How many projects were initiated in the previous two strategic periods and how is their accomplishment?
- 10- Do you encounter any major challenges in accomplishing the projects and how you handle the challenges?
- 11- How do you evaluate the overall process of strategic formulation and implementation? (Low, Medium, High)
- 12- Have you done project management maturity assessment before?
- 13- What areas do you think are needed to be improved for a better achievement in projects as well as strategy?

(Questions for Project Managers and Leaders)

Job Title_____ **Project Name**_____

Project Duration (Estimate_____, **Actual**_____)

Budget (Estimate_____ **Actual**_____)

- 1- Have you or any assigned project team member participate in strategy formulation of the corporation?
- 2- What is your opinion on the importance of participating a project manager on the strategy formulation?
- 3- How is the project initiated and given priority?
- 4- Is the project taken from the corporate strategy aligned to strategic objectives?
- 5- How did you manage the project from initiation to closure? Resource allocation, Monitoring, evaluation and Reporting Practices used?
- 6- Do you experiment project management tools and technologies for any of your projects?
- 7- Do you measure the project progress with regard to cost time and quality?
- 8- Is there a way that you evaluate the project with regard to meeting strategic goals and objectives?
- 9- How do you evaluate the overall progress/ achievement of the specific project?
- 10-How was the executive support while initiating and executing the project?
- 11-What factors do you think critically affect the project execution positively or negatively?
- 12-Do you encounter any major challenges in accomplishing the projects and how you handle the challenges?
- 13-What areas do you think are needed to be improved for a better achievement in projects as well as strategy implementation?