



# **Effects of Portfolio Management on Organizational Performance: in Case of Ethiopian Electric Power**

**BY**

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Electric Power**

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## **Certification**

This is to certify that the thesis entitle “**Effects of Portfolio Management on Organizational Performance: in Case of Ethiopian Electric Power**”, submitted to Addis Ababa University, School of Commerce to undertake a research in partial fulfillment of the requirements for the award of the degree of Master of Arts (MA), has been prepared by Mr. Million Alemayehu Shiferaw” under my guidance and supervision.

Therefore, I hereby declare that no part of this thesis has been submitted to any other University or Institution for the award of any Degree or Diploma and all the matters embodied in the thesis have been duly acknowledged.

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## Declaration

“I declare that **Effects of Portfolio Management on Organizational Performance: in Case of Ethiopian Electric Power** is my original work, that all the source I have used or quoted have been indicated and acknowledged as complete references, and that it has not been submitted for degree purposes previously”

Researcher Name	Date	Signature
Million Alemayehu	June, 2022	_____

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## Abstract

*Project portfolio management is the management of the organization's projects so as to maximize the contribution of projects to the overall welfare and success of the enterprise subject to internal and external constraints by maximizing the project value, balancing the portfolio and aligning it with overall company strategy. The main objective of the study was to investigate the effects of project portfolio management on organizational performance in case of Ethiopian electric power. With the aim of this the study employed descriptive study design. The target population of the study was 100 participants in leadership position of the institutions which census method of sampling were employed. The data of the study was analyzed with SPSS 26. Finally the study concludes that the variables of the study have a positive correlation and significant level with the dependent variable organizational performance. Therefore, the study recommend for the concerned bodies about giving attentions and concentration of project portfolio planning, selection and review/evaluation to make it inline of the objectives of the organization.*

**Key Words:** Project portfolio management, Portfolio planning, Portfolio Selection, Portfolio review, Organizational Performance,

## List of tables

Table 4.1 sex of the respondents

Table 4.2 ages of respondents

Table 4.3 Educational level of the respondents

Table 4.4 Level of organizational performance

Table 4.5: Awareness of project portfolio management

Table 4.6: Contribution of project portfolio management practice to the performance of EEP

Table 4.7: Performance rate

Table 4.8: Extent portfolio planning affect performance of EEP

Table 4.9: Statement on Portfolio Planning

Table 4.10: Extent Portfolio Selection affects performance of EEP

Table 4.11: Statement on Portfolio Selection

Table 4.12: Extent portfolio review affects performance of EEP

Table 4. 13: Statement on Portfolio Review

Table 4.14 Correlations

Table 4.15: Effect size determination score for correlation results

Table 4.16 Coefficients

## List of figures

Fig-1 Conceptual Framework

## **List of Acronyms**

Business Process Re-engineering (BPR),  
Balanced Score Card (BSC)  
Ethiopian Electric Light and Power Authority (EELPA)  
Ethiopian Electric Power Corporation (EEPCo)  
Ethiopian Electric Power (EEP)  
Information Technology (IT)  
Management by Objective (MBO),  
Project Management (PM)  
Project Portfolio management (PPM)  
Statistical Package for the Social Sciences (SPSS)

## Table of Contents

Certification .....	II
Declaration.....	III
Acknowledgement .....	IV
Abstract.....	V
List of tables .....	VI
List of figures.....	VII
List of Acronyms.....	VIII
CHAPTER ONE .....	1
INTRODUCTION.....	1
1.1 Background of The study .....	1
1.2 Background of the Organization .....	2
1.3 Statement of the Problem .....	3
1.4 Research Objectives.....	5
1.4.1 General objective .....	5
1.4.2 Specific objectives of the study .....	5
1.5 Research questions .....	5
1.6 Significance of the Study.....	6
1.7 Scope of the Study .....	6
1.8 Limitation of the Study .....	6
1.9 Organization of the Study .....	6
CHAPTER TWO .....	8
REVIEW OF RELATED LITERATURE .....	8
2.1 Introduction .....	8
2.2 Theoretical literature .....	8
2.2.1 Portfolio .....	8
2.2.2 Project management .....	9
2.2.3 The Project Portfolio Management Process .....	9
2.2.4 Portfolio Management Lifecycle.....	10
Project Portfolio Management Steps.....	10
2.2.5 Performance management.....	11

2.2.6 Portfolio management and performance management .....	13
2.2.6.1 Portfolio Planning .....	14
2.2.6.2 Portfolio Selection.....	15
2.2.6.3 Portfolio Review.....	15
a) Steps in Conducting a Portfolio Review .....	17
b) Preparation for the Portfolio Review.....	17
c) Conducting a Portfolio Review.....	17
d) Document Outcomes and Follow-up Actions .....	18
2.3 Empirical review.....	18
CHAPTER THREE .....	21
RESEARCH METHODOLOGY .....	21
3.1 Introduction .....	21
3.2 Research design and Approach.....	21
3.3 Target populations and Sampling .....	21
3.4 Data Collection Instruments and Techniques.....	21
3.5 Methods of Data analysis.....	22
3.6 Data Quality Assurance Measures .....	22
3.6.1 The validity of data .....	22
3.6.2 Reliability test .....	23
3.7 Ethical Considerations.....	23
CHAPTER FOUR .....	25
DATA ANALYSIS AND DISCUSSION OF RESULTS .....	25
4.1 Introduction .....	25
4.2 Demographic data presentation .....	25
4.3 Analysis of the Different Variables.....	27
4.3.1 Organizational Performance .....	27
4.3.2 Portfolio Planning .....	29
4.3.3 Portfolio Selection.....	30
4.3.4 Portfolio Review.....	31
4.4 Correlation and Result Discussion .....	32
CHAPTER FIVE .....	37
CONCLUSIONS AND RECOMMENDATIONS.....	37

5.1. Introduction ..... 37

5.2 Summary of major Findings ..... 37

5.3 Conclusions ..... 37

5.4 Recommendations ..... 39

5.5 Future Research Direction ..... 39

**References** ..... 40

Appendix 1 ..... 50

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of The study

Projects account for around half of the work carried out by organizations. Most of organizational objectives/ strategies are realized through the implementation of individual projects. As a result project works are a major means for organizational growth, organizational capacity building, service and production enhancement etc.

Managing projects is one of humanity's oldest and most admired achievements, as seen by the accomplishments of the builders of pyramids, architects of ancient cities, masons and craftspeople of the Great Wall of China, and other world wonders.

Using project portfolio management in the activities of modern organizations is an effective management method that allows rapid response to changes in external requirements and the achievement of strategic goals of the organization with minimal resource costs. (Sevdalina Dimitrova, 2019)

Project portfolio management is the solution appropriate for project oriented organizations to choose those projects for their portfolio which best fit their business strategy and to be able to maximize the results of the projects they undertake. The distribution of good practice examples is not even in global frames. (Petrinska-Labudovikj, 2014)

Portfolio management is a dynamic decision-making process in which a company's active new product (and development) initiatives are updated and amended on a regular basis. During this process, new initiatives are reviewed, prioritized, and selected; current projects may be expedited, terminated, or de-prioritized; and resources are allocated and transferred to active projects. The portfolio decision process is characterized by uncertain and changing information, dynamic opportunities, varied goals and strategic considerations, interdependence among efforts, and many decision-makers and locations. The portfolio decision process incorporates or overlaps a number of business decision-making processes, including periodic portfolio reviews (looking at all projects holistically

and in comparison to one another), ongoing Go/Kill decisions on individual projects, and designing a new product.

Establishing the portfolio's investment strategy, determining what types of projects can be included in the portfolio, evaluating and prioritizing proposed projects, constructing a balanced portfolio that will achieve the investment objectives, monitoring the portfolio's performance, and periodically adjusting the contents of the portfolio to achieve the desired results are all part of Project Portfolio Management.

Product Portfolio Management refers to the process of applying portfolio management principles to the product development process in order for enterprises to get the most value out of their product portfolios. Continuous evaluation of the product development project can aid organizations in determining the likelihood of delivering the project's intended value and in making decisions.(Okechukwu, 2017)

Though the field of PPM is not a new field, its importance is growing beyond just project-based businesses. Projects have become a primary vehicle for executing the strategy of an organization. Thus, engaging in projects that align the strategy and objectives of the organization is critical to the success and longevity of an organization. Both project management (PM) and PPM emphasizes the use of formal processes for managing projects and portfolios.Many researches have linked formalization to organizational performance. Other research has revealed that project formalization, as measured by project management methods, is linked to individual project performance.

The County of Nairobi's performance is influenced by portfolio planning.It was evident that Portfolio planning facilitates time planning; it is also a key to organizational stability and flexibility. However, selected components in a portfolio are not well prioritized based on evaluation scores. (Kinanu, 2016)

## **1.2 Background of the Organization**

The Ethiopian Electric Light and Power Authority (EELPA) which was established in 1956, after having undergone restructuring was reorganized as the Ethiopian Electric Power Corporation (EEPCo).EEPCo later a splitted in to two companies and one of these companies is the Ethiopian Electric Power(EEP). EEP which was established in 2013 by

the Council of Ministers Regulation No.302/2013 is responsible for generating, transmitting and wholesale of electricity to be utilized nationwide as well as neighboring countries. (EEP, 2022)

Ethiopian electric power corporation was established for the purpose of generating, transmitting, distributing and selling of electric energy in accordance with economic and social development policies and priorities of the government and to carry out any other related activities that would help achieve its purpose. The government mandated EEPCO to operate commercially in rendering its services in reliable and cost effective manner, i.e., the corporation is expected to be self-supporting financially and cover its operations and investment costs. To improve its performance, EEPCO has been implementing different change tools like Total Quality Management, Quick Win, Management by Objective (MBO), Result Based Performance System, Business Process Re-engineering (BPR), Balanced Score Card (BSC), Quality Circle, and different IT support projects like prepaid meter installment, and Agreso Financial System. (Aman, 2016)

### **1.3 Statement of the Problem**

Portfolio Management is an authoritative guide for those who wish to manage money professionally. This excellent resource includes effective portfolio management strategies that are backed up by theory, as well as the tools and guidance needed to satisfy investor goals and deliver superior results. Highlighting a practitioner's view of portfolio management, this guide offers real-world perspective on investment processes, portfolio decision making, and the business of managing money for real clients.

It is necessary to apply project portfolio management in the major construction enterprise, due to the benefits it can bring. In order to help the major construction enterprises to well manage to use the project portfolio management, it is important to develop a maturity model for them so that they can learn what the current situation is and what else they need to do. Based on the literature review, and considering the practical situation of the construction enterprises, a five-stage maturity model was proposed.

According to, (Flores, 2020) It is noted that the level of separation of functions of general management with project management clearly depends on the size of the organization and that although the formalization of project management and portfolio management

processes can positively influence the results, the level of formalization required depends on the complexity of the projects and the interdependence between them.

In managing multiple projects, replicating good solutions simultaneously benefits the success of both individual projects and the entire portfolio. The benefits of employing a portfolio approach in project management, according to the research, include improved product quality and project outcomes. The accumulation of errors in projects, on the other hand, may contribute to the portfolio's collapse. Thus, one can point to the existence of a cognitive gap in identification and analysis of portfolio management defects in the context of threats to achieve assumed level of quality.

Based on the study entitled with project portfolio management practices on performance of county governments, portfolio tracking significantly affects the performance of county of Nairobi. The study deduces that portfolio tracking is an important process of communicating changes once they are identified and approved. The researcher came to understand that through portfolio tracking non-viable projects are identified and removed from the portfolio. However, through portfolio tracking adjustments are made to portfolios in regard to spending, priorities and resource allocations. (Kinanu, 2016)

Another study conducted with the title of factors shaping project portfolio management in the Nigeria's built environment concludes that, any project, program, portfolio that is managed and controlled effectively will provide the portfolio managing organization to utilize and optimize its resources to support other strategic projects, programs, portfolios that are of significant value to the organization. (Abubakar, 2018)

Portfolio management is more than a theory, according to a report by the Institute (Institute, 2012). It gives strong business benefits when executed well, whether it's increased productivity or a boost to the bottom line. When comparing organizations that described themselves as extremely effective in portfolio management to those that described themselves as somewhat effective, the average number of projects reaching or exceeding their anticipated ROI jumped by approximately 30%.

Another study conducted concludes that, considering the results presented, it is possible to conclude that the risk management causes little influence on the portfolio success of

the company studied. It is a portfolio with little intensity (still incipient) in terms of risk management application. (Ricardo Luis Zanfelicce, 2019)

The last study the researcher referred concludes as, this research confirms that formalization helps. Formalization can be used to create a disciplined and supporting context where capable decision-makers can exploit their experience and decision-making skills to make high quality decisions characterized by a high degree of consensus. However, improvement must also focus on professionalization in terms of making individuals and teams more capable regarding IT PPM decision-making. To maximize the outcome of improvement efforts, organizations are advised to balance these two key improvement levers. The experiences from the participating organizations indicate that formalization without professionalization provides little value, but also that relevant formalization creates the foundation for exploiting increased professionalization. (PEDERSEN, 2013)

Based on the above conducted previous studies the current study tries to identify and fill the gap of EEP project portfolio management effects on the performance of the organization.

## **1.4 Research Objectives**

### **1.4.1 General objective**

The general objective of the study is to analyze the effects of portfolio management on organizational performance.

### **1.4.2 Specific objectives of the study**

The specific objectives of the study is as follows

1. To investigate the effect of portfolio planning on organizational performance.
2. To identify the effect of portfolio selection on organizational performance.
3. To assess the effect of portfolio review on organizational performance.

## **1.5 Research questions**

The basic research questions of the study are as follows:

1. What are the effects of portfolio planning on organizational performance?
2. What are the effects of portfolio selection on organizational performance?
3. What is the effect of portfolio review on organizational performance?

## **1.6 Significance of the Study**

The study will have multi purposes importance. The first significance of the study is for the researcher. The researcher will get an exposure of knowing different ways of conducting research. In other hand the research will used for the company or institutions in order to make possible interventions for the conclusion remarks of the study. Finally the study can be a turning point for further study that will be conducted researches.

## **1.7 Scope of the Study**

The scope of the study will be discussed in line with geography, concept and time of the study.

With respect of geography, the study is delimited in Addis Ababa City particularly head quarter of Ethiopian Electric Power office. Conceptually, the scope of the study is about portfolio management and organizational performance. Finally, the study will be conducted in the period of 2022 (Feb to June).

## **1.8 Limitation of the Study**

The study has different limitations. Potential limitations of the study are lack of experience of the researcher in conducting research. The other limitations of the study may its coverage of the study sample.

## **1.9 Organization of the Study**

The study has five chapters in all. The first chapter includes about the introductory of the paper like background of the study, statement of the study, objectives of the study, research questions, and significance of the study and limitations of the study. The second chapter incorporate, related literature review like theoretical literature, Empirical literature and conceptual framework. The third part is research methodology includes Research design, research approach, target populations, sample size of the study, data

types of the study, methods of data collection, and methods of data analysis and ethical considerations of the study.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

In this second chapter, relevant literature information that is related and consistent with the objectives of the study is reviewed. Important issues and practical problems are brought out and critically examined so as to determine the current facts. This section is vital as it determines the information that link the current study with past studies and what future studies will still need to explore so as to improve knowledge.

#### **2.2 Theoretical literature**

##### **2.2.1 Portfolio**

According to (Chitukulla Ravali Reddy, 2019), A portfolio is a collection of money-related funds, such as stocks, securities, products, financial guidance, and money partner, as well as their reserve associate, which includes shared, trade traded, and closed assets. Offers, Bonds, Debentures, need offers, and numerous more are examples of focal focuses that might be physical or financial.

Portfolio management is the art and science of selecting an investment mix and strategy, matching investments to objectives, allocating assets to individuals and organizations, and managing risk and performance.

The projects are then examined utilizing the instruments and techniques. At the point when the most appropriate activities have been chosen and started, they enter the project planning stage (Killen, 2008). Asset, time and cost arrangements are built and incorporated with the portfolio arranging process where the asset assignment and calendar choices are made, considering the entire arrangement of undertakings. Portfolio Analysis guarantees that that there is great project portfolio adjusting. A project portfolio is all around adjusted in the event that that it's empowers an organization to accomplish the development and benefit targets connected with its corporate system, without presenting the organization to undue dangers.

Failure to keep track of the performance of your portfolio might have serious ramifications. Because monitoring, analysis, and assessment are inadequate, they may end up wasting resources or failing to accomplish corporate goals. Suffice to say that an organization can't afford not to have a portfolio performance management plan. (Project-Management.pm, 2022)

Many successful organizations today attest to the idea that the management of multiple projects increases efficiency and effectiveness thereby improving organizational performance. While some practitioners still believe that project management is merely a financial metric that cannot address the complexities of managing organizations, the project portfolio management approach excels at creating, acquiring, and transferring knowledge, as well as changing behaviors to reflect new financial management knowledge. In fact, firms today require project portfolio management to properly manage their initiatives. (Okechukwu, 2017)

### **2.2.2 Project management**

The importance of project management performance is shown by its emphasis on ongoing improvement through various project types. The fundamental goal of project performance is to improve the project's success, which necessitates a frame of reference for determining what exactly constitutes project success. The preservation of high-quality performance and effective skills to achieve project activities is feasible through the team members' maintenance of high-quality performance and effective skills to achieve project activities. Performance refers to the achievement and fulfillment of operations relating to a set of goals and successful project achievement is possible through the team members' maintenance of high-quality performance and effective skills to achieve project activities.

### **2.2.3 The Project Portfolio Management Process**

The PPM process is a continuous loop that allows teams to respond to changing market forces while still addressing the factors that challenge project success. This cyclical, flexible nature drives project decisions with a steady eye on an organization's objectives.

Though the process is malleable, it does consist of distinct phases. The amount of work and detail necessary for each process is entirely dependent on the project's size, complexity, and risk. Large, extremely complex projects will have specialized resources to manage each phase, requiring the project manager to coordinate these activities. Smaller less complex projects may not even need all nine processes, the project manager after making a n analysis of the project risks and constraints will decide which processes require more effort than others The nine project management processes are:

1. Scope Management
2. Schedule Management
3. Budget Management
4. Quality Management
5. Team Management
6. Stakeholder Management
7. Information Management
8. Risk management
9. Contract Management

#### **2.2.4 Portfolio Management Lifecycle**

The Project Management Institute (PMI) defines three phases to the portfolio lifecycle or process: plan, authorize, and monitor and control. PMI further classifies these three phases into two groups: the aligning process group and the monitoring and controlling process group. (HEXAGON, 2022)

##### **Project Portfolio Management Steps**

The PPM process consists of five steps that ensure high-level alignment remains both across the portfolio and throughout the PPM lifecycle.

1. Determine business objectives. In order to settle on the projects that work for your organization, teams need to be on the same page. One of the most popular ways to create that alignment is to develop a strategy map that outlines exactly what the business objectives are and how team members should prioritize them.
2. Collect and research information on potential projects. Compile a list of potential project ideas and research them. Ideas from team members, client feedback, or specific regulatory requirements can all be sources of inspiration. Then, for those ideas, put together some high-level information, such as probable resource requirements.
3. Narrow your list and select the best projects. The high-level data from the previous step will give you the tools to choose the projects that best align with your business objectives. Use that data to define projects' differentiators and craft a tentative portfolio that will likely maximize your return while balancing risk.
4. Validate portfolio feasibility and initiate projects. Following that, you must validate the project portfolio against its feasibility and available resources. Expand on the high-level data that has already been gathered to paint a more realistic picture of the resources required to execute a project and any potential roadblocks. If the project still appears to be feasible, you can commit resources and proceed.
5. Manage and monitor the portfolio. Once projects begin, you and your team will need to manage them, keeping an eye on performance and recalibrating as necessary. That might mean handling issues like re-scoping, reallocating resources, and regularly reviewing the portfolio as a whole. (HEXAGON, 2022)

### **2.2.5 Performance management**

Performance management provides a periodic review and evaluation of an individual's job performance. Although appraisal forms are only completed once a year, the task of performance appraisal is ongoing – often daily – and involves excellent communication on the part of both the supervisor and the employee. The supervisor is ultimately accountable for ensuring that these interactions occur and are documented.

The process of quantifying the efficiency and efficacy of previous actions is known as performance measurement (Neely et al., 2007). According to Moullin's (2002) research, performance measurement is a procedure that evaluates organizational management and customer valuation. According to Goh (2012), the primary goal of performance measurement is to make the organization more efficient while improving its performance. Measurement must begin as soon as the criteria are determined and must continue throughout the project (Bradley et al., 2010). The four main components of performance management are duty, strategy goal, performance goal, and performance index (Seon-Gyoo kim, 2010). The four most common and widely utilized RM performance measuring methodologies for big construction projects are: BSC, EVMS, KPI, and RMI (Brandon, 2005). Kaplan and Norton pioneered the Balance Score Card (BSC) (1991). Although it is a strategic management tool, it may also be used to analyze traditional financial and accounting performance. (Adnan, 2020)

*Project is a temporary endeavor undertaken to create a unique product, service or result. The temporary nature of projects indicates a definite beginning and end. The end is reached when the project's objectives have been achieved or when the project is terminated because its objectives will not or cannot be met, or when the need for the project no longer exists.*

Both Project Management and Performance Management can be regarded as emerging, applied management disciplines in the public sector. The Project Management Body of Knowledge (PMBOK), which led to the international professionalization of the discipline, for example, only in 2002 published their Government Extension of the PMBOK. This extension was necessary due to the recognition of the unique context of government projects. (Waladt, 2012)

Traditionally performance has mainly been measured from the financial perspective. Therefore, traditional management accounting systems were highly criticized due to their functional behavior (Ridgway, 1956). This dissatisfaction led to the development of “balanced “or “multidimensional” PM frameworks in the late 1970s (Bourne *et al.*, 2000). According to Kagioglou et al. (2001), businesses that rely solely on financial

measurements can recognize their past performance but not what led to such performance.

### **2.2.6 Portfolio management and performance management**

Performance encompasses both actions and outcomes. Behaviors emerge from the performer and move performance from abstraction to action. Behaviors are outcomes in their own right; the product of mental and physical effort devoted to activities, and can be appraised independently of results.

Different portfolio control practices are associated with different measures of portfolio management performance. More specifically, strategy-aligned portfolio selection was in a positive correlation with achieving results, portfolio reporting was positively correlated with achieving purpose, and portfolio selection was in a positive correlation with achieving results in some specific contexts. (Ralf Müller, 2008)

The growth of mutual funds, and the resulting competition between different establishments, has led to a search for a clear and accurate presentation and analysis of results. This explains the increasing amount of academic and professional research devoted to performance measurement, which allows past results to be quantified, and performance analysis, which allows the results to be explained. Performance analysis is the final stage in the portfolio management process. It provides an overall evaluation of the success of the investment management process in reaching its objective and also identifies the individual contribution of each phase to the overall result. Implementation of portfolio analysis requires perfect knowledge of the investment strategy followed. It was originally developed to meet the expectations of fund holders, who wished to have a clear view of how their portfolios were managed, possess an analysis of the risk taken and the level of return desired, and check that the objectives fixed were respected. It has allowed managers to evolve towards better control of the investment management process and has thus provided them with the means to bring about improvements. It allows the aspects of the process that have been productive to be strengthened and the aspects that have failed to reach the overall objective to be eliminated. It therefore has a twofold utility and is an essential phase in the investment management process.

Projects contribute to the strategic direction of organizations and there are several reasons for embracing project management approach including: Achieving strategic goals shortening the product life cycle to ensure new products and services are released to the market as quickly as possible to achieve the organizational strategy and mission. In the light of this projects are screened to ensure those that do not support organizational objectives are terminated and their resources re-directed to more critical ones. (FM, 2015)

One of the most mentioned is the theory of dynamic capabilities. From this perspective, we seek to understand how portfolio management can be considered a dynamic capability and how the use of this perspective, together with RBV helps to understand how portfolio management can contribute to generating a competitive advantage for the organization. Understanding capability as a specific type of resource that allows the organization to deploy other resources to perform activities that generate the expected results, the portfolio management capability can be defined as a combination of organizational structure, specific processes and the people involved in the management of portfolio. Corporate routines, such as portfolio management processes, are dynamic capabilities because they play a role in the organization's ability to continuously align projects to intentional and growing organizational strategy. (Flores, 2020)

Under the portfolio management there are three considerations

#### **2.2.6.1 Portfolio Planning**

Most of the respondents strongly agree that strategic planning enhances better organizational performance, as this also constituted part of the hypotheses used for this study. Few agree while just a little of the respondents were undecided. As a result of the comments above, it is possible to conclude that strategic planning improves organizational performance. Almost all of the respondents highly agree and agree that there is a link between strategic planning and organizational survival, which was the study's last hypothesis evaluated, while only a few respondents were undecided, and none of the respondents disagreed or severely disagreed. Hence, it can be concluded that there is a link between strategic planning and organization's survival, using the above responses as proves. (MONYE, 2018)

### **2.2.6.2 Portfolio Selection**

Project portfolio selection has become increasingly popular during the past decade. More recent literature has been dedicated to the subject. Both academics' and practitioners' literature review reveals that selecting projects and optimizing the project portfolio that best align with the organization's strategic priorities is the essential focus of project portfolio selection (see literature review). As explained previously, this dissertation focuses on the process of project portfolio selection as project portfolio management or partial element of project portfolio management.

Project selection is the process of evaluating a project or a group of projects and then choosing to implement it or a set of them so that the goals of the organization are achieved. This is a formal process through which a project is approved by a committee of senior managers to ensure several conditions are considered before a project is undertaken. The common ones as outlined by Mantel, Meredith, Shafer and Sutton are: Is the project potentially profitable? Does it have a chance of meeting our return on investment? Does the firm have or can it easily acquire the skills to carry the project to success? Does the project involve building competencies that are consistent with the organization's strategic plan? Does the organization have the capacity to carry out the proposed project on proposed schedule? The methods for selecting are typically identified as financial or non-financial. These measures are helpful in evaluating the potential value or profitability of projects and are applied in initial stages of selection and planning sometimes even before a project manager is appointed. (FM, 2015)

Portfolio selection entails comparing a number of projects on specific parameters at the same time in order to arrive at a project desirability ranking. The projects with the highest ratings under the evaluation criteria are then chosen for the portfolio, subject to resource availability. (Ghasemzadeh, 1999)

### **2.2.6.3 Portfolio Review**

According to Jonas (2010), a framework for evaluation of PPM success must be "capable to capture" PPM performance as a whole, using a set of appropriately postulated success criteria related to each other in a "causal chain relationship". According to this viewpoint, the examination of PPM success is incorporated into a comprehensive overall

organizational assessment system that considers three dimensions: process effectiveness, portfolio success, and portfolio-related corporate success. Shenhar et al. (2001) explored such views, arguing that the assessment of project success must represent project performance during execution as well as attainment of the desired results. Based on this premise, the authors establish two portfolio-level dimensions: business success (current market success and commercial performance) and corporate success (long-term economic effects regarding the portfolio).

Monitoring and evaluation attempts to determine as objectively as possible, the relevance, effectiveness and efficiency in the project work, the impact of activities in the light of specified objectives. It involves: directing, guiding, controlling work in progress; collecting necessary information and providing feedback; negotiating for materials, supplies and services; resolving differences during project implementation. (FM, 2015)

A portfolio review analyses the composition of the microfinance portfolio and the performance of individual projects across the portfolio to assess whether a funder delivers on its microfinance strategy. Combining these two viewpoints yields a full examination of whether a donor is on track to meet the overall goals it has set for its microfinance operations. First and foremost, portfolio reviews are a learning tool for funders who want to understand what works, what doesn't, and why. Analyzing performance across a funder's portfolio can provide valuable insights and help drive future program design and strategy reorientations. A systematic approach to comparing the major factors of project performance across the portfolio aids in identifying similar patterns of success and failure. Portfolio reviews generate lessons based on the complete portfolio, as opposed to individual project evaluations, where lessons may be more difficult to extrapolate. These lessons are expected to have broader applicability and will assist funders in making evidence-based decisions.

Portfolio assessments, as opposed to individual project evaluations, have proven to be more likely to lead to meaningful changes in operations in CGAP's experience working with diverse funders. Portfolio reviews also serve as a form of accountability. They assess whether funders are achieving results and whether these results are relevant in the current market context. The reader, be it the head of the agency, civil society

organizations, or beneficiaries of aid programs, can find out whether a funder delivers on its microfinance strategy and how a funder adds value. If done regularly—every three to five years—portfolio reviews help funders track performance over time and show whether strategic reorientations have led to the expected results. As such, portfolio reviews provide useful input for funders designing or revising their microfinance strategy. (Scola-Gähwiler, 2012)

#### **a) Steps in Conducting a Portfolio Review**

There is no defined mechanism for conducting strategy-level portfolio evaluations in Missions. Each Mission operates in a distinct context and time frame, with its own distinct strategy and leadership vision. As a result, while creating and executing a portfolio evaluation, a range of methodologies might be used. Some missions may choose to specify their procedures for conducting portfolio reviews in a Mission Order, in which case those missions should refer to their Mission Order for additional assistance. This section suggests steps for performing a strategy-level portfolio review.

#### **b) Preparation for the Portfolio Review**

Thorough preparation is a necessary precondition for a successful portfolio review. The majority of the analysis and learning in the portfolio review process occurs during the preparation for the final review meeting, allowing the portfolio review to focus on the most important information for learning and decision-making. Preparation takes three to six weeks on average and may involve the following steps. Assemble the Portfolio Review Planning Team. Define the Objectives of the Portfolio Review. Make Key Decisions about the Portfolio Review Process

#### **c) Conducting a Portfolio Review**

There is no right or wrong way to conduct a portfolio review, but it is typically conducted as a meeting or series of meetings involving Mission leadership and facilitated by the Program Office. Ideally, the analysis and preparatory work completed prior to the portfolio review, coupled with a clear action plan that emerges from the review, helps to ensure that the portfolio review is a decision-making adaptive management event. Tools and Techniques for Conducting the Review When designing and implementing a strategy-level portfolio review, Missions should consider incorporating the optional and

customizable tools and techniques from the list below that can best support the intended objectives and content of the review, while taking into account the unique context and culture of each Mission. DO capstone sessions, issues papers and graphical portfolio analysis.

#### **d) Document Outcomes and Follow-up Actions**

As a final phase of the portfolio review process, the Program Office should record and distribute outcomes and follow-up actions that have emerged throughout the process, with a particular emphasis on decisions made in the final review. This action plan is the basis for adaptively managing the Mission's portfolio and can serve as a point of departure for the next portfolio review and/or stocktaking activity.

Portfolio-level analyses offer a distinct perspective and the opportunity to facilitate tactical and strategic adaptation within and across projects. To maximize these efforts, it is important to clarify the aim of taking a portfolio level perspective, and to structure and incentivize monitoring and learning processes accordingly. (Anne L. Buffardi, 2019)

### **2.3 Empirical review**

The most important step towards project management maturity is to set up project management operations that can best be developed and utilized. Skilled personnel and direct efforts are used via a set of project management practices. In the construction industries, some components and practices include work scope, time, resources, costs, quality, communication, risk and contracts procurement. Out of all these practices this study found out that if these management practices are well managed, there is a very high possibility of having a viable project that will guarantee a sound business success. (Irefin, 2013)

In the modern world, achievement of a high level of quality is an inseparable element of implementation of each initiative. When applying quality management systems one should strive for continuous improvement of the quality level in organization, it also refers to the quality of products and results of projects co-financed from EU funds. It should be pointed out that the management drawbacks of project portfolios identified in the research process represent a significant threat to the achievement of assumed level of

quality in implemented projects. Therefore, it is necessary to search for solutions that eliminate negative impact of managing multiple projects at the same time on the level of quality in projects. These actions should be taken at the stage of quality planning, quality assurance as well as management and quality control. (Waldemar, 2019)

The findings show that stakeholder satisfaction underpins understandings of quality in quality management, the non-profit sector, and project management literature. Aligned with the increasing dependency on projects, as well as the adoption of private sector practices in the non-profit sector, there is a growing need for effective project management performance. Existing PMS's and QMS's are unsuitable for the implementation, measurement, and improvement of project management practices in the sector, so a new model is proposed. Themes such as continuous improvement and organizational capacity informed the development of this new model. (Katherine Anderson, 2018)

Adopting PPM by project-oriented organizations requires also taking into account the intangible cultural dimensions of the organization. The current study argues that such an approach is a sustainable way to increasing the effectiveness of PPM and responding to the challenges of strategic goals of the organization. The results shed light on the recent practices of Bulgarian project-oriented organizations regarding the interrelations between particular dimensions of organizational culture and selected aspects of PPM effectiveness. (Alexandrova, 2020)

According the study conducted by (Okechukwu, 2017) the study concludes that project portfolio management affects the performance of business organizations in Nigeria. This is evident as indicated in the influence to which portfolio has on security of the principal investment, lower prices and capital growth. With the advancement in various management practices globally, the place of efficient management of organization project portfolio remains an important function of the management team. Management seeks with high intent to ensure they remain afloat in its pursuit today, as a result it develop different products and services which are being deployed to the final consumers, these products however need adequate management in order to enable them meet with the demand in the market.

The impact PPM had on the efficient use of resources as measured by the participant stores making their payroll budget for each of the three months of the study. The results were mixed with only three participants making their payroll budget for all three months and therefore *H5* was rejected. Taking into consideration the goal of this paper to 1) understand the affect PPM has on organizational culture, and 2) fill a gap in the literature connecting PPM and organizational culture, two key conclusions can be drawn. First, though not all of the hypotheses were confirmed, the movement in adhocracy culture (increase) and market culture (decrease) showed statistically significant changes to the organizational culture of the participant stores. Second, though it is difficult to definitively say this change was driven primarily by the implementation of the PPM process, however, it provides one of the first quantitative studies to look at the specific impact PPM has on organizational culture. (Wiersma, 2017) Based on the above potential empirical literature review the researcher come up with the following conceptual framework.



**Source:** Adopted from (Kinanu, 2016)

**Fig1. Conceptual Framework**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was adopted in the operationalization of the research and achievement of the study objectives. In this section the researcher identified the procedures and techniques that will use in the collection, processing and analysis of data. This chapter covers research design, target population, sampling, data collection instruments, piloting, data collection procedures, data analysis, ethical issues and finally the operationalization of variables.

#### **3.2 Research design and Approach**

The research design that will be used for this study is descriptive with qualitative approach. Descriptive research helps to ascertain prevailing conditions of facts in the case under study and enables us to show truthfully the characteristics of a particular phenomenon. It also provides the opportunity to integrate the qualitative and quantitative methods of data collection.

#### **3.3 Target populations and Sampling**

The target population of the study is the workers and chief executives of Ethiopian Electric Power in Addis Ababa. The information of total numbers of employees that works in EEP projects will be extracted from human resource and the appropriate sampling will be employed to collect pertinent data from a manageable number of generation projects, transmission line projects and substation projects in order to achieve the study objectives. The managers, directors and executives of the two section of the institution are 100 in number. Therefore, the sampling techniques that will be used for this study will be census.

#### **3.4 Data Collection Instruments and Techniques**

Primary data: Primary data, which is a method of undergoing collection of original data, was collected directly from the respondent by using of self-administered structured questionnaires that contain open ended and closed ended.

Secondary data: secondary data, which refers to information gathered from sources that already exist, was obtained from documents such as status report, organizational brochures, publications and etc.

A structured data collecting format containing different components, which is derived from other peer reviewed literature or accepted thesis material will be used for data collection.

### **3.5 Methods of Data analysis**

Data will be entered and analyzed by SPSS Version 26 and Excel sheet. Descriptive statistics will be done for frequency distribution and qualitative analysis will be utilized whereas the inferential one will be carried out to see the association of each independent variable with the dependent variables and those who had less than level of significance (5%) remained in to the final interpretation.

### **3.6 Data Quality Assurance Measures**

The degree of goodness can be measured through the validity and reliability. These are:

#### **3.6.1 The validity of data**

Most of the researchers agreed on content and construct validity type. The assumption behind content validity is that there is a clear specification of the issue being examined and that the research instrument (in this case, the questionnaire) has the capacity to give enough coverage of the investigative question guiding the study (Knight, 2002). Construct validity is concerned with how well a measure represents a concept i.e. if the numerical representation in a quantitative scale used in the questionnaire has the potential to accurately represent levels of that concept (Black, 1999).

According to Knight (2002), so as to know the validity firstly, an extensive literature review was undertaken with using multiple source of information. The researcher has also used data collection methods (i.e. a questionnaire as a major method for quantitative data collection. Secondly, the questionnaire used in this research was pre-tested before it was used for data collection.

### 3.6.2 Reliability test

With reference of McKinnon (1988), reliability is concerned with the issue of whether or not the researcher is collecting reliable data using a data collection instrument. Consistency within the data collection instrument is a measure of uniformity of the responses to questions that make up an operational definition.(Black, 1999)The lack of consistent answers will produce error in the measurement added that reliability of an instrument is an indication of both consistency and stability. Stability refers to the ability of the instrument to obtain the same results if it is applied to the same sample on different occasions.

According to (Fattah, 2008) reliability can be measured using statistical package such as SPSS by measuring the reliability coefficient (also known as Cronbach's Alpha). The questionnaire was tested using Cronbach's alpha reliability, which measures consistency, precision, repeatability, and trustworthiness of a research on a sample of 10 selected individuals. Validity; "is concerned with whether the findings are really about what they appear to be about" (Saunders et al., 2009, p. 156). It is often defined as the extent to which an instrument measures what it purports to measure. The Cronbach's alpha, a measure of internal consistency or reliability, obtained was 0.758, 0.921 & 0.738 and Cronbach's alpha greater than 0.70 is usually considered to be reliable.

**Table 4. 1: Reliability Analysis**

Portfolio Selection	.758
Portfolio Review	.921
Portfolio Planning	.738

### 3.7 Ethical Considerations

The study participants will be informed of all aspects of a research task. Knowing what is involved, how long it will take, and what will be done with the data, a person can make an intelligent choice to whether to participate in the project.

Respondents would be asked for their consent to participate in a survey, and their privacy and rights must be observed. For ethical purpose confidentiality concerns would be observed, too. For e.g., we use only number codes to link the respondent to a questionnaire and storing the name –to- code linkage information separately from the questionnaire everywhere necessary, and refuse to give the names of respondents to anyone outside the research project. Individual respondents would never be identified in reporting survey findings; completely anonymous summaries, for example, in terms of tables and charts should be given.

## CHAPTER FOUR

### DATA ANALYSIS AND DISCUSSION OF RESULTS

#### 4.1 Introduction

This chapter presents results of the findings obtained using different methods of data analysis. The data were analyzed using both descriptive and inferential statistics. Descriptive statistics are used to summarize the important features of the study variables using frequency and percent tables.

Inferential statistics was used to assess important factors using correlation analysis which shows the degree of relationship among the study variables, and multiple linear regression analysis which are used to identify factors that affect the estimated variable.

#### 4.2 Demographic data presentation

Table 4.1 deals with the gender of the respondents. From the participants 36 (36%) of them are female which is followed by male 64 (64%). This indicates that the majority of the respondents are Male.

**Table 4.1 sex of the respondents**

		Frequency	Percent	Cumulative Percent
Valid	Female	36	36.0	36.0
	Male	64	64.0	100.0
	Total	100	100.0	

Source: own computation, 2022

**Table 4.2 Age of respondents**

		Frequency	Percent	Cumulative Percent
Valid	21-30	36	36.0	36.0
	31-40	9	9.0	9
	41-50	30	30.0	30
	over 51	25	25.0	25
	Total	100	100.0	100

Source: own computation, 2022

The above table (4.2) discusses the age range of respondents. About 36 of them are under the age range of 21-30, 30 of them are under the range of 41-50 and 25 of the participants are over the age 56 years. This indicates the averages of the participants are under the age of 21-30 is the biggest of all the above statistics. Which is supported by a study conducted by (Wenlai Wang, 2019) To embrace the achievements of fine-grained population data of different age groups in this study, we suggest that EEP managers should fully consider the distribution differences of different age groups and provide corresponding services for different age groups, such as the allocation of infrastructure for elderly people, child-friendly community planning, and new stores (e.g., coffee shops) for young people.

**Table 4.3 Educational level of the respondents**

		Frequency	Percent	Cumulative Percent
Valid	Diploma	13	13.0	13.0
	First Degree	30	30.0	30.0
	Masters	47	47.0	47.0
	PhD	10	10.0	10.0
	Total	100	100.0	100

Source: own computation, 2022

Table 4.3 deals with the educational background of the respondents. 47 (47%) of the respondents have Master's degree. 30 (30) of them are first degree holders. The remaining 13 and 10 of the study respondents have diploma and PhD holders

respectively. To summarize, the majority of the respondents have master's educational background.

Regarding academic qualification from the total respondent employees who have Masters degree amounts 47% while first degree holders amount 30%. The purpose of analysis the respondent's educational qualification was to determine the quality of answers, understanding of the concept of the portfolio management and organizational performance.

Since the respondents are above first degree holders which is good for the researcher to get adequate and relevant information about the questions which have been raised in the questionnaire, 57% of masters' degree and above shows that there is high potential in the Organization to implement the recommendation presented in next session.

### 4.3 Analysis of the Different Variables

#### 4.3.1 Organizational Performance

Table 4.4 shows that the performance levels the organization of Ethiopian electric Power. Based on the information of the table 37 of the respondents responded that the performance level of the organization is average. 36 of them agreed that the performance level of the organization is good. Parallel, 19 and 8 of the respondents said that poor and very poor respectively.

**Table 4.4 Level of organizational performance**

		Frequency	Percent	Cumulative Percent
Valid	Very good	1	1	1
	Good	36	36.0	36.0
	Average	37	37.0	37.0
	Poor	19	19.0	19.0
	Very poor	7	7.0	7.0
	Total	100	100.0	100

Source: own computation, 2022

The study sought to know whether the respondent were aware of the existence of project portfolio management. The results are as shown in the table 4.5.

**Table 4.5: Awareness of project portfolio management**

	<b>Frequency</b>	<b>Percent</b>
Yes	75	96.8
No	8	3.2
<b>Total</b>	<b>83</b>	<b>100</b>

The analysis showed that 96.8% of the respondents were aware of project portfolio management while only 3.2% were not aware of portfolio management. This findings implies that majority of the workers have experienced portfolio management in their organization.

**Table 4.6: Contribution of project portfolio management practice to the performance of EEP**

	<b>Frequency</b>	<b>Percent</b>
Yes	67	93.0
No	16	7.0
<b>Total</b>	<b>83</b>	<b>100</b>

The highest percent of the respondents agrees that management practice contributes significantly to the performance of projects in Ethiopian Electric Power as was denoted by 93% while 7% who were not in agreement that management practice contributes significantly to the performance of projects in EEP.

The study sought to establish performance of EEP. The findings are shown in Table 4.7.

**Table 4.7: Performance rate**

	Mean	Std. Deviation
Customer satisfaction	3.9439	1.10622
Customer service quality	4.4878	.75758
Finance & Stewardship	4.5000	.90608
Quality of the projects	3.2927	1.25204

From the findings, Finance & Stewardship was rated to be very good in EEP, Customer service quality and Customer satisfaction were rated to be good in the County as was showed by means of 4.4878 and 3.9439 respectively. Quality of the project was average in the county as noted with a mean of 3.2927.

### 4.3.2 Portfolio Planning

The study sought to assess how portfolio planning influences performance of Ethiopian Electric Power. The findings are shown in Table 4.8.

**Table 4.8: Extent portfolio planning affect performance of EEP**

	Frequency	Percent
Little extent	6	7.2
Moderate extent	15	18.1
Great extent	37	44.6
Very great extent	27	32.5
<b>Total</b>	<b>85</b>	<b>100</b>

The findings showed that 44.6% of the respondents indicated that portfolio planning affects the performance of EEP to a great extent, 32.5% indicated a very great extent, 18.1% noted that portfolio planning affects the performance of EEP to a moderate extent whereas 7.2% indicated little extent. The findings imply that portfolio planning affect the performance of EEP to a great extent.

**Table 4.9: Statement on Portfolio Planning**

	Mean	Std. Deviation
Portfolio planning enables component selection	3.3293	1.50763
Selected components in a portfolio are prioritized based on evaluation scores	2.5244	1.04498
Portfolio planning is key to organizational stability and flexibility	3.9878	1.07145
Portfolio planning facilitates resource planning	3.2561	1.16334
Portfolio planning facilitates time planning	4.0366	1.10493
Portfolio planning facilitates cost planning	3.1098	.94289

Table 4.9 presents the analysis of the findings in relation to portfolio planning. Respondents agreed with a mean of 4.0366 that Portfolio planning facilitates time planning; they also agreed with a mean of 3.9878 that Portfolio planning is a key to organizational stability and flexibility. However, the respondents were neutral that selected components in a portfolio are prioritized based on evaluation scores as was shown by a mean of 2.5244.

### 4.3.3 Portfolio Selection

The study also sought to assess how portfolio selection influences performance of Ethiopian Electric Power. The findings are shown in Table 4.10.

**Table 4.10: Extent Portfolio Selection affects performance of EEP**

	Frequency	Percent
Little extent	8	9.6
Moderate extent	11	13.3
Great extent	43	51.8
Very great extent	21	25.3
Total	83	100

The analysis show that 51.8% of the respondents indicated that portfolio selection affects the performance of EEP to a great extent, 25.3% indicated a very great extent, 13.3% noted that portfolio selection affects the performance of EEP to a moderate extent whereas 9.6% indicated little extent. The findings imply that portfolio selection affect the performance of EEP to a great extent

**Table 4.11: Statement on Portfolio Selection**

	Mean	Std. Deviation
Portfolio tracking is an important process of communicating changes once they are identified and approved	4.3171	1.05266
Through portfolio tracking adjustments are made to portfolios in regard to spending, priorities and resource allocations	3.2927	1.11652
Through portfolio tracking non-viable projects are identified and removed from the portfolio	3.7439	1.19475

Respondents were in agreement with the statement that Portfolio tracking is an important process of communicating changes once they are identified and approved. They again agreed with a mean of 3.7439 that through portfolio tracking non-viable projects are identified and removed from the portfolio. However they were neutral with a mean of 3.2927 that through portfolio tracking adjustments are made to portfolios in regard to spending, priorities and resource allocations.

#### 4.3.4 Portfolio Review

The study further sought to assess how portfolio review influences performance of Ethiopian Electric Power. The findings are shown in Table 4.12.

**Table 4.12: Extent portfolio review affects performance of EEP**

	Frequency	Percent
Little extent	5	6.0
Moderate extent	11	13.3
Great extent	43	51.8
Very great extent	24	28.9
<b>Total</b>	<b>83</b>	<b>100</b>

The respondents noted with 51.8% that portfolio review affect performance of EEP to a great extent.28.9% indicated very great extent, 13.3% noted moderate effect of portfolio review on performance of EEP whereas 6.0% showed little extent. These findings deduce that portfolio review significantly affects performance of Ethiopian Electric Power.

**Table 4.13: Statement on Portfolio Review**

<b>Portfolio Review</b>	<b>Mean</b>	<b>Std. Deviation</b>
Portfolio review aims at gathering and reporting performance indicators at an appropriate predetermined frequency	2.4756	1.30739
Portfolio review and re-planning ensures risks are monitored and controlled	3.2195	1.23752
Frequency of reviewing portfolios determines the performance of projects in the portfolio	3.5122	1.33559
Review process ensures that the portfolio contains projects that support the achievement of strategic goals	3.9634	1.14875
Portfolio review and re-planning aims at re-verification of the portfolios critical success factors	3.6098	.99077

The analysis showed that respondents agreed with a mean of 3.9634 that Review process ensures that the portfolio contains projects that support the achievement of strategic goals. They further agreed with a mean of 3.6098 that portfolio review and re-planning aims at re-verification of the portfolios critical success factors. They were neutral with a mean of 2.4756 Portfolio review aims at gathering and reporting performance indicators at an appropriate predetermined frequency.

#### **4.4 Correlation and Result Discussion**

Pearson correlation coefficient was used to determine the strength and the direction of the relationship between the dependent variable and the independent variables targeted during this study. The correlation coefficient matrix between the dependent variable (organizational performance) and independent variables (portfolio planning, portfolio selection and portfolio review) is shown in Table 4.14.

**Table 4.14 Correlations**

		Organizational performance	portfolio reviewing	portfolio planning	portfolio selection
Organizational performance	P/Correlation	1			
	Sig. (2-tailed)				
	N	100			
portfolio reviewing	P/Correlation	.696	1		
	Sig. (2-tailed)	.341			
	N	100	100		
portfolio planning	P/Correlation	.522	-.062	1	
	Sig. (2-tailed)	.228	.540		
	N	100	100	100	
portfolio selection	P/Correlation	.764	.286**	.208*	1
	Sig. (2-tailed)	.977	.004	.038	
	N	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: own computation, 2022

Table 4.15: Effect size determination score for correlation results

when r is	$r^2$	The relationship
Between 0-.19	0-4%	Very weak
Between .20-.39	4-16%	Weak
Between .40-.59	16-36%	Moderate
Between .60-.79	36-64%	Strong
Between .80- 1.0.	64-100%	Very strong

Source: (J.D, 1996)

The above table 4.15 deals with test of correlation result that, the output of correlation matrix for independent variables (portfolio planning, portfolio selection and portfolio review and Dependent variable, organizational performance. Basically all of the independent variables show strong correlations (r) ranging from 0.522 to 0.764. Planning 0.522, selection 0.764 and review (evaluation) is about 0.696.

Therefore, the organizational performance has a direct relationship with planning, selection and review of portfolio management. Generally the organizational performance is dependents of portfolio planning, portfolio selection and portfolio reviewing/evaluating.

**Table 4.16 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	.872	1.015			.860	.392
	Portfolio Review	.229	.198	.123		1.158	.250
	Portfolio planning	.489	.357	.142		1.371	.002
	Portfolio selection	.225	.395	-.062		-.571	.001

a. Dependent Variable: Organizational performance

Source: own computation, 2022

The above table 4.16 reveals the coefficient values of the whole independent variable of the study. Based on the above table two independent variables have significant effect on the dependent variable. Those variables are portfolio planning and portfolio selection. Their respective P values are (0.002 and 0.001) whereas about one independent variable has insignificant relation or effect on dependent variable. This is portfolio reviewing/evaluation whose values shows that 0.250 which is above the significant level of 0.005.

In other words, the activities under portfolio planning, component selection, resource, time and cost planning should be implemented for the positive effect on the organization performance.

The same is true for the portfolio selections where change communication through portfolio tracking, priorities and resource allocation and removal of non-viable projects are that highly affect the performance of organization positively.

Eventhough the portfolio review has positive relation with the organizational performance; the significance level is not as the other independent variables.

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter provides a recap of the research objectives and conclusion of the overall findings. Finally, it provides recommendations to achieve the determinant of factors affecting organization performance with respect of portfolio management.

#### **5.2 Summary of major Findings**

The study has been conducted with the title of effects of portfolio management in organizational performance in case of Ethiopian electric power AA. With this aim the study used 100 participants in the study. These populations have been used in the study in terms of questionnaires ways of collecting data for the sake of the research.

From the total participants of the study about 36% of them are Female, 64% of them are Male. Beside this, the age range of the respondents is accounts that 36% of them are ranged under the rate of 26-36.

With respect of the educational background of the respondents, 47% of them are master's degree holders.

With regards of inferential statistics, from the five independent variables of the study two of the variables have a positive correlation with the dependent variable of the study. Which shows that the relationship of the two (dependent variable and independent variables) have a positive relationship.

Whereas, the regression result shows that, two of the independent variables have a positive significant effects on the dependent variable i.e organizational performance.

#### **5.3 Conclusions**

Based the discussion of the data the study come up with the following conclusions

With regards of planning of portfolio, most of the results from the quantitative data particularly the inferential data shows that a positive relationship and significance with the dependent variables of organizational performance. This is supported with the study

of (Hyväri, 2014) Portfolio management is the coordinated management of one or more portfolios to achieve organizational strategies and objectives. It refers to the interconnected organizational processes that an organization uses to evaluate, select, prioritize, and allocate its limited resources in order to best achieve organizational strategies that are compatible with its vision, purpose, and values. Portfolio management generates useful information that can be used to support or modify corporate strategy and investment decisions. The Standard for Portfolio Management differentiates the qualities of portfolio components further.

With respect of portfolio selection the study findings shows that there is a significant and positive relationship with the organizational performance. Which is meaning of the selection way that the organization select the project portfolio in order to increases the performance of the organization. Which is supported by (Khadija BENAIJA, 2015) Effective management of the projects portfolio is one of keys to success of any organization. Indeed, it is not sufficient to clearly define the objectives to be attained but we must choose the right means to achieve them. These means are none other than the projects. The method of projects selection described in this article is part of the projects portfolio management. It is based on the most important criteria that emerge from the review of the literature in this field. It uses an interactive approach due to the intervention of decision makers throughout the process. For example, we do not analyze all the possible portfolio alternatives that can be very numerous, but it is the managers who define the alternatives that need to be studied on the basis of the classification they have. Checking these elements, the implementation of this method is required; this is one of the perspectives of this work.

The conclusion of project portfolio reviewing/evaluation is that the inferential statistics shows that there is a positive relationship with the dependent variable.

## **5.4 Recommendations**

The recommendations of the study have discussed inline of the three basic objectives of the study:

Project portfolio planning is a critical elements of organizational performance every organizations. Therefore, the concerned bodies are expected to do as level of intensive planning of the portfolio. In planning it is better to do environmental scanning in detail.

The other recommendations of the study are about project portfolio selection. Obviously in the process of portfolio planning it is advisable to set selection criteria. The portfolio selection needs to understand the cost benefit analysis documents of the project.

The last recommendation of the study is about evaluation of project portfolio. The result of project planning and project selection is project portfolio review. Therefore, the leaders of the organization are expected to do intensive project portfolio management starting from planning up to checking whether the project is in the right truck or not.

## **5.5 Future Research Direction**

Following this study, another study should be done to explore the effects of project portfolio management in organizational performance. From the above findings, conclusion and recommendation the study suggests that an in-depth study should be carried out to determine the challenges faced by concerned bodies in implementing the portfolio management. A further study should also be carried out with the same title with additional study variables.

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**Appendix 1**  
**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**

**MASTERS PROGRAM IN PROJECT MANAGEMENT**

**Research Questionnaires to be filled by the respondents of the study**

Dear Respondent,

I am a postgraduate student at Addis Ababa University School of Commerce. I have prepared this questionnaire in order to conduct a study for the partial fulfillment of the requirements for the Award of a Master's Degree in Project Management at the University. The title of the research work is, "**Effects of Portfolio Management on Organizational Performance: in Case of Ethiopian Electric Power**" hence, to gather the required information for the study, I kindly requests your corporation in responding to the questions listed below.

Any information you present will be kept absolutely confidential and will only be used for academic purpose.

Thank you in advance for taking your time to complete the questionnaire.

With Regard

Million Alemayehu

Cell phone - + 251925-822482

E-mail - [ggmillion@gmail.com](mailto:ggmillion@gmail.com)

**Please note the following instruction**

- ✓ You are not expected to write your Name
- ✓ Please put (✓) on the rectangular space or write your respond on the provided space for back ground information.

**PART I –BACKGROUND INFORMATION**

1. Sex : a) male  b) Female
2. Age: a) 21—30  b) 31- 40  c) 41- 50  d) above 50
3. Educational back ground: a) Diploma  b) First degree  c) Master’s degree   
d) PhD
4. Your work experience in project/s a) 2- 4 years  b) 4- 6 years   
c) 6 – 8 years  d) 8- 10 years  e) more than 10

**PART II --EFFECT OF PROJECT PORTFOLIO MANAGEMENT PRACTICES ON PERFORMANCE ORGANIZATIONAL PERFORMANCE**

1. Have you heard about project portfolio management? Yes  No
2. Do you think project portfolio management practice contributes significantly to the performance of projects in your institution? Yes  No
3. How would you rate the performance of your institutions in reference to the following?

Items	Very Good	Good	Average	poor	Very Poor
Customer satisfaction					
Customer service quality					
Finance & Stewardship					
Quality of the projects					

4. To what extent does portfolio inventory affect performance of your institutions?

Not at all	Low extent	Moderate extent	Great extent	Very great extent

5. How would you rate the success of the projects you undertake in the country?  
Rate your responses by ticking [√] on against column. **SD** = Strongly Disagree (1), **D** = Disagree (2), **N** = Neutral (3), **A** = Agree (4), **SA** = strongly agree

<b>Portfolio</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Component identification is in regard to proposed, delayed and ongoing projects					
Projects are evaluated to come up with an optimal mix					
There is a positive correlation of portfolio selection with achieving portfolio results and project purpose					
projects selected in a portfolio are always aligned with the strategic objective of the organization					

### **PORTFOLIO ANALYSIS**

6. To what extent does portfolio analysis affect performance of the institution?

Not at all	Low extent	Moderate extent	Great extent	Very great extent

7. In your opinion, how would you rate the following portfolio analysis statements as influencing the project outcomes in the country?

<b>Portfolio Analysis</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Portfolio analysis process limits the number of projects that can be active at one given time					
Portfolio analysis ensures good portfolio balance that enables the County to achieve growth objectives					
In portfolio analysis risks are identified, analyzed and responses developed					
Portfolio analysis seeks to minimize risk for a given level of expected return					

### **PORTFOLIO PLANNING**

8. To what extent does portfolio planning affect performance of the institution?

Not at all	Low extent	Moderate extent	Great extent	Very great extent

9. Please tell whether you strongly agree, Agree, Disagree, strongly disagree or neutral with the following statements

<b>Portfolio Planning</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Portfolio planning enables component selection					
Portfolio planning facilitates resource planning					
Portfolio planning facilitates time planning					
Portfolio planning facilitates cost planning					

### **PORTFOLIO SELECTION**

10. To what extent does portfolio tracking affect performance of your institution?

Not at all	Low extent	Moderate extent	Great extent	Very great extent

11. Please tell whether you strongly agree, Agree, Disagree, strongly disagree or neutral with the following statements

<b>Portfolio Selection</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Portfolio tracking is an important process of communicating changes once they are identified and approved					
Through portfolio tracking adjustments are made to portfolios in regard to spending, priorities and resource allocations					
Through portfolio tracking non-viable projects are identified and removed from the portfolio					

**PORTFOLIO selection**

12. To what extent does portfolio review affect performance of the institution?

Not at all	Low extent	Moderate extent	Great extent	Very great extent

13. Rate your opinion on the following statements by ticking [√] against column.

SD = Strongly Disagree (1), D = Disagree (2), N = Neutral (3), A = Agree (4), SA = Strongly Agree (5)

<b>Portfolio Review</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Portfolio review aims at gathering and reporting performance indicators at an appropriate predetermined frequency					
Portfolio review and re-planning ensures risks are monitored and controlled					
Frequency of reviewing portfolios determines the performance of projects in the portfolio					
Portfolio review and re-planning aims at re verification of the portfolios critical success factors					

14. What are some of the key challenges and difficulties are you facing in project portfolio management?

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**Thank you**