



A framework for governance of projects: Governmentality, governance structure and projectification

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Abstract

This paper develops a general-purpose framework for the governance of projects. The framework is structured by the concepts of governmentality and governance of projects, in the context of different levels of projectification in organizations. It visualizes the organization-specific profiles for these concepts. The dimensions and scales underlying the three concepts derived mainly from the literature on governance, general management, and project management. Eight case studies in four industries in Scandinavia and China validated the dimensions and scales and identified a new dimension for the concept of governmentality. This dimension, called precept, addresses the predominant theme in governmentality as being either organizational values, process compliance, or project well-being. Theoretical implications are in the integration of so far separate concepts plus a new governmentality dimension into one overall framework and visualization of it. Practical implications are in the identification of organization specific profiles, which can be used to develop generic profiles for industries, geographies, or otherwise different governance regimes.

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1. Introduction

Governance is often defined as the means by which organizations are directed and their managers are held accountable for conduct and performance (OECD, 2001). Governance differs from management in that management runs the business, while governance makes sure that it runs efficiently and in the right direction (Tricker, 2012). Within organizations (such as corporations) the governance of projects is often perceived to exist within the corporate governance

framework, comprising the “value system, responsibilities, processes and policies that allow projects to achieve organizational objectives and foster implementation that is in the best interest of all the stakeholders, internal and external, and the corporation itself.” (Müller, 2009, p.4). Recent work on governance in the realm of projects uses Morris’ (1997) distinction between project management and management of projects to distinguish between *project governance* as the governance of individual projects, often in line with the specific methodology used to manage a project, and *governance of projects* as the way to govern groups of projects in organizations, such as programs or portfolios of projects, or board level governance related to the entirety of projects in an organization (e.g. Badewi, 2016; Müller et al., 2014a, 2014b, 2015). The present paper takes the latter perspective to understand and frame the variety of approaches to governance

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of projects in organizations, thus the organizational-level governance structures within which individual projects are launched, governed and managed.

Governmentality, which is, the way governors present themselves to those they govern, sets the tone for the interaction between governing and governed individuals (Barthes, 2013; Lemke, 2007). Through that, it shows the attitude governors have toward the people they govern. Governmentality represents the human side of an otherwise more structure-oriented governance, just as leadership does in the realm of management. For example, while governance provides a particular project management methodology in an organization, it is governmentality that regulates how the use of this methodology is enforced. Together the two complementary concepts of governance and governmentality shape, but do not determine the actions of individuals in projects (Clegg et al., 2002).

The present study investigates the range of governance and governmentality approaches in organizations of different size, industry and level of projectification. Existing research has shown that governance approaches vary by context. These studies focused mainly on structural context variables at the project level, like specific project types or sizes (e.g. the governance framework for NASA in Shenhar et al., 2005), but not at the organizational level and the extent organizations are projectified, that is, the extent projects and project management are used as organizing principles in organizations (Midler, 1995). Accordingly, no research could be found on the interrelationship between ‘projectification’ and governance and governmentality approaches in organizations. However, we assume that the level of projectification is an important context variable for the understanding and development of governance structures, as organizations with little projectification will most likely be less concerned with (later described) governance dimensions like sovereignty of projects, number of institutions for the governance of projects etc. and more concerned with process and operational efficiency. Hence, we propose projectification of the organization as an important *context variable* for a framework of governance. The importance of projectification for governance approaches stems from corporate reality, which is rarely purely project-oriented or purely process-oriented, but most often uses a mix of different expressions of projectification in the different departments and business units. To that end, the paper addresses the following research question:

What are the underlying dimensions and scales for the concepts of governance and governmentality, with projectification as a context variable in a framework for governance in the realm of projects?

The unit of analysis is the organization. The study takes an epistemological stance of Critical Realism (described in Section 3) and uses eight in-depth case studies across two geographies, with four companies of comparable size and industry in both China and Scandinavia, to identify the widest possible range of governance approaches. The aim is to develop an assessment

tool that helps profiling *governance and governmentality* approaches of organizations.

We take the theoretical lens of agency theory and stewardship theory as two complementary perspectives toward governance. The former is often associated with control as the dominant governance mechanism as it assumes a ‘homo economicus’ attitude of actors with utility maximizing behavior by both the governor as principal (typically in form of a project sponsor) and the project manager as agent (Jensen and Meckling, 1994; Müller and Turner, 2005). Their relationship is characterized by information imbalance, which may entice utility maximizing behavior by the agent, unwanted by the principal. On the contrary, stewardship theory refers mainly to trust-based governance mechanisms, where principals assume pro-organizational, collectivistic behavior by the agent, thus project managers aligning their personal goals with those of the sponsoring organization. They prioritize the long term gains of the collaboration over the short term gains which are of issue in agency theory (Davis et al., 1997). Through their complementarity, the two theoretical perspectives cover a wide range of scales in the governance framework developed herein. The complementarity of these two theoretical lenses was proven as suitable in the context of projects through earlier studies by Müller et al. (2016) on the enablers for governance of projects.

The paper extends existing research, which merely identified the specific governance approaches for particular project types, by integrating governance and governmentality, with projectification as a context variable into one organizational framework for governance. Through that, it adds a relativistic perspective to a predominantly normative body of literature, which provides new perspectives for academics and theory development. Practitioners benefit from the results through a visualization of the range of possible governance approaches. This allows practicing managers to learn about their own approaches as well as to test and identify new approaches for the benefit of their project and organizational results.

The next section of the paper reviews relevant literature to identify the knowledge gap and describe the theoretical perspective. This is followed by sections on methodology, data collection, analysis and results. The paper ends with a conclusion and an answer to the research question.

2. Literature review

This section reviews the relevant literature on project governance, governmentality and projectification, and ends with the identification of a knowledge gap and the theoretical perspective taken for this study.

2.1. Governance in the realm of projects

Independent of its particular level in the organization, governance provides the approaches, authorities, accountabilities and processes to *define the objectives of organizations/projects, provide the means to achieve those objectives, and control progress*. (OECD, 2004; Turner, 2009). The scope is widest at the corporate level and subsequently narrows down

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