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Multi-level project governance: Trends and opportunities

Christopher Biesenthal [a,*], Ralf Wilden [b,1]

[a] School of Built Environment, University of Technology, Sydney, P.O. Box 123 Broadway, NSW 2007, Australia
[b] Newcastle Business School, University of Newcastle, University Drive, Callaghan, NSW 2308, Australia

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Abstract

Project governance is important in ensuring successful project delivery. In this article we conduct a systematic investigation of previous research to provide a content-driven review of the literature, and to provide future research direction. We use the textual data mining software Leximancer to identify dominant concepts and themes underlying project governance research. Our findings indicate that agency and stakeholder theories have been adapted to the project governance context to a greater extent than other theories. Furthermore, we find differences in project governance research, published in project management journals compared to general management, IT and engineering journals. We conclude the paper by presenting a framework that links governance theories to the multiple organizational levels relevant to project governance.

Keywords: Project management; Project governance; Leximancer; Review; Text mining

1. Introduction

The use of projects by organizations has evolved from simply being a tactical tool—for example, to manufacture products and service—towards becoming a strategic vehicle to transform organizations. Accordingly, much academic and practitioner attention has been dedicated to better understanding the management and governance of projects. Project management is mainly concerned with the operational control and execution of daily work at the project level (Turner, 2009), whereas project governance represents a higher-level structure; defining processes and structures to govern multiple projects and to manage strategic objectives (Nielsen, 2010). Previous studies have provided us with valuable insights into specific aspects of project management, such as leadership and performance outcomes (Turner, 2009). However, as the call for papers for this special issue on "Transforming Governance in Complex Project Environments" in the *International Journal of Project Management* indicates, research has thus far devoted relatively less research attention on how to best govern projects.

On its most basic level, project governance supports an organization in aligning its project objectives with its organizational strategy, achieving set project objectives and monitoring performance. It also describes the means for attaining such objectives (PMI, 2013, p. 579; Turner, 2009, p. 311). Project governance is an overarching business function in project-based organizations (PBOs) (PMI, 2013) and provides a framework for organizational processes, decision-making models and project management tools, which support the successful delivery of projects, programs and portfolios. It is thus closely linked to performance and represents a critical cornerstone of PBOs across multiple organizational layers, especially in complex projects (Garland, 2009). Governance research has started to acknowledge and address the particular nature of governance across the various relevant organizational levels (e.g., Foss et al., 2010). Due to the multiple definitions of project governance found in literature, the exact nature of the construct remains unclear.

* Corresponding author. Tel.: +61 2 9514 8950.
E-mail addresses: christopher.biesenthal@uts.edu.au (C. Biesenthal), ralf.wilden@newcastle.edu.au (R. Wilden).
[1] Tel.: +61 2 8262 6416.

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To provide structure and direction to existing and future research on project governance the specific aims of this paper are as follows. First, we identify and systematically review 97 papers published in major management (62 articles) and three project management (35 articles) journals, to explore the status of project governance research using unstructured ontological discovery (text mining). By so doing we explore the dominant *content themes* of project governance research. We also compare whether the content themes differ between research published in traditional management journals and dedicated project management journals. Second, we investigate how concepts and themes of dominant corporate governance theories (i.e., agency, stakeholder, stewardship and resource dependence theories, as well as transaction costs economics) have been applied to the context of project governance. Third, we propose future research directions by presenting a framework with a particular focus on linking governance theories with the different levels of foci in project governance.

Our study uses scholarly articles and thus, the words of contributors to the field, to scientometrically analyze project governance. We use the textual analysis tool Leximancer, as it is a powerful device for interpreting and visualizing complex text data (Campbell et al., 2011). Leximancer investigates the co-occurrence of words within their textual contexts, which provides valuable insights for the narrative inquiry of the project management research field. The idea is that a word is defined by the context within which it occurs and words that co-occur reflect categories (i.e., concepts) with specific meaning. Based on the words of the authors, Leximancer enables us to identify concepts and themes in the field. Consequently, it is these text-derived concepts and themes that represent our level of analysis, rather than the article or author as used in other bibliometric techniques, such as co-citation analysis.

The remainder of this paper is structured as follows: we begin with a concise overview of the key theories that underlie corporate governance research; provide a short introduction to project governance research, as well as to the multi-level nature of PBOs, and we follow with an outline of our research methodology and data sets that constitute the basis for our detailed analysis of project governance research. Following the presentation of the Leximancer-derived results, we conclude this paper with a summary of our findings and provide avenues for future research through introducing a conceptual research framework, which discusses governance theories applied to the various organizational levels in PBOs.

2. Theoretical background

2.1. General governance theories

Management scholars have drawn, and considerably adapted, ideas from policy research in political science to develop theories explaining the good governance of corporations (Bevir, 2010).[2] In its most general form corporate governance is defined as the set of rules, (stakeholder) relationships, systems and processes by which authority is exercised and controlled in organizations. Corporate governance influences how organizational objectives are set and achieved (ASX, 2007; OECD, 2004) and also fosters self-regulation within a greater context, without determining every action of organizational actors (Clegg et al., 2002). Hence, "governance is ultimately concerned with creating the conditions for ordered rule and collective action" (Stoker, 1998, p. 155). In what follows, we provide a concise overview of the dominant governance theories and summarize them in Table 1.

2.1.1. Agency theory

Agency theory assumptions have been highly influential in shaping corporate governance systems and follow a 'traditional' finance and economics perspective (Eisenhardt, 1989). Agency theory implies that the principal has difficulties in motivating the agent to act in the principal's best interests. A common example is the separation of ownership and control, which is a fundamental problem in organizations (Jensen and Meckling, 1976). This separation is the result of absent or distant owners/shareholders (i.e., principals), employing professional executives (i.e., agents) to act on their behalf (Eisenhardt, 1989). As principals need to provide agents with some level of decision-making authority, issues related to conflict of interest and moral hazard, due to asymmetric information, may arise (Williamson, 1988). In line with neo-classical economics, the fundamental assumption underlying this theory is that an agent may be self-interested and act opportunistically, rather than purely in the interest of the principal/s (Donaldson and Davis, 1991). Furthermore, agents and principals may differ in their risk attitudes (Eisenhardt, 1989). To mitigate these problems, the principal will incur 'agency costs' (Jensen and Meckling, 1976). These costs arise from the need to create outcome-based incentive systems that enable the alignment of agents' and principals' interests (e.g., performance-based contracts). Furthermore, costs arise from implementing monitoring and control mechanisms to govern agent behavior and to prevent agents' abuse of principals' interests. In the context of project management this theory is particularly used to describe the relationship between the owner of a project and its manager (Turner et al., 2010).

2.1.2. Transaction cost economics

Transaction cost economics (TCE) is concerned with the possibility of opportunistic behavior eventuating, which may be caused by organizational actions being driven by self-interest and an ambition to minimize costs (Williamson, 1979). In order to minimize the total costs of a good or service, different costs (e.g., production, search or information) must be taken into account before making a decision about suppliers, outsourcing, mergers and acquisitions, and any coordination between firms such as alliances or contractual agreements. TCE can, therefore, help to understand governance and organizational decision making. In its original form, Williamson (1975) outlines three drivers of transaction costs: (i) contingency factors (e.g., frequency and asset specificity); (ii) behavioral factors (e.g., bounded rationality and opportunism), and (iii) context (i.e., institutional

[2] Please see Bevir (2010) for more information on the difference of governance research in political science.