Governance performance in complex environment: The case of a major transformation in a university hospital

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Abstract

Project-based organisations have emerged as new forms of organisation in the last few decades. However, hierarchy persists. Both serve their own purpose, but entail different sets of values. This is particularly true in relation to the contribution of project management to organisational performance. The competing values framework has been used to highlight different sets of values and preferences underlying the evaluation of PMO performance and emphasizes the *competing* aspect. The research adopted a participatory action research approach in a university hospital where a major organisational transformation is taking place. Findings reveal the existence of paradoxes between the executives and the PMO regarding the PMO performance and show how these paradoxes evolved over time. This sheds light not only on the paradoxes, but also on the dynamic process related to performance evaluation within a transformation project.
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Keywords: Governance; Organisational performance; Competing values framework; Project management office; Healthcare; Organisational transformation; Tensions

1. Introduction

Pettigrew (2003) has challenged the idea that new forms of organisation are really new. What he found was a cohabitation of innovative forms (e.g., a project-based type of organisation) along with hierarchy. Based on the ambidexterity concept (March, 1991), the same has been suggested by Hedlund (1994) when he differentiated between the need for an organisation to explore what is already known and explore new ideas through innovation. The strengths of a hierarchical organisation are suited to the former, but not the latter. As a result, hierarchy coexists with a new *heterarchy*, and the boundaries between them are blurred in current organisations. This cohabitation between hierarchy and innovative forms of organisation gives rise to multidimensional structures (Galbraith, 2010) and a wide variety of hybrid forms of organisation. The term "post-bureaucracy" (e.g., Clegg, 2012) was coined to capture the

future and persistence of bureaucracy while acknowledging the new types of structure within organisations. Surprisingly, despite the immense structure-related challenges facing organisations, scholars have neglected the study of organisational design in recent research (Greenwood and Miller, 2010).

Much the same applies to project management literature in that rather little research has been undertaken on the organisational design for the management of projects. Until quite recently, the focus on organisational structures has centred heavily on matrix-type organisations in the objective of describing their strengths and weaknesses (Hobbs and Ménard, 1993; Hobday, 2000; Larson, 2004). In this regard, scholars researching project-based organisations have mainly focussed their attention on learning, project embeddedness, or project capabilities (Cattani et al., 2011). Another significant trend among scholars studying organisational structures in project management is the definition and role of project management offices (PMO) (Artto et al., 2011; Aubry et al., 2011a; Crawford, 2010; Hobbs and Aubry, 2010a). Major findings on PMOs highlighted their variety and their

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changing process. Some studies on PMOs focused on their contribution to organisational performance based on a multidimensional framework, the competing values framework (Aubry and Hobbs, 2011; Aubry et al., 2011b). This approach is built on the acknowledgment of different and sometimes opposite values in the assessment of performance. It seems particularly well suited to a context including the hybrid forms of organisation described above, where different and competing values in the assessment of performance coexist in the hierarchy and in the project organisations.

Accordingly, performance must be understood as more than a *thing* to be defined, but rather as a *process* (Van de Ven and Poole, 2005) by which different actors share what they value and eventually come to recognise their similarities and differences (paradoxes) in evaluating performance. In this view, organisational performance is a process that changes over time and gets constructed. It includes the notion of temporality that is usually absent from the "classical" approach to organisational performance. The process view of organisational phenomena has been encouraged recently in a special issue dedicated to this approach (Langley et al., 2013). This research fits well with this trend.

We undertook this research in the aim of taking a fresh and relevant look at the study of the performance of organisations engaged in the management of projects. Our approach to performance through the competing values framework allowed us to explore a specific governance mechanism: PMO. The PMO is an organisational entity in which governance mechanisms in relation to project management are more formalised and therefore, more easily observable. This entity is also a good starting point for multilevel analysis: the PMO is included in different internal networks crossing the vertical and horizontal boundaries of organisational structure (Müller et al., 2013). This leads to the following research question: "How to assess the PMO's contribution to organisational performance"?

The empirical setting for this research is a university hospital where a major transformation project was undertaken. This empirical situation offers a rich context for the study of organisational performance where competing values are more likely to be observed between hierarchy and project organisations. While this research was undertaken in the specific healthcare sector, the findings could be generalised to other situations. Yet, major transformation projects can happen in a variety of sectors, but their governance mechanisms are underresearched. The specific perspective taken here, with the multiple views on performance contributions, should be of interest to all sectors.

The article is organised as follows: the first section introduces the problematic. Second section includes a literature review covering three complementary themes and presents the conceptual framework; the methodology is presented in the third section; the context of the research is described in the fourth section; the major findings are presented in the fifth section. In the sixth section, the discussion puts forward three points of interest from this research. Conclusion provides a summary of the research findings and identifies key limitations as well as directions for future research.

2. Literature review

Three main domains have been reviewed for the purposes of this paper: strategy and change management in healthcare, project management in the strategic arena, and the competing values framework (CVF). The last section presents the conceptual framework for this research.

2.1. Strategy and change management in healthcare

Sending a rocket to the moon is complicated, raising a child is complex, and so is managing healthcare (Glouberman and Zimmerman, 2002). These complexity analogies call attention to the multifaceted aspects of healthcare, which many have identified as a complex adaptive system (Begun et al., 2003; Plesk and Greenhalgh, 2001; Plesk and Wilson, 2001; Wilson and Holt, 2001; Zimmerman, 2010).

While Zimmerman (2010) views the challenges of healthcare transformation as a need to reconsider traditional approaches to management while simultaneously supporting emergent, self-organising and context-specific solutions, Plesk and Greenhalgh (2001) propose that this complexity needs to be seen in relation to the individuals who comprise it. These authors view healthcare organisations as groups of individuals who act in ways that are unpredictable. Actions are interconnected, and one individual's actions change the context for another. Denis et al. (2001) add the notion of power to the mix. These authors define hospitals as pluralistic organisations where divergent objectives, including the care of individual patients and specific patient populations, are positioned within a cost control environment and where interplay occurs among a multitude of actors, including healthcare professionals, managers and community groups, linked together in ambiguous power relationships. In the best of circumstances, the task of managing within these complex systems can be daunting, especially given the now well-established links between management practices and the quality and safety of patient care (Dorgan and Layton, 2010; Khatri et al., 2007).

As described above, initiating change in healthcare has long been recognised as a complex issue because of the many activities and interactions among various groups of professionals whose control the system while sharing a limited pool of resources (Glouberman and Mintzberg, 2001; Glouberman and Zimmerman, 2002). In the last 30 years, organisational theories have evolved to reflect this complexity. While classical theories adopted a logic of rationalism based on technical expertise, developments in organisational theory shifted this view to a systemic understanding of organisations. Based on this understanding, the social dynamics between actors in the system are considered as important as the structural dimension (Ackerman, 1997; Argyris and Schön, 1978; Checkland, 1981; Senge, 1990). This view is shared by researchers in healthcare management studying the reciprocal influence of the organisational environment on those within the organisation (Champagne, 2002; Mintzberg and Waters, 1982; Pettigrew and Whipp, 1991, 1993).

In the last decade, healthcare managers have been urged to experiment with new structures and processes to improve service delivery. Different approaches have been tried, including industrial