



Something old, something new: Path dependence and path creation during the early stage of a project

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Abstract

Urban renewal projects involve several public and private stakeholders whose interaction during the project's early stage determines the scope of the project. Prior research has conveyed a somewhat ahistorical view of this early stage, based on the assumption that abundant design options are available to stakeholders. This study of a multi-stakeholder project, focused on the renewal of the commercial center of the historic garden city of Tapiola, seeks to increase understanding of processes of path dependence and path creation during the project's early stage. The findings show how a project and its stakeholders can be locked into a path that is affected by the stakeholders' shared history. The findings further reveal how external triggering events, emergent stakeholder dynamics, and active individual agency contribute to change in the project's goals, enabling breaking of the shared path and the gradual creation of a new path.

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1. Introduction

In a sense, this whole development project of Tapiola's center has been shadowed by the history of the world-famous Tapiola garden city and its architecture ... Many of the stakeholders—when evaluating and contributing to the plans initially—had the idyllic 1950's garden city picture of Tapiola as their frame of reference.

With these words, the project director from the City of Espoo characterized the ongoing complex, multi-stakeholder urban renewal project to bring change to Tapiola district by establishing a vibrant commercial center with residential housing in the center

of the district. Built in the post-World War II era and located within the Helsinki metropolitan area in Finland, Tapiola is a heritage district, internationally recognized for its unique architecture and garden city character. In essence, the project director's words declare that history always matters, even in the process of creating something new. Multi-stakeholder projects are networks (DeFillippi and Sydow, 2016; Hellgren and Stjernberg, 1995), in which decision-making processes and behavioral patterns are conditioned by the prehistories, prior interactions of actors, and by the ever-changing stakeholder networks in which projects are embedded (Manning and Sydow, 2011).

In organization research, understanding how and why history matters in organizational life has come to be of central interest (Sydow et al., 2009). In particular, the concept of *path dependence* (David, 1985; Arthur, 1989), which has its origins in evolutionary economics, has gained prominence. The notion of path dependence asserts in general that our present and future choices are conditioned by decisions we have made in

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the past, and that these decisions create increasingly constrained processes that cannot easily be escaped (Vergne and Durand, 2010). On the other hand, the idea of path dependence has been criticized for its failure to take account of the role of human agency in the creation of new paths (Garud and Karnoe, 2001). To address this limitation, Garud and Karnoe (2001) advanced the contrasting perspective of *path creation*, suggesting that individuals, organizations, and fields may also break away and mindfully deviate from their expected paths. In particular, there have been calls for more research examining path-related processes in inter-organizational contexts such as multi-stakeholder projects (Hellström et al., 2013; Levering et al., 2013; Sydow et al., 2009). The concepts of path dependence and path creation offer a novel perspective from which to examine processes that occur during the dynamic early stage of project networks, as multiple stakeholders seek to establish a joint direction for the project. The organizational entity that we analyze here is the stakeholder network in one such project's early stage. During this time, multiple stakeholders together form a path for the network through their independent or coordinated actions and decisions, often by seeking to establish overall system-level goals, design solutions, scope and joint routines to enable them to work jointly toward this goal. In the later stages of the project, this may also involve changing this goal (Arto et al., 2016).

The study addresses the following research question: *How are path dependence and path creation processes manifested during the early stage of a multi-stakeholder project?* In particular, we investigate how these processes are associated with the formation of the path that the project takes and what kinds of role are played by multiple stakeholders in the processes of path dependence and creation. The aim here is to extend our knowledge of the sporadic process involving the multi-stakeholder network in either enforcing previously set goals or changing goals and actions, and ultimately defining new direction for the project and the network of organizations.

The unit of observation in this empirical study was a multi-stakeholder urban renewal project of the commercial center of Tapiola district (hereafter referred to as “the Tapiola project”). In total, investments in the Tapiola project from different stakeholders amounted to 3.4 billion euros. The early stage of the project lasted for twelve years (2000–2012), during which time the project's network organization sought and continuously adjusted the goals, design and plans of the renewal project when defining and redefining the project's scope. This early stage was divided into three distinctive phases in our empirical analysis. Typically, the early stage of an urban renewal project may last significantly longer than actual implementation—perhaps even for several decades. Despite the importance of this long period, preceding more detailed design and implementation of the project, prior research offers limited theoretical understanding of how the project's path, particularly in terms of the joint goals, design solutions and scope, actually takes shape in this initial stage through the sporadic interactions and decision-making of the various stakeholders (Edkins et al., 2013; Morris, 2013).

The present study contributes in four ways to the literatures on management of the early project stage, project stakeholder

management, and path dependence and path creation. First, the findings challenge previous accounts of the abundant availability of design options and choices in a project's early stage by showing how path dependence processes may already impose restrictions on multiple stakeholders' decision-making when the project commences. Second, the study enhances understanding of stakeholder network dynamics during a project's early stage by showing how changes in the stakeholder network structure can facilitate path creation processes that may radically change the project's scope. Third, through evidence of both path dependence and path creation during a project's early stage, the study characterizes goal formulation processes in multi-stakeholder projects as continuously evolving and affected by changes in the stakeholder constellation. Finally, the study contributes to the literatures on path dependence and path creation by elaborating these in the context of temporary inter-organizational projects and by integrating path research with stakeholder research.

The paper is organized as follows. A review of the literature on path dependence, path creation, and stakeholder dynamics during a project's early stage is followed by a description of the research method. Section 4 presents an empirical account of the Tapiola project's early stage, and Section 5 elaborates inductive reasoning on the Tapiola case, based on an interpretation of early project dynamics informed by research on path dependence and path creation. Section 6 discusses the implications of these findings for project management and path dependence and path creation research. In addition, managerial implications and multiple avenues for further research are suggested.

2. Theoretical background

2.1. Path dependence and path creation in multi-stakeholder projects

In the pioneering works of David (1985) and Arthur (1989), the idea of path dependence was introduced to explain the dominance and persistence of technologies that are not optimal in terms of technological or economic efficiency. The essence of path dependence is that our choices are conditioned by choices we have made in the past.

While now a well-established construct of modern organization theory, much confusion remains about the underlying logic of path dependence in organizations (Sydow et al., 2009). In particular, there has been criticism of the vague and metaphorical labeling of many processes in which “history matters” as path-dependent. This also applies in project contexts, as all human activity and decision-making is influenced in one way or another by history (Manning and Sydow, 2011). To address the shortcomings of this unduly broad and holistic approach to path dependence, Sydow et al. (2009) developed a dynamic framework, dividing the emergent process of path dependence into three distinct stages, commencing from (1) singular historical events, which may, under certain conditions, (2) become self-reinforcing dynamics that may lead to (3) organizational lock-in (Sydow et al., 2009). In particular, the notions of increasing returns and self-reinforcing mechanisms are at the heart of path dependence. Increasing returns refers to how the cost of switching from one option to another increases over

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