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The rise of project network organizations: Building core teams and flexible partner pools for interorganizational projects

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ABSTRACT

This study shifts attention from project-based firms (PBFs) to project network organizations (PNOs) as increasingly important interorganizational contexts of project collaboration. As a result of organizational specialization, PNOs have emerged as generic organizational forms combining the coordination capacity of PBFs with the resource richness of networks. PNOs connect legally independent, yet often operationally interdependent individuals and organizations in strategically coordinated sets of core project teams and flexible partner pools that sustain beyond singular projects. Based on an empirical review of PNOs in film, event organizing, construction, complex product and system development, research, open innovation and international development, core features, antecedents and differentiating properties of PNOs are identified. Structural differences are related to project variety and connectivity, degree of specialization and geographic concentration of resources. Findings extend our understanding of interorganizational project coordination across fields, and the interplay of PBFs, networks and project entrepreneurship.

1. Introduction

In many domains, such as film, events, software, research, construction, consulting, complex product and system (CoPS) development, and open innovation, projects are an important form of organizing and collaborating (Hobday, 2000; Grabher, 2002; Ibert, 2004; Klimkeit, 2013; Du et al., 2014). Projects can be defined as temporary systems that are constituted by multiple individual or organizational actors to accomplish rather complex and partially unique tasks (Lundin and Söderholm, 1995; Obstfeld, 2012). Projects, in particular those involving multiple organizations, have become increasingly important thanks to shortening product lifecycles and an increasing need for flexible mobilization and coordination of dispersed resources and expertise (Söderlund, 2008; Bakker, 2011, 2016; Cattani et al., 2011). As temporary systems, projects are partially self-contained, partially dependent upon norms, resources and expectations from other social contexts, such as project-based firms, networks and fields (see e.g. Engwall, 2003; Manning, 2008; Bakker, 2010).

In past research, two contexts of project organizing have been discussed extensively – project-based firms (PBFs) and networks. PBFs are firms whose capabilities and structures are primarily built around coordinating projects (Hobday, 2000; Söderlund, 2008). Specifically, they are “legally constituted collective actors that control property rights and exercise formal authority over task organization and performance through employment contracts.” (Whitley, 2006, p. 79). Examples

include software firms, construction firms, innovation agencies, and consultancies. Yet, partly as a result of growing specialization and vertical disintegration in many project businesses, PBFs increasingly engage in interorganizational projects involving multiple legally independent, yet often operationally interdependent partners (Bakker, 2011; Jones and Lichtenstein, 2008). In doing so, PBFs depend on resources from outside the firm, such as funding, freelancers, temporary workers, suppliers and partners (Johnson, 2011). Because of this, project scholars have increasingly studied the role external networks play in generating project ideas and forming teams (Jones, 1996; DeFillippi and Arthur, 1998), and in facilitating learning and access to various resources across firm boundaries (Powell et al., 1996, 2005).

With the growing importance of interorganizational projects, PBFs and network structures have jointly contributed to a new organizational form that combines the coordination capacity of PBFs (Blindenbach-Driessen and van der Ende, 2010) with network access to dispersed resources (Johnson, 2011) – so-called ‘project network organizations’ (PNOs) (Manning, 2010; Foster et al., 2015). Unlike PBFs, PNOs are composed of legally independent, yet operationally interdependent individuals and organizations who maintain longer-term collaborative relationships beyond the time limitations of particular projects. PBFs can play an important part within PNOs, e.g. as project and network coordinators (Manning, 2010). Such PBFs are typically rather lean firms run by so-called ‘project entrepreneurs’, e.g. film producers or consultants, who initiate project ideas and build interorganizational teams

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around them on a regular basis (Ferriani et al., 2009; Manning, 2010; Grabher, 2002, 2004). PNOs are different from ‘boundary-less networks’ in having a collective coordination capacity that enables partners to repeatedly initiate projects and mobilize project resources in specific project domains (Windeler and Sydow, 2001; Starkey et al., 2000). Typically, PNOs consist of both stable core teams across organizational boundaries (Blair, 2001) and complementary pools of freelancers and independent partners (Manning, 2010). PNOs have been adopted and studied in various fields, e.g. TV production (Starkey et al., 2000), advertising (Grabher, 2002), academic research (Manning, 2010), and international development (Manning and Von Hagen, 2010). Yet, despite their empirical importance, we lack a more integrated understanding of their unifying and differentiating properties across fields. This study attempts to review past research and make some propositions as to how and in what way PNOs may establish as organizational forms in project businesses. This has important implications for our understanding of PBFs and project organizing across industries.

Based on a thorough review of studies across project businesses, including film/TV production, event organizing, construction, CoPS development, collaborative research, and international development, it is proposed that PNOs are most likely to emerge in fields where inter-organizational projects are a dominant form of organizing. Yet, the way project partners get embedded and coordinated within PNOs differs across project businesses. For example, PNOs differ in the relative size of core project teams vs. flexible partner pools, which relates to the degree of project variety, as well as the degree of integration of core team members in larger organizations which relates to how much projects depend and expand on specific knowledge, technologies and capabilities. Also, PNOs may be either coordinated by PBFs or individual project entrepreneurs, depending on the degree of organizational specialization in a field. Finally, PNOs may differ in geographic concentration, which affects network roles of core team members since growing distribution increases the need for local-global intermediaries.

This study informs future research in two major ways. First, it extends prior research on PBFs by applying questions of project-based coordination (Whitley, 2006; Söderlund, 2008) to strategically coordinated network relationships beyond PBFs. For example, findings suggest that PBFs within core project teams can play a central role in stimulating and combining both intra- and interorganizational, local and global learning in PNOs, using formal and informal mechanisms, which extends prior research on project-based learning and capability development (Nightingale et al., 2011; Brady and Davies, 2004; Bouncken, 2011; Schuessler et al., 2012). Second, this study brings prior research on networks in project businesses, which has treated networks primarily as emergent opportunity structures (Schwab and Miner, 2008; Ferriani et al., 2009; Johnson, 2011; Burke and Morley, 2016), closer to questions of strategic coordination and resource allocation (Cattani et al., 2011), including a more nuanced, operational understanding of how (and why) project entrepreneurs form and manage strong ties and cliques in project businesses and how strong ties are connected to more volatile network structures (see also Ferriani et al., 2009). Finally, this study helps better integrate project scholarship across fields.

The paper starts with a review of projects as embedded forms, focusing on interorganizational projects and the role of PBFs, networks, fields, and PNOs. Then PNOs are refined and differentiated based on empirical studies in different project businesses. Finally, propositions are made on the field-specific structural properties of PNOs as organizational forms for future research. The paper finishes with broader implications for research on projects, networks, and management in more general.

2. The embeddedness of project organizing: a multi-level perspective

Projects are often seen as highly flexible forms of organizing activities towards often rather complex goals. In fact, scholars have argued that projects seem more suitable than permanent organizations to take on complex tasks in creative and flexible ways, combining heterogeneous sources of knowledge and competencies (Asheim and Mariussen, 2003; Obstfeld, 2012). However, so-called ‘project businesses’, i.e. businesses in which temporary projects are the primary means of developing/delivering products and services, are typically characterized by relatively high uncertainty, volatility and dispersion of specialized resources and capabilities across organizations and professionals (Whitley, 2006; Manning and Sydow, 2011). This poses important managerial challenges for project entrepreneurs, who are regularly involved in developing project ideas, mobilizing project support and assembling project teams.

In face of these challenges, several project scholars have emphasized that projects are ‘embedded systems’ (Engwall, 2003; Bakker, 2010) whereby the initiation of each project is shaped by various norms, expectations and resources provided by the social contexts projects are embedded in (Manning, 2008). Projects are typically embedded in multiple layers of social structure – from organizations, to networks and fields (Cattani et al., 2011; Burke and Morley, 2016). This sets boundaries to what projects can accomplish, but also reduces uncertainty and allows projects to accomplish complex tasks (Manning, 2008). Specifically, various social contexts have not only helped professionalize project organizing as a set of practices and norms across multiple businesses, but also led to a differentiation of such practices in line with conditions in particular fields. This study thus takes a multi-level perspective on project organizing that combines insights from prior research on the importance of various critical contexts. Fig. 1 displays in a simplified manner how projects are embedded in various contexts: project-based firms, networks and communities, organizational fields, and project network organizations, which interlink these various contexts. Each context will be discussed next.

One frequently studied context of project organizing are *project-based firms* (PBFs). PBFs are legal entities that are typically founded and/or run by project entrepreneurs (DeFillippi and Arthur, 1998) and that provide critical organizational resources and capabilities needed to regularly initiate and manage projects in professional project businesses (Whitley, 2006; Johnson, 2011; Söderlund, 2008). PBFs can range from rather large organizations, e.g. software and technology firms, with a project-focused structure (Galbraith, 1971), to rather lean organizations, e.g. film production firms, which typically only employ managerial staff, whereas creative and technical service providers are embedded in external labor pools and networks (Starkey et al., 2000). No

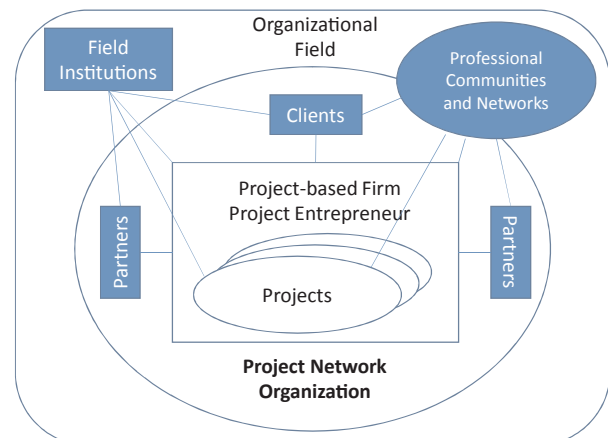


Fig. 1. Embeddedness of Projects in Multiple Contexts.

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