NEW DIRECTIONS IN PROJECT MANAGEMENT: THE RISE OF PROJECT GOVERNANCE

Hodžić Majra, Hrůzová Helena,

Department of Management, Faculty of Business Administration, University of Economics in Prague, Prague 130 67, Czech Republic

Abstract

The purpose of this paper is to review and summarize current findings in project governance, a new direction of project management development. The review is based on the recent publications in the field of project management. The focus is on the International Journal of Project Management publications including "project governance", "governance of projects" and "projectification" keywords. Discussed publications comprised of predominantly international, qualitative as well as quantitative researches and studies.

Summarization of approaches suitable for testing and further investigation within organizations with different levels of projectification is the main output of this paper. Moreover, this paper comprises the initial phase of authors´ research within the dissertation preparation and author´s research on testing the approaches will follow it.

The concept of project governance is relatively new as it was usually defined within the corporate governance framework. However, due to significant overall development of project management as well as increasing levels of projectification in organizations, it started developing as a separate concept. One of the key segments is the already mentioned level of projectification, a fundamental organizational transformation towards project-oriented structures that involves drastic changes within organizational processes and structures.

Project governance approaches are derived from a combination of the level of projectification of the organization and one of the three basic governmentality dimensions put into the domain of projects – the authoritarian, liberal, and neo-liberal governmentality. Furthermore, perspectives of the two main theories of corporate governance, the agent and stewardship theories represent the endpoints for framing project governance approaches.

According to the review, these approaches are not suitable for individual projects but for establishing a governance structure at the organizational level, within which individual projects can be conducted. Therefore, organizations with lower levels of projectification are more suitable for having governing structure designed to suit temporary context of projects. Such governing structure should be implemented within permanent organizational structure. Meanwhile, within the organizations with higher levels of projectification, governing structure can be established at the organizational level and can have long-term character.

The biggest advantage of approaches suitable for lower levels of projectification is less complicated and less time-consuming implementation as they adapt to already existing organizational structure. Accordingly, the biggest advantage of project governance approaches suitable for higher levels of projectification is higher effectiveness and unified, long-term concept governing whole organization.

However, further testing and implementation as well as potential implications in practice, other advantages and limitations are yet to be found. This is the direction in which project governance should further develop. Hence, this paper can also be used by organizations as introductory summary or guide as it present them possible options as well as outcomes of their implementation.

Key words: *project management, project governance, projectification, governance of the projects*
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Introduction

In order to properly address specifics and current findings of project governance, it is important to thoroughly define it. Governance is generally perceived as a system of values, rules, principles and guidelines by which organizations are guided and controlled and at the same time, by which the managers are held liable for their actions and performance (OECD, 2001). This represents the framework of corporate governance within which the project governance coexist (Müller, 2009).

It is also very important to define and understand the influence of governmentality. According to (Barthes, 2013), governmentality is a connection between the governors who govern and people who are being governed. It can be perceived as a way the governors present themselves to people they govern and therefore, it represents the attitude of the governor.

If two terms defined above are to be combined, it can be said that governance represents the structure and governmentality represents the human side of that structure (Müller, et al., 2016).

Sovereignty is one of the main dimensions of the concept of governance and it should be understood and taken into consideration when addressing the governance in the realms of projects (Müller, et al., 2016). Today, sovereignty can be described as external autonomy and internal control (Müller, et al., 2016). Its mail role lies in being one of the success factors for establishing the governance of projects in the project-oriented organizations as well as for easier and faster acceptance of governance structures by managers (Joslin & Müller, 2016).

Taking into consideration previously explained background, project governance, respectively governance of projects can be defined as a system of values, policies, procedures, processes as well as responsibilities that enable project to achieve organizational objectives and represent the best interests of corporation and all its stakeholders (Müller, 2009). It is important to mention the distinction between two relatively similar terms - project governance and governance of projects.

This paper follows the Morris's and Müller's definitions of above mentioned terms. Project governance is defined as governance of individual projects, which involves specific methodology suitable to the nature of the project (Morris, 1997). At the same time, governance of projects represents broader concept that focuses on governing groups of projects, portfolios or even on the projects at the level of whole organization (Müller & Lecoeuvre, 2014). The main focus will be on the latter term as it is more general, wider and could be applicable to more than one project/organization.

As project management has been significantly developing, the level of projectification in organization became important and has increased notably. The level of projectification can be defined as a fundamental organizational transformation towards project-oriented structures that involves drastic changes within organizational processes and structures (Lundin, et al., 2015). Together with the development of project management, governance of projects started developing as a separate concept too.

Projectification level is closely connected to governance approaches, more specifically, adjusted project governance approaches. They are derived from a combination of the level of projectification of the organization and one of the three basic governmentality dimensions put into the domain of projects – the authoritarian, liberal, and neo-liberal governmentality (Müller, et al., 2016). Furthermore, perspectives of the two main theories of corporate governance, the

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agent and stewardship theories represent the endpoints for framing project governance approaches (Müller, et al., 2016).

This paper is focused on review of recently published publications in this field and summarization of their main findings. Primary research can then be based on the main conclusions of this literature review.

Literature review

As previously mentioned, this paper comprises the initial phase of authors´ research within the dissertation preparation and author´s research on testing the approaches will follow it.

The review is based on the recent publications in the field of project management. The focus is on the International Journal of Project Management publications including "project governance", "governance of projects" and "projectification" keywords. Databases used for research were ProQuestCentral, EBSCO, Scopus and Web of Science. Publications discussed below comprised of predominantly international, qualitative as well as quantitative researches and studies.

Table 1

Publications Summary

Authors	Title	Year	Journal	Research
Müller, R., Turner, R.J., Andersen, A.E., Kvalnes, Ø.	Governance and Ethics in Temporary Organizations: The Mediating Role of Corporate Governance	2016	PMJ[§§§§]	quantitative
Brunet, M., Aubry, M.	The three dimensions of a governance framework for major public projects	2016	IJPM[*****]	qualitative
Müller, R., Zhai, L., Wang, A., Shao, J.	A framework for governance of projects: Governmentality, governance structure and projectification	2016	IJPM	qualitative
Joslin, R., Müller, R.	The relationship between project governance and project success	2016	IJPM	quantitative

Source: author construction

Firstly, the number of publications has increased notably in the last few years as the interest for this field constantly grow. It is also notable that the main authors are able to address the topic more specifically and in depth. The publications shown in the Table 1 and their main findings are currently the main topics being investigated in the field of governance of projects and are in details presented further in this paper.

[§§§§] Project Management Journal
[*****] International Journal of Project Management

Summarization of current findings

Since the very beginning of the development of the project management, project success and success factors were one of the most interesting subjects for discussion and research. Despite the fact the main framework and main success factors have been investigated and generally accepted, there are still differences in defining the project success or the success of the project respectively.

The relationship between project governance and project success is one of the most interesting topics in this field too. Project governance is perceived as a potential success factor that increases the possibility of a project success. The perspective of agency and stewardship theory were used when the relationship between project governance and project success were investigated (Joslin & Müller, 2016). In order to properly address the matter, project governance was defined in two dimensions. The first dimension was the extent to stakeholder versus shareholder orientation and the second one was the extent of control versus behaviour control (Joslin & Müller, 2016). Positive correlation of project success with increasing stakeholder orientation of the parent organization was indicated by the research (Joslin & Müller, 2016). However, it was also shown that control mechanisms do not correlate with the project success (Joslin & Müller, 2016). According to the results, authors concluded that the stewardship approach in the field governance has an important role in reaching the project success (Joslin & Müller, 2016).

In their paper, (Müller, et al., 2016) addressed the question of establishing a general-purpose framework for the governance of projects. The framework proposed is based on the results of cross-cultural qualitative research conducted in Scandinavia and China. Structure of the general-purpose framework is founded on the concepts of governance of projects and governmentality in the context of different levels of projectification in organizations (Müller, et al., 2016). Proposed framework should be able to enable the creation of organization-specific profiles. Establishing a general-purpose framework also identified the new dimension, called precept, which tackles the predominant theme in governmentality as being either organizational values, process compliance, or project well-being (Müller, et al., 2016). The most significant, revealing output of this research is the identification of organization specific profiles that can be used to establish generic profiles for different governance systems (Müller, et al., 2016). However, due to limited number of respondents, these results are indicative and their further testing is needed.

The governance of public projects has been recently an interesting topic in project management too. It is perceived as a tool in enhancing the performance of the public projects (Brunet & Aubry, 2016). Research in this area is mainly focused on public administration literature review aiming at advancement of a conceptualization for governance frameworks for major public projects (Brunet & Aubry, 2016). Investigating how relevant is the governance of framework for major public projects was done through three main dimensions - greater government efficiency, legitimacy and accountability (Brunet & Aubry, 2016). Until now, the results showed that governance framework leads to greater government efficiency. However, greater legitimacy and accountability were strongly argued.

The most recent topic investigated in the field of governance of projects is the impact of multilevel level governance on the frequency of ethical issues in temporary organizations (Müller, et al., 2016). Authors used structural equation model and came to significant results.

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There was a reduction in the frequency of ethical issues if structural equation model was used as a governance mechanism at the temporary organization levels in the organizations (Müller, et al., 2016). Furthermore, a substitution effect was identified as micro level governance (represented by temporary organizations) substituted for gaps in the macro level governance (represented by corporate governance) (Müller, et al., 2016). These findings are significant for the field of governance of the projects development, but structural equation model should be tested further on the bigger sample. Broader, cross-cultural researches should follow in order to increase the general applicability of the results.

Conclusions

Researches and articles discussed in this paper showed the variety of topics that could be investigated as project governance is still a relatively new and yet to be discovered in depth concept.

Studies showed that there is significant correlation between project success and project governance. Further research could test the results in different contexts and environments and could be extended as it can investigate the relationship between project governance and main success factors in different types of projects.

Governance of public projects could be perceived as one of the most unknown directions of the project governance as the researches were mainly conceptual and based on the literature review. However, the findings of these researches showed enormous potential for further investigation that could involve testing the proposed governance framework and models. Comparison of the results could bring many new implications that could help the further development of the project governance.

As the interest for the project governance grows, the research moves towards establishing generally accepted framework and approaches (models) that could be used in different types of projects and be suitable in the organizations with the different levels of projectification. Revealing, significant models and framework have been proposed and the current results are very positive.

The project governance approaches are not suitable for individual projects but for establishing a governance structure at the organizational level, within which individual projects can be conducted. Therefore, organizations with lower levels of projectification are more suitable for having governing structure designed to suit temporary context of projects. Such governing structure should be implemented within permanent organizational structure. Meanwhile, within the organizations with higher levels of projectification, governing structure can be established at the organizational level and can have long-term character.

The biggest advantage of approaches suitable for lower levels of projectification is less complicated and less time-consuming implementation as they adapt to already existing organizational structure. Accordingly, the biggest advantage of project governance approaches suitable for higher levels of projectification is higher effectiveness and unified, long-term concept governing whole organization.

However, in order to establish generally accepted models that could be used in practice, they should be tested in different environments and in various types of projects. Author´s own research will follow this direction and focus on establishing general framework of governance of projects supported by project governance approaches that could be used in practice.

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