

Organizational Enablers for Project Governance

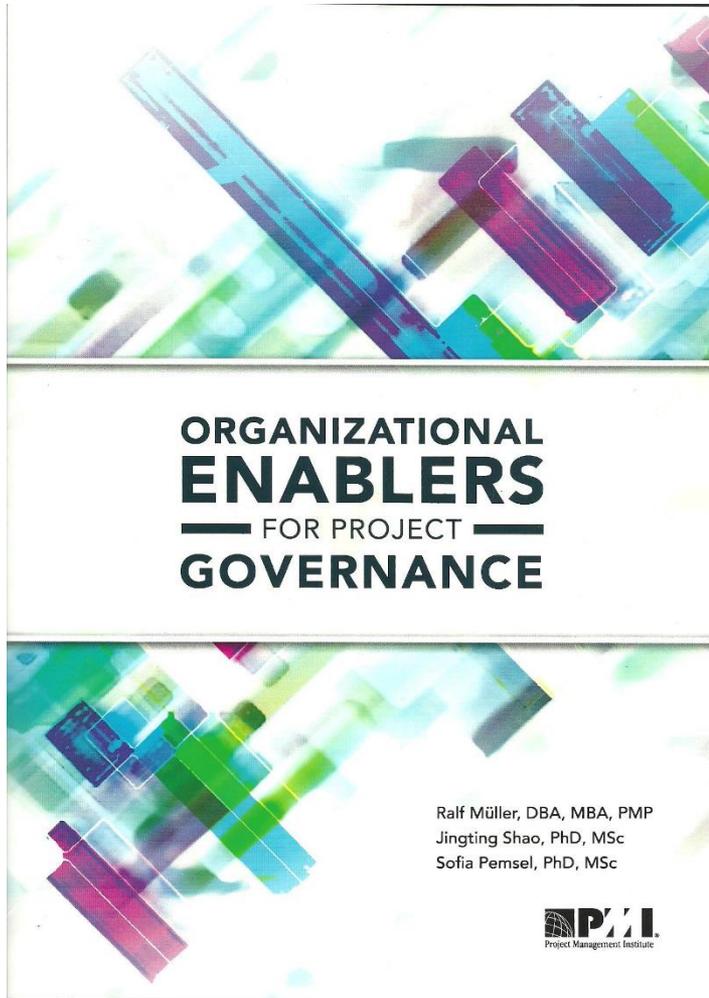
Webinar 2016

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Agenda



- Background, concepts, definitions etc.
- Study aims and research questions
- Research methodology and data
- Results from five studies
- Most important take away

Polling question

In my current project, I would prefer to

- a) Manage it without governance interference
- b) Influence the decision on members of the project governance structure
- c) Continue with the current people in their governance roles

Background, concepts, definitions

- Governance: the management of management
 - the way organizations are directed and managers are held accountable for conduct and performance
- Project governance - for single projects
- Governance of projects – for groups of projects
- Governmentality – the way governors present themselves to those they govern

Study aims and research questions

Aim: understanding governance enablers, practices and their development over time

- *RQ1: What are the practices for governance and governmentality in the realm of projects in organizations of different sizes and in different geographies?*
- *RQ2: What are the organizational enablers for governance and governmentality in the realm of projects in these organizations?*
- *RQ3: How do governance and governmentality in the realm of projects evolve in these organizations?*

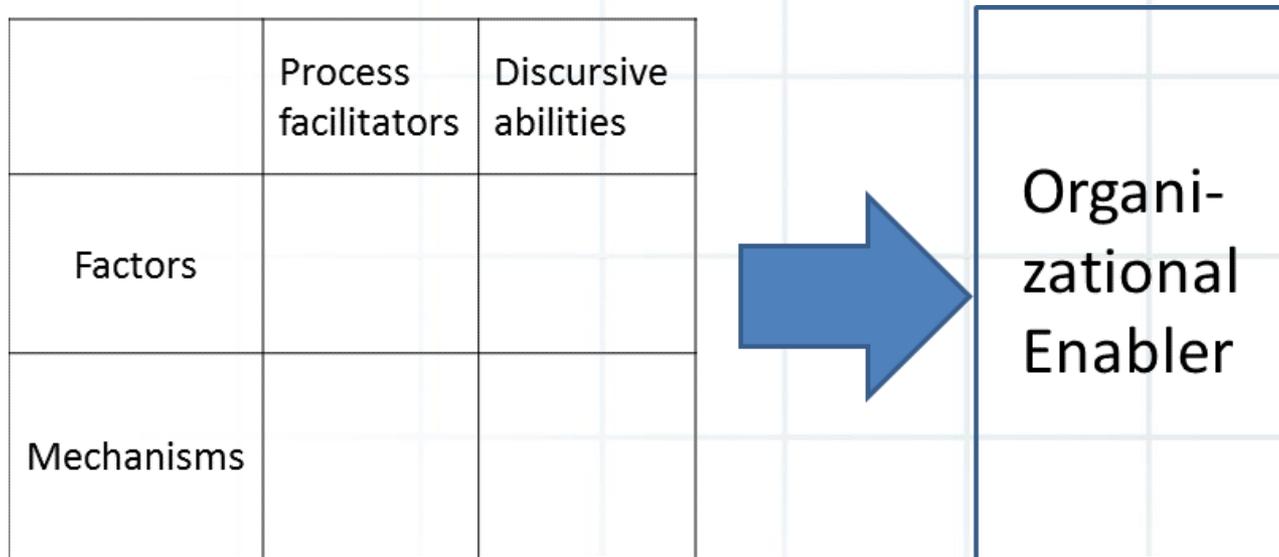
Research methodology and data

Five studies

- Two literature studies on enablers
- Six case studies - 31 interviews in Europe and China
- Worldwide survey with 208 responses
- Longitudinal study with the same six case companies (48 interviews in total)

Results from literature study 1

- What is an organizational enabler?



The interplay and coexistence of structural and mental elements which jointly carry forward a phenomenon within a social structure

Results from literature study 2

Organizational enablers are, for:

- **Project governance:** authority to procure, implement, and execute governance frameworks and policies, and the presence of specialized project governance roles
- **Governance of projects:** flexibility in structures and interactions, which allow for effectiveness in project selection and efficiency in project execution.
- **Governmentality:** development of individuals who are mindful of the organization, self-responsible, and self-organizing to a degree that matches the goals of the corporation.

Results from literature study 2

Organizational enablers for **project governance** (examples)

	<i>Process facilitators</i>	<i>Discursive abilities</i>
<i>Factors</i>	Presence of a governance infrastructure, such as governance roles in the organization and governance frameworks, together with the authority to implement them	Aligned objectives across the organization from strategy to projects
<i>Mechanisms</i>	Built-in flexibility in governance structures and frameworks, as well as idiosyncratic organization structures that align business requirements (e.g., those stemming from the number and size of clients) with project needs (e.g., project size) in an organization	Communication mechanisms, such as steering committee meetings, milestone meetings, joint planning sessions, and so on

Results from literature study 2

Organizational enablers for **governance of projects** (examples)

	<i>Process facilitators</i>	<i>Discursive abilities</i>
<i>Factors</i>	The versatility of the organization and its deployment of governance institutions	Awareness of organizational project management, the presence and communication of governance policies and governance goals
<i>Mechanisms</i>	Flexible organization structures, flexible mandates and roles, willingness to collaborate across organizational boundaries, and standardized but flexible project management across the organization.	Program and portfolio-level meetings for synchronization of governance across projects, the flexible adjustment of mandates and roles of governance institutions and individuals to achieve the goals of the organization through projects

Results from literature study 2

Organizational enablers for governmentality (examples)

	Process facilitators	Discursive abilities
Factors	Organizational design factors, such as autonomy, decentralization, flatness of organization structures	A culture of open discussions, ideologies that are clearly communicated, and a general emphasis on the temporality of the undertakings and success measures
Mechanisms	Individuals' flexibility in adapting formal and informal roles, trust between individuals and the governance structure, and a general "underspecification" of structures	Synchronized reporting and communication structures across projects and the organization, creation and maintenance of knowledge network structures (instead or parallel to departmental structures).

Results from the qualitative study: Practices

Organizational practices for

- **Project governance** include the existence of methodologies, meetings, steering committees, flexible organizational structures, and top management support. Particular for large companies are PMOs and clearly defined roles.
- **Governance of projects** include the existence of company-wide methodologies; flexibility in structures, standards, and communication media; and alignment of projects with business needs.
- **Governmentality** include people's perception of the organization as an open system, as well as project autonomy and taking responsibility. Project thinking among employees is particular for companies with a strong project culture.

Hypotheses derived from the qualitative study

- *H1a: There is a positive relationship between enablers of project governance and successful implementation of governance.*
- *H1b: There is a positive relationship between enablers of project governance and success of the project-based part of the organization.*
- *H2a: There is a positive relationship between enablers of governance of projects and successful implementation of governance.*
- *H2b: There is a positive relationship between enablers of governance of projects and success of the project-based part of the organization.*
- *H3a: There is a positive relationship between enablers of governmentality and successful implementation of governance.*
- *H2b: There is a positive relationship between enablers of governmentality and success of the project-based part of the organization.*

Polling question 2

Your knowledge about governmentality:

- a) I have never heard the term before
- b) I have heard about it, but do not know what it is
- c) I heard about it and know a little about it
- d) I am an expert on governmentality

Quantitative study

- Part 1: Analysis by levels (project governance, governance of projects, governmentality)
- Part 2: Analysis across levels

Concepts measured

Project governance (PG)	
PG—Mental infrastructure	E.g. extent of information exchange within the project, across projects, and with professional organizations –i.e. the project manager’s sphere of action
PG—Communication	E.g. communication with different managers for the coordination of the project
PG—Flexibility	Flexibility in meeting types, structures, and roles
Governance of projects (GoP)	
GoP—Institutionalization	Use of similar reporting systems, methodology, project selection, and coordination
GoP—Roles and responsibilities	Clearly defined roles and responsibilities, formalized and central decision making
GoP—Flexibility	Flexibility in governance institutions, organization structure, leadership, and governance approach
GoP—GovOrientation	Shareholder versus stakeholder orientation
GoP—Leadership	Governance is/was established by a strong leader, is further developed and well established

Concepts measured

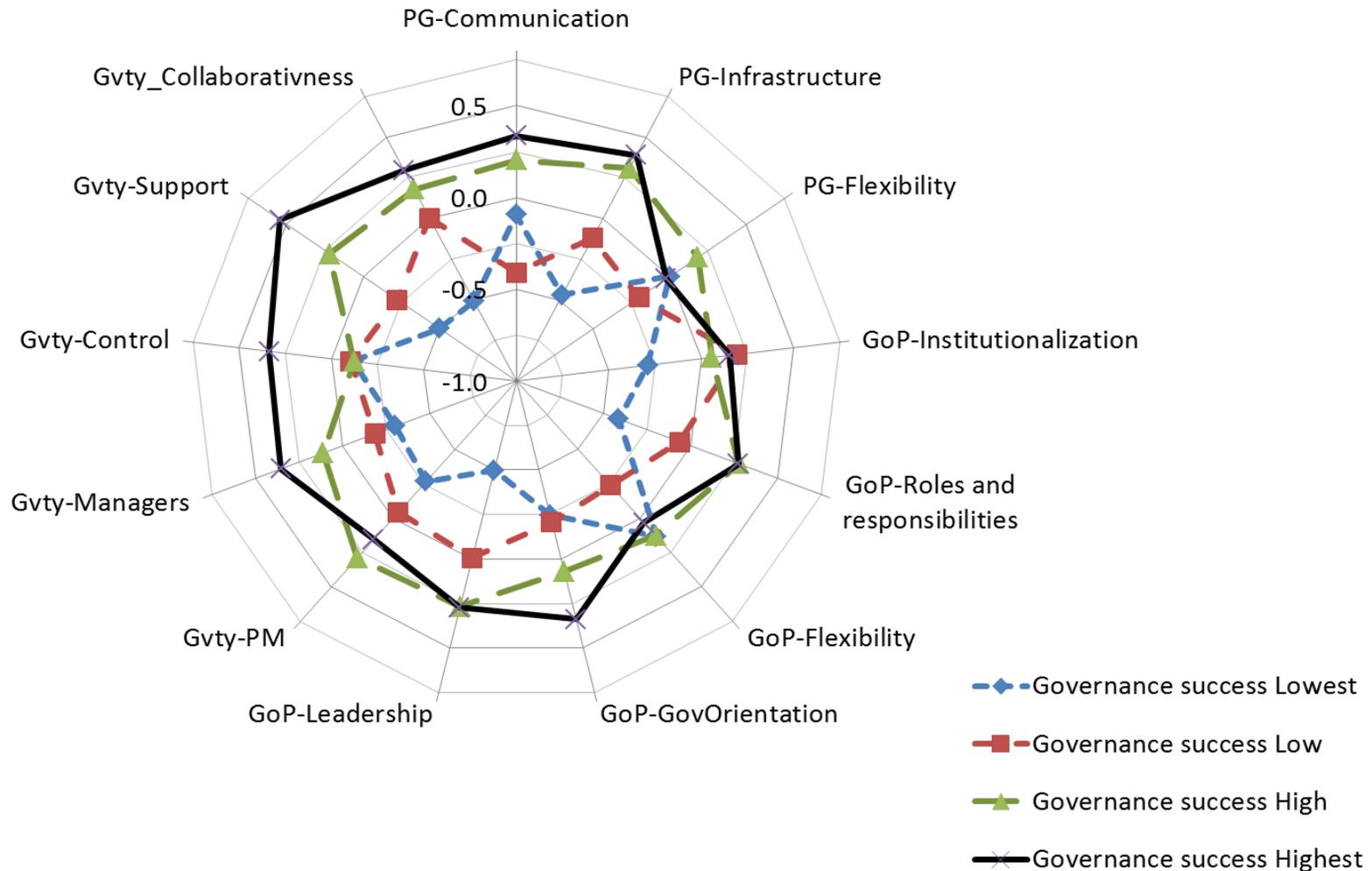
Governmentality (Gvty)

Gvty—PM	E.g. project managers encouraged to get certified and engage with professional organizations
Gvty—Managers	Project managers' as well as line managers' remuneration is impacted by project results
Gvty—Control	Behavior versus outcome control
Gvty—PMsupport	Project managers are encouraged to develop project management in the organization; they feel important, empowered, and coached
Gvty-Collaborativeness	A culture that prioritizes teamwork and collaborative accomplishments over individual heroism

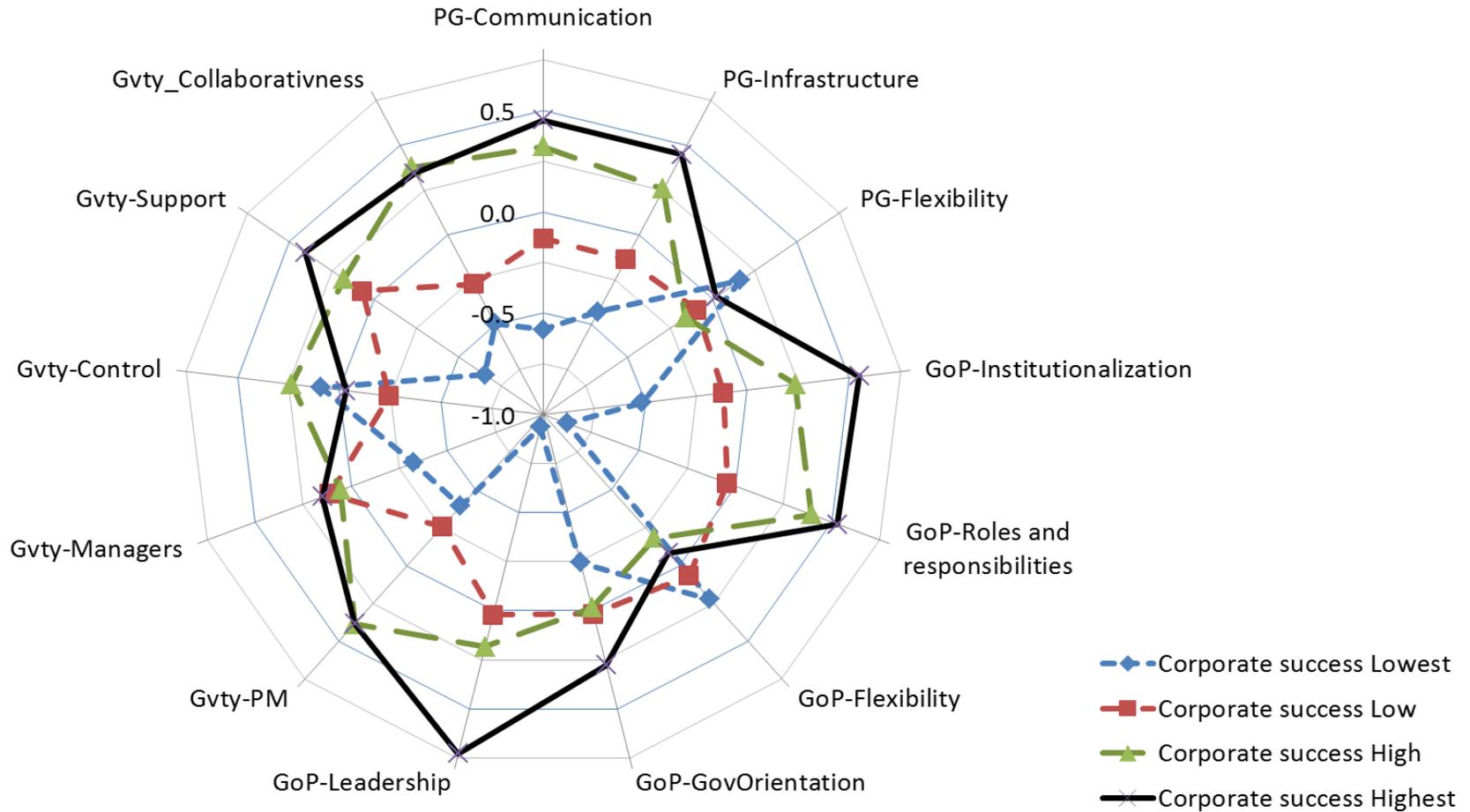
Success

Governance success	Governance system's helpfulness for project managers, helpfulness in achieving organizational objectives, use by project managers etc.
Corporate success	Customers satisfaction with company and project, employee satisfaction, achievement of time/cost/quality, plan and outcome goals

Enablers at 4 levels of success in governance



Enablers at 4 levels of success with the project-based part of the organization



Hypotheses testing

	<i>Governance success</i>	<i>Corporate success</i>
<i>Project governance</i>	<i>Hypothesis H1a</i>	<i>Hypothesis H1b</i>
PG-Infrastructure	+****	+****
PG-Communication	+****	+****
PG-Flexibility		
<i>Governance of projects</i>	<i>Hypothesis H2a</i>	<i>Hypothesis H2b</i>
GoP-Roles and responsibilities	+***	+****
GoP-GovOrientation	+*	
GoP-Leadership	+****	+****
GoP-Institutionalization		+****
GoP-Flexibility		
<i>Governmentality</i>	<i>Hypothesis H3a</i>	<i>Hypothesis H3b</i>
Gvty-PMsupport	+****	+****
Gvty-PM		+****
Gvty-Managers	+***	
Gvty-Control		
Gvty-Collaborativeness	+****	+***

Quantitative study

- Part 1: Analysis by levels (project governance, governance of projects, governmentality)
- Part 2: Analysis across levels

Polling question 3

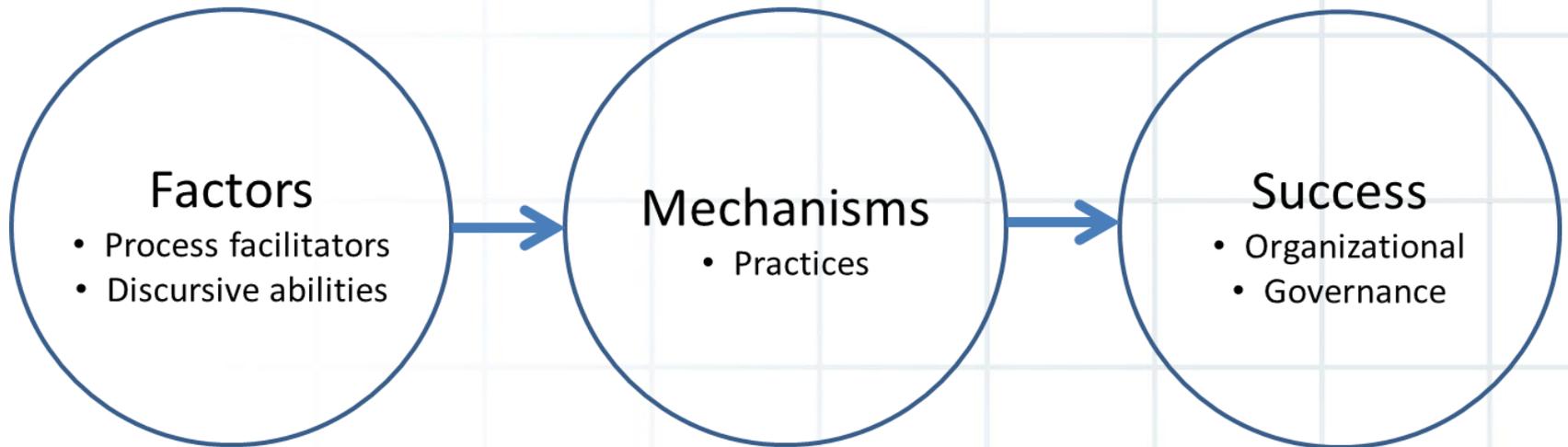
Do organizational enablers impact organization's success with projects?

- a) No (less than 2%)
- b) To a small extent (2% to 14%)
- c) To a medium extent (15% to 34%)
- d) To a large extent (35% and higher)

Enablers across levels

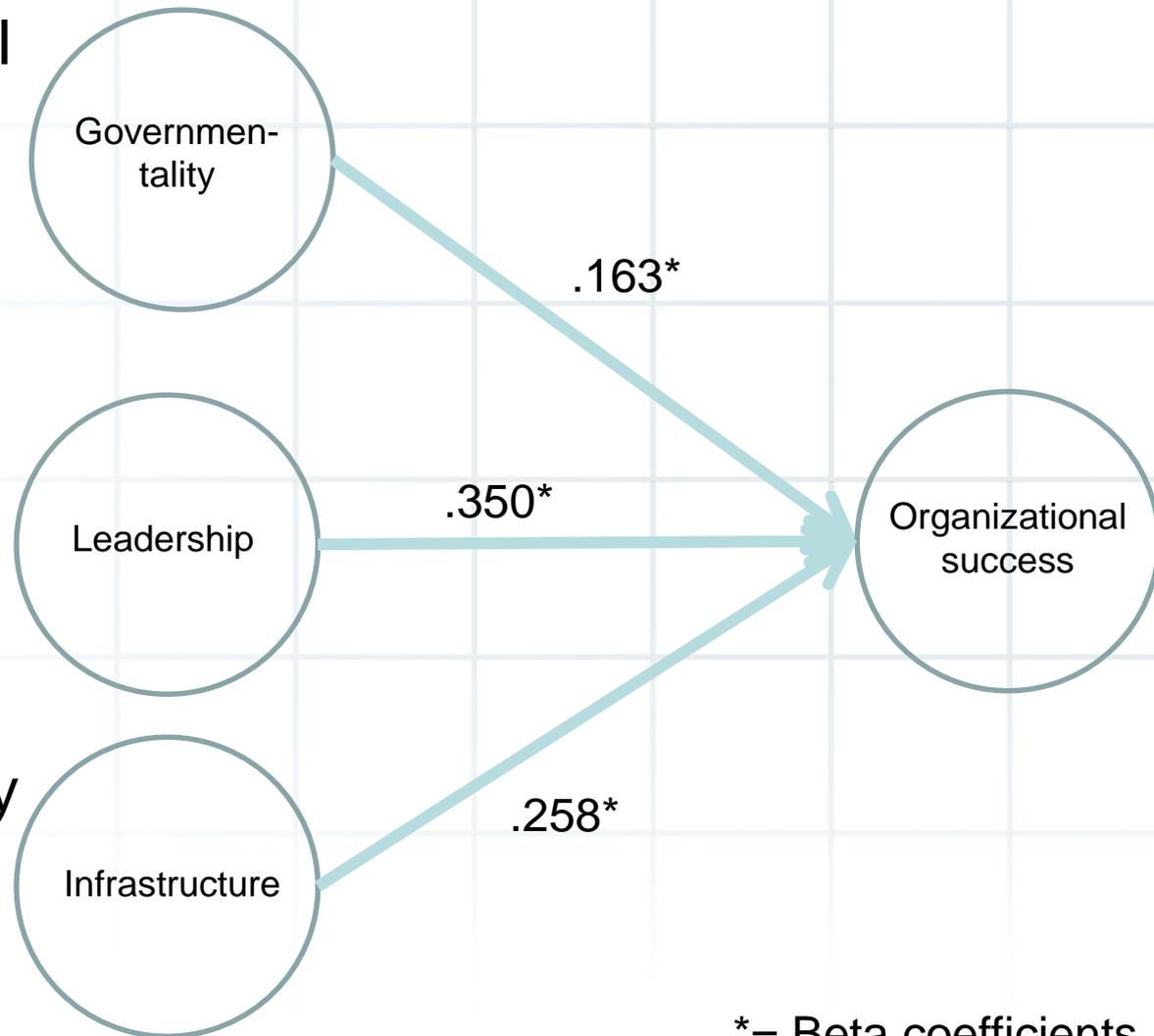
	<i>Process facilitators</i>	<i>Discursive abilities</i>
<i>Factors</i>	Mental infrastructure PG-Flexibility GoP-Flexibility	Leadership Governmentality
<i>Mechanisms</i>	Review Institutionalization Professionalism	Governance orientation Meetings Incentives

Model to be tested



Model for organizational success

- 22% of organizational success can be explained by the 3 enabler factors for governance and governmentality (medium effect)
- No mediation by mechanisms (<20%)
- Leadership is most important, followed by mental infrastructure and then governmentality



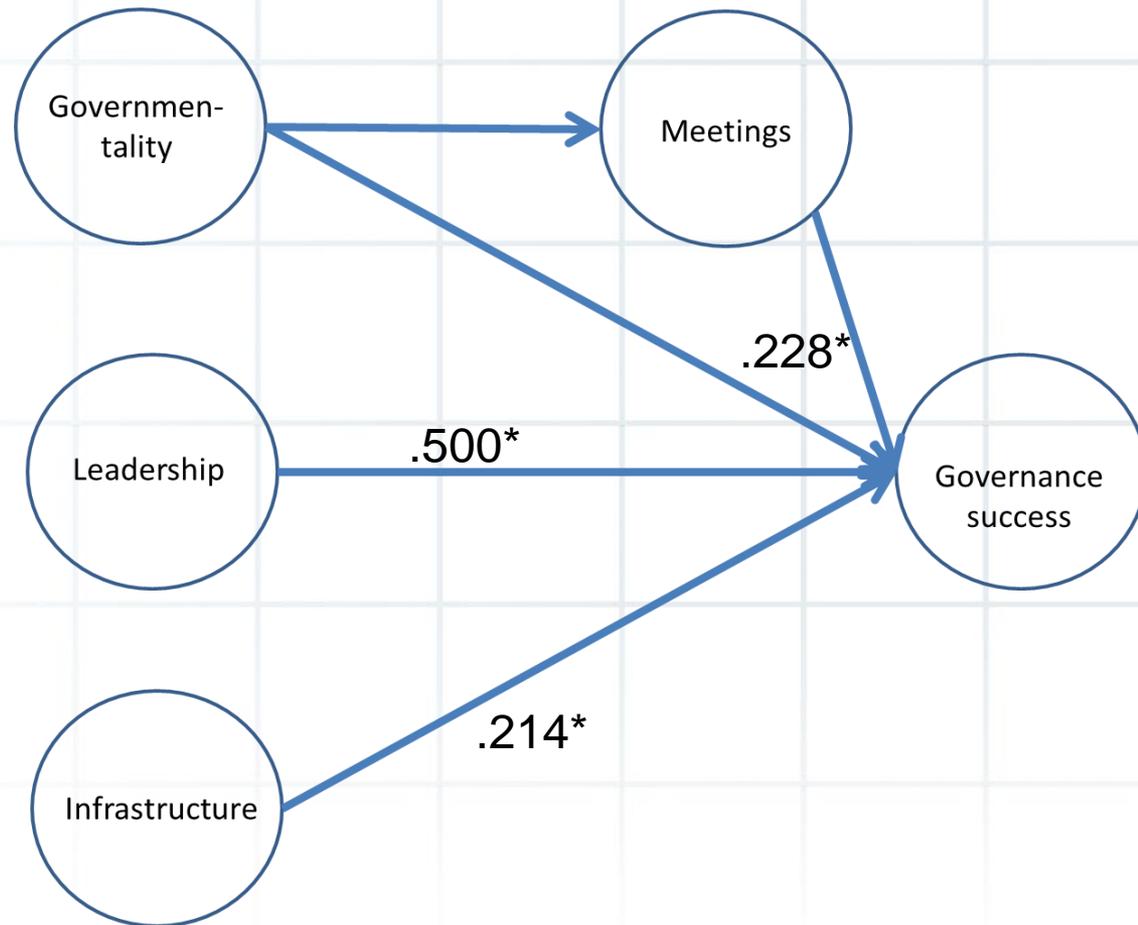
*= Beta coefficients

That means for organizational success...

- Enabling factors (leadership, mental infrastructure and governmentality) are most important and very little supported/hindered by organizational mechanisms
- Leadership (a senior manager who established governance and ensures its continuous development) is most important
- A wider mental infrastructure (sphere of action/sovereignty) of project managers correlates with success
- People orientation in governmentality (stakeholder and teamwork orientation, support of professional development) correlates with project success

Model for governance success

- The 3 enablers explain 36% of governance success (large effect)
- 24% of Governmentality impact is absorbed by the meeting structure – the meeting structure mediates the impact of governmentality on governance success
- Leadership is most important, followed by governmentality and mental infrastructure



*= Beta coefficients

That means for governance success...

- Enabling factors are important and only the impact of governmentality (a factor) is mediated to a small extent by the meeting structure (a mechanism).
- Wider meeting structures (i.e. PM allowed to negotiate with more levels of management in the organization) compensate for some (24%) of the people orientation in governmentality
- Leadership is most important
- Mental infrastructure and governmentality are almost at par with their impact on success

Changes over time (RQ3)

- Changes in context: Little influence, except CEO
- Changes in company size: Governance
 - well expressed in small (<250 employees) and large organizations (>30,000 employees)
 - less expressed in medium-size organizations. These tend to subordinate projects and their governance to the production process, with little or no governance at the project level.
- Changes in organizational maturity:
 - success in governance grows in a linear fashion with improvements in leadership, definition of roles and responsibilities, mental infrastructure, collaborativeness, and project manager support.
 - Leadership shows the largest improvement when comparing the less successful with more successful organizations, which again points to the importance of leadership for governance and governmentality.

Most important “take away”

- Leadership is key
 - A leader who establishes governance and its maintenance
 - explains 1/3 to 1/2 of the effect of success
- Wide mental infrastructure – trust and freedom for PM in acting as representative for the project
- Governmentality – team (no hero) culture, fostering PMs development (also outside the firm), alignment of line and project remuneration system, stakeholder (not shareholder) orientation in corporate governance

Thank you

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References and further reading

Books

- Müller, R., Shao, J. & Pemsel, S. 2016. *Organizational Enablers for Project Governance*. Newtown Square, PA: Project Management Institute, USA.

Articles

- Müller, R., Pemsel, S. & Shao, J. 2015. “Organizational enablers for project governance and governmentality in project-based organizations”. *International Journal of Project Management*, 33(4), pp. 839-851.
- Müller, R., Pemsel, S. & Shao, J. 2014. “Organizational enablers for governance and governmentality of projects: a literature review”. *International Journal of Project Management*, 32(8), pp. 1309-1320.

Conference paper

- Pemsel, S., Müller, R., & Shao, J. 2014. Organizational enablers in project-based organizations: the case of project governance and governmentality. In *Proceedings of PMI Research & Education Conference*, July 28-29, 2014, Portland, USA,. Newtown Square, PA, USA: Project Management Institute, Inc.

References and further reading

Recommended readings

- Müller, R. 2009. *Project Governance*, Gower Publishing, Aldershot, UK.
- Müller, R. 2016. *Governance and Governmentality for Projects: Enablers, practices and consequences*. New York, NY, USA: Routledge.
- Müller, R., Zhai, L., & Wang, A. 2016. A Framework for Governance in the Realm of Projects. In *Proceedings of EURAM 2016 (European Academy of Management Conference)*. June 1 - 4, 2016, Paris, France.
- Müller, R., Zhai, L., Wang, A., & Shao, J. 2016. A framework for governance of projects: governmentality, governance structure and projectification. *International Journal of Project Management*, 34(6), pp. 957-969.

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