Organizational Enablers for Project Governance

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ABSTRACT

Interest in governance of projects has grown rapidly in recent years. This research presents evidence on best practices and enablers for project governance, governance for groups of projects, and governance mentality, including how these practices and enablers evolve over time. The outcomes of the research provide practical knowledge for practitioners dealing with the intricacies of project and portfolio governance.

THE PROBLEM

"Governance is often defined as the way organizations are directed and controlled, and managers are held accountable for conduct and performance."

The way projects are steered by their parent organizations has a major impact on their performance. Governance is often defined as the way organizations are directed and controlled, and managers are held accountable for conduct and performance. Research in governance in the field of projects has mainly addressed the different forms of governance found in different types of projects, but it has not yet looked into the different levels in the organizational hierarchy. There are important differences between the governance of projects and project governance. Project governance is the governance of an individual project, whereas the governance of projects is the governance of a group of projects, such as a portfolio, program, or network of projects.

The main objectives of this research are to establish the practices for governance of projects and groups of projects in organizations of different sizes and regions; to identify the organizational enablers for governance; and to describe the evolution of such governance practices over time.

THE METHOD

A mixed-methods approach was used, which combined the results of four different studies. First, the concept of project management organizational enabler is established from literature review. Second, governance enablers and practices were found by a qualitative study using six case studies in Sweden and China, with organizations of different industries and sizes. Third, best practices and enablers for project governance and governance of groups of projects were identified by a quantitative study with 208 responses. Fourth, a longitudinal study with the same six case companies investigated how governance evolves over time and reacts to contextual changes.
FINDINGS

The study shows that steering committees constitute a de facto standard for project governance practices. However, flexibility in adjusting organizational and governance structures to the needs of projects is less developed. Support from top management and established PMOs are also important contributors to successful project governance.

Good practices for governance of projects include the alignment of projects and business, the use of company-wide project management methodologies, flexible organization structures, standardization of project selection, reporting and reviews, as well as the provision of appropriate media and technological infrastructure.

Practices for governance mentality include granting appropriate levels of autonomy to project managers and developing them to be self-responsible.

The organizational enablers identified at the level of project governance include a wider sphere of action for the project manager, starting from the project, via the project’s parent organization, and beyond the organization. The enablers also include the provision of ongoing communication opportunities with managers from other projects, line managers, and external managers for the coordination of the project.

At the level of governance of projects, successful organizations present governance with clear roles and responsibilities established through strong leadership, and continuously developed over time.

At the level of governance mentality, successful organizations exhibit a culture that prioritizes teamwork and collaborative accomplishments over individual heroism.

The research refines the organizational enablers into its constituent parts. Five factors that cause the enabling and six mechanisms that support the enabling have been identified.

The causative factors are: (1) leadership; (2) mental infrastructure; (3) governance mentality; (4) flexibility in project governance; and (5) flexibility in the governance of projects.

The mechanisms supporting the enabling are: (1) stakeholder orientation to governance; (2) periodic reviews of projects, programs, and portfolios; (3) governance formalism; (4) continuous improvement in professionalism; (5) periodic governance-related meetings; and (6) remuneration systems.

Three organizational enabler factors were directly correlated to the success of the project-based part of the organization:

- Leadership—the extent that governance is established by a strong leader and is maintained and further developed over time.
- Governance mentality—the mental predisposition imposed from the governors toward those who are governed.
- Mental infrastructure—the extent to which an organization allows information exchange within projects, across projects, and within the organization and beyond, and the authority of project managers in exchanging information.

Three organizational enabler factors were directly correlated to the success of the project-based part of the organization:

1 Seventy percent of respondents were project managers, 6% were line managers, 4% were project team members, 3% were program and portfolio managers, 6% were in governance roles such as in PMOs, 1% were steering committee members and managers of project managers, 2% were consultants or analysts, and “others” were 2%.

2 A longitudinal study is an observational research method in which data is gathered for the same subjects repeatedly over a period of time.

3 The authors use the term “governmentality”, an expression originally formulated by the 20th-century French semiologist Roland Barthes and later used by the French philosopher Michel Foucault, which combines the terms governance and mentality. Governmentality, in this sense, refers to the way people in a governing role present themselves to those they govern.
From the point of view of the evolvement of governance and governance culture over time, the research shows that contextual changes in areas, such as markets or market share, do not lead to predictable changes in governance. However, changes initiated through CEO decisions often lead to changes in the governance of projects. Leadership is the main driver of the evolution.

Changes in company size appear to have a major impact on governance and governance culture. Maturity-driven evolvement shows that success in governance and governance culture grows in a linear fashion with improvements in leadership, definition of roles and responsibilities, mental infrastructure, collaboration, and project manager support.

**Recommendations for practitioners**

- **Leadership is vital.** Develop strong leaders to establish and maintain project management and governance as a way of doing business. These leaders need to be at or have direct access to top management in order to receive the authority to change the organization’s way of working and its value system.

- **Establish a wider set of activities for project managers.** This includes allowing and encouraging project managers to engage with professional organizations, work in standardizing committees, participate in conferences, and collaborate with academic institutions, benchmarking companies, and standards-developing bodies.

- **Establish an appropriate governance culture.** Most successful organizations control their project managers by the extent to which they meet established outcome objectives, as opposed to controlling them for methodology compliance, while at the same time taking a stakeholder orientation in governance. This means establishing a governance culture in which there is: (1) mutual trust between the developers of the governance system and the project managers, (2) emphasis on collaboration and team work, and (3) attention paid to the professional development of project managers.

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