

Governance and Governmentality of Projects

Summary Report

Ralf Müller, BI Norwegian Business School
Jingting Shao, Chinese Academy of Social Sciences
Sofia Pemsel, Copenhagen Business School

April 2015

Governance and Governmentality of Projects

EXECUTIVE SUMMARY

This Summary Report presents the results from a web survey for better understanding of the practices in governance and governmentality in and of projects. The research team thanks those who took a few minutes from their tight agenda to answer our questionnaire. The report contains some interesting results in terms of descriptive statistics. The research team will work on more sophisticated analyses, which will be published in the project management related research journals, and as a PMI research monograph in the future.

This survey is part of a research study undertaken in 2013 and 2014 at BI Norwegian Business School, Oslo, Norway, in collaboration with researchers from the Chinese Academy of Social Sciences, Beijing, China, and Copenhagen Business School, Copenhagen, Denmark.

The goal of the research is to identify the organizational practices for governance and governmentality in the realm of projects in organizations of different sizes, industries and in different geographies. The methodology of the study reported here uses a worldwide, web-based survey. This report provides a brief look at the descriptive statistics from this survey.

Major elements that can be pinpointed are:

- Twelve dimensions (or variables) to measure project governance, governance of projects, and governmentality
- The particular preferences for practices in organizations of different size, industry and geography
- The differences in governance and governmentality between organizations that are more or less successful with their project business and the acceptance of their governance structures

ACKNOWLEDGMENTS

The research team wishes to thank the respondents to our survey, the PMI¹ for their financial support for this study, and the researchers' institutions for enabling this collaboration.

¹ PMI is a registered trademark of the Project Management Institute, Inc.

Governance and Governmentality of Projects

Table of Contents

1	INTRODUCTION	4
2	RESEARCH DESIGN, SAMPLING AND ANALYSIS.....	5
3	ANALYSIS BY ORGANIZATIONAL SIZE, INDUSTRY AND GEOGRAPHY	7
4	PROFILE DIFFERENCES BETWEEN LOW AND HIGH PERFORMING ORGANIZATIONS	13
4.1	Profile differences by project success	13
4.2	Profile differences by governance system acceptance	14
5	CONCLUSIONS	15
6	REFERENCES	16
7	APPENDIX A: SAMPE DEMOGRAPHICS.....	17

Table of Figures

Figure 1: Differences in project governance by company size.....	8
Figure 2: Differences in project governance by industry	8
Figure 3: Nominal differences in project governance by country	9
Figure 4: Nominal differences in governance of projects by organizational size.....	10
Figure 5: Nominal differences in governance of projects by industry	10
Figure 6: Nominal differences in governance of projects by country	11
Figure 7: Nominal differences in governmentality by organizational size	12
Figure 8: Nominal differences in governmentality by industry.....	12
Figure 9: Nominal differences in governmentality by country	13
Figure 10: Governance and governmentality profiles of low and high performing organizations	14
Figure 11: Governance and governmentality profiles of organizations low and high levels of acceptance with their governance structure	15

List of Tables

Table 1: Dimensions of project governance, governance of projects, governmentality, and success.....	6
--	---

Governance and Governmentality of Projects

1 INTRODUCTION

Governance in the realm of projects is a subject of growing interest. After its first mentioning in the management literature in 1999 it has grown exponentially to dozens of academic papers every year (Biesenthal & Wilden, 2014). Governance is often defined as the means by which organizations (including temporary organizations such as projects) are directed and its managers are held accountable for conduct and performance (OECD, 2001), thus in the realm of projects, as the management of project management (Too & Weaver, 2014).

Governance in the realm of projects “coexists within the corporate governance framework. It comprises of the value system, responsibilities, processes and policies that allow projects to achieve organizational objectives and foster implementation that is in the best interests of all the stakeholders, internal and external, and the corporation itself” (Müller, 2009, p.4). Governance differs by organizational level and so do the terms that describe it. *Project governance* refers to the governance of a single project, which includes, among many other things, the governance part of the project management methodology, the role of the Steering Group, the sovereignty and authority with which the project manager can manage his or her project. *Governance of projects* refers to governance of groups of projects, such as the projects in a program or portfolio, but also the entirety of all projects in an organization, such as when looking at projects from a board of directors perspective. This includes questions like the level of institutionalization of project management, for example by using similar reporting systems, methodologies, or project selection techniques across the group of projects.

While governance addresses how to govern “things”, like projects, *governmentality* addresses the human side of governing (Foucault, 1991). The term is a combination of the words “governance” and “mentality” and addresses the attitude that governors (i.e. governing managers) have towards those they govern. The term governmentality was invented in 1957 by Roland Barthes (2013), a French semiologist, to describe the way governors present themselves to those they govern and thereby ‘set the tone’ between them. In other words governmentality shapes the nature of the social interaction within organizations (Lemke, 2007). About twenty years after its invention the term became popular through the French philosopher Michel Foucault, who used the concept of governmentality for his studies on power, albeit in a very narrow sense compared to the original scope of the term. In the present study the concept of governmentality is used in its original form, that of Roland Barthes.

Governance is often referred to as the “science of governing”, whereas governmentality as the “art of governing” (Foucault, 1991). To that end, governance and governmentality relate to each other like management to leadership, with the former being more formal, structural and policy related, whereas the latter being more informal and people related.

Governance and Governmentality of Projects

This report addresses the question:

What are the practices for governance and governmentality in the realm of projects in organizations of different sizes, industries and in different geographies?

The findings are intended to help organizations to enable governance and governmentality structures that help them to maximize the success of the project-based part of their business and the acceptance of their governance and governmentality structure. To that end, we asked participating organizations for their particular governance and governmentality structures, the acceptance of these structures among the project managers, and the results of their project-based part of their business. That allowed us to identify the particular pattern of average, low performing and high performing organizations.

This summary report is organized in five sections. After the introduction in the first section, we describe the research and survey method and sample in the second section. The third section presents the patterns by organizations of different size, industry and geography. The fourth section presents the differences in governance and governmentality measures by more or less successful organizations. The report finishes with a conclusion in the fifth section. The Appendix provides details on sample demographics.

2 RESEARCH DESIGN, SAMPLING AND ANALYSIS

The survey questions were developed from an extensive literature review, which is published in (Müller, Pemsel, & Shao, 2014) and two qualitative studies on six case companies, using 48 interviews in Europe and Asia. The first of these two studies is published in (Müller, Pemsel, & Shao, 2015).

The survey was distributed using a snowball approach through the country organizations and special interest groups of professional organizations for project management, such as PMI Chapters and SIGs, IMPA and APM country organizations etc. The survey was launched in April 2014 and closed in May 2014. The number of valid responses to the survey totaled to 208. The details of the sample demographics are shown in Appendix A.

Based on the former studies we structured the questionnaire items by questions on project governance, governance of projects and governmentality, including additional questions on leadership, organizational structure, organizational flexibility, success of the project-based part of the business, and success in acceptance of the governance structure, as well as demographics. We used factor analysis to identify the underlying dimensions/patterns.

Governance and Governmentality of Projects

Table 1 Dimensions of project governance, governance of projects, governmentality, and success

Project governance (PG)	
PG-Infrastructure	Extend of information exchange within the project, across projects, and with professional organizations
PG-Communication	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 system, 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
Governmentality (Gvty)	
Gvty-Professionalism	Project managers are 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 being encouraged to develop project management in the organization, they feel important, empowered and coached
Success	
Governance success	Governance helps reaching project and corporate objectives and is used by the project managers
Corporate success	Projects and the project-based part of the organization are successful

Governance and Governmentality of Projects

The factor analysis for project governance identified two scope and one flexibility dimension of project governance. These are the mental infrastructure, that is, the sphere of action that is granted to the project manager, and the scope of authority to negotiate at different levels for the project. The third dimension identified the flexibility that project managers are allowed to apply in adapting their management to their projects needs. Dimensions for governance of projects include the level of institutionalization of project management practices, the extend roles and responsibilities are defined, the flexibility with which the organization adapts to the needs of projects, programs, or portfolios, the organizations general orientation towards more shareholder or more stakeholder oriented governance, and the extend project management was or is established by a strong leader and is further developed in the organization. The governmentality dimensions include the extend the managers of the organization encourage project managers to engage with professional organizations, the level of synchronization of incentive systems of line and project managers, the extend project managers are controlled by behavior (e.g. methodology/process compliance) or by achieving predefined project objectives, as well as the extend project managers are encouraged and empowered to further develop their practices within the organization.

The two success measures distinguished between a) governance success, as the extend the governance system is accepted, used and “lived” by the project managers, and b) corporate success, as the achievement of annual objectives in the project-based part of the business, such as time/cost/quality objectives, satisfaction of different stakeholder groups and meeting project purpose.

3 ANALYSIS BY ORGANZIATIONAL SIZE, INDUSTRY AND GEOGRAPHY

Quantitative analyses showed large variety in all measurement dimensions. Therefore, no significant differences could be detected between size, industry and geography of organizations. Nevertheless, nominal differences were obvious when looking at the profiles of the averages by size, industry and country. The following figures show the relative position of each of the dimensions, with the overall mean (average) of all organizations normalized to zero and the measurement items’ relative position to that mean as their standard deviation.

3.1.1 Project governance

Figure 1 shows the nominal differences in project governance by organizational size. Small organizations score highest in all governance dimensions. Companies with 10,000 to 30,000 employees are the least flexible. Freedom to communicate beyond the project borders is highest in small companies and lowest with companies with 25 1to 1,000 employees, then increases with company size.

Governance and Governmentality of Projects

Figure 1: Differences in project governance by company size

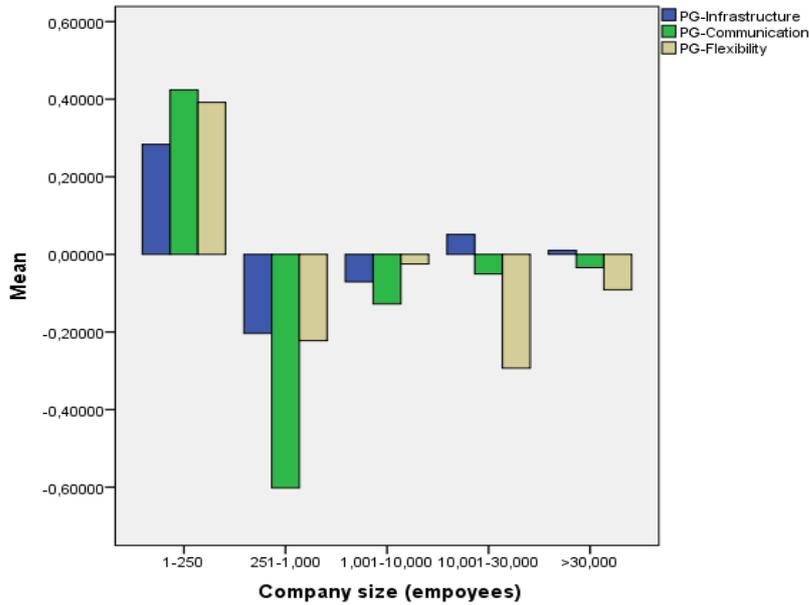
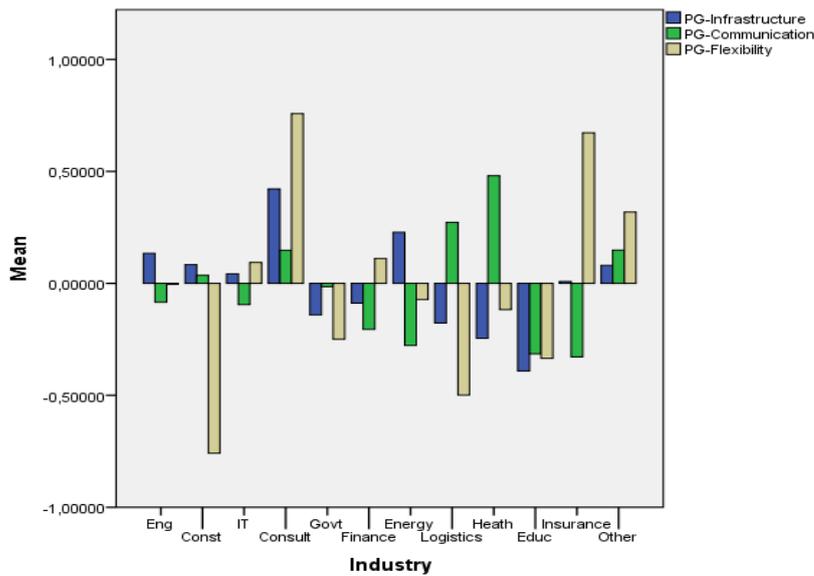


Figure 2 shows the differences in project governance by industry. Most obvious is the difference in flexibility, with the construction industry scoring lowest and the consulting industry highest in their ability to adapt project management practices to the project needs.

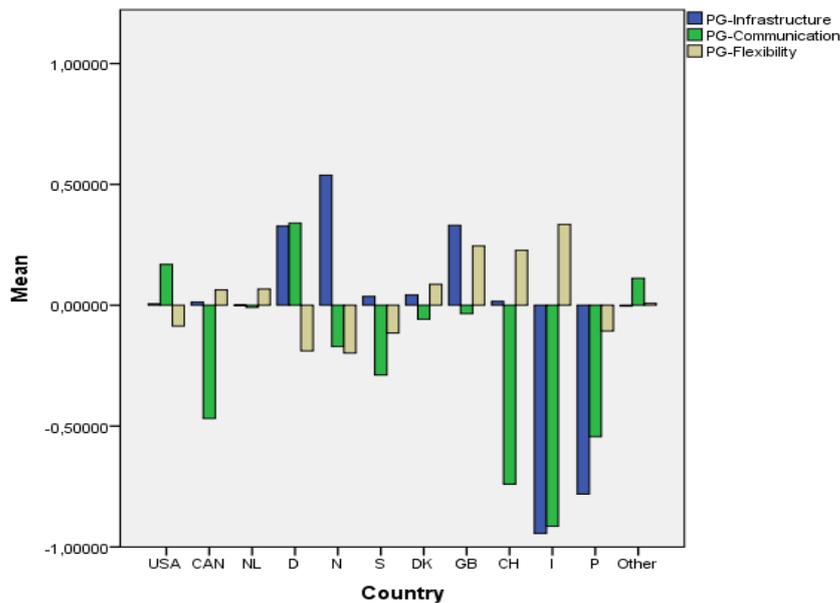
Figure 2: Differences in project governance by industry



Governance and Governmentality of Projects

Figure 3 shows the differences in project governance by country. Norway, Germany and the UK score highest in allowing a broad mental infrastructure for their project managers, whereas Italy and Portugal score lowest in this dimension. Freedom to communicate at all levels is granted by the governance systems in Germany and the USA more often than in countries like Italy, China, Portugal and Canada. However, flexibility is highest in Italy, UK and China, and lowest in Norway, Germany and Sweden.

Figure 3: Nominal differences in project governance by country



3.1.2 Governance of projects

Figure 4 shows the differences in governance of projects by organizational size. Main differences are found in the flexibility of organizations to adapt their structures to the needs of their groups of projects (i.e. programs, or portfolios). Only the smallest companies score high on this. Clearness of roles and responsibilities increases with company size after a threshold of about 250 employees. Project management being established and maintained by a strong leader increases linear with organizational size.

Governance and Governmentality of Projects

Figure 4: Nominal differences in governance of projects by organizational size

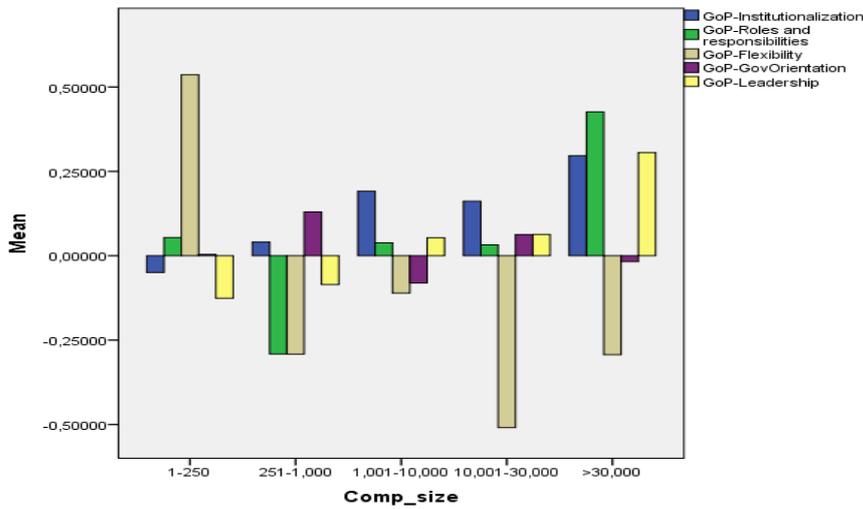
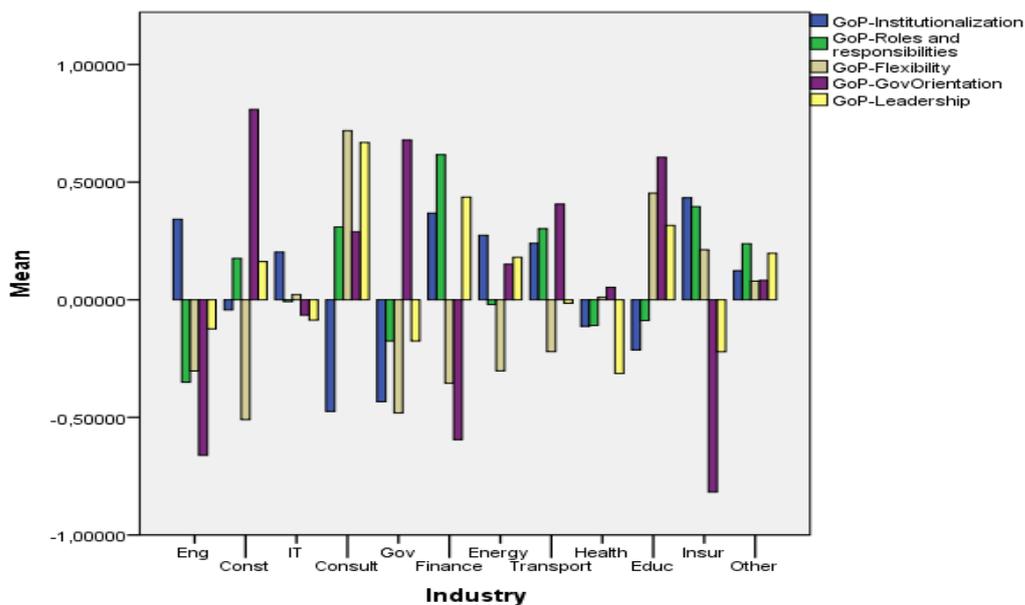


Figure 5 shows the differences in governance of projects by industry. Large differences are found in governance orientation. Construction, government, education and transport/logistics show a strong stakeholder orientation, contrary to insurance, engineering and finance, which show a strong shareholder orientation in their governance. Flexibility is highly expressed in consulting and education, which is contrary to construction, finance, energy, government and transport/logistics. Formalization of roles and responsibilities are strongest developed in finance, insurance and transport/logistics, and lowest in engineering.

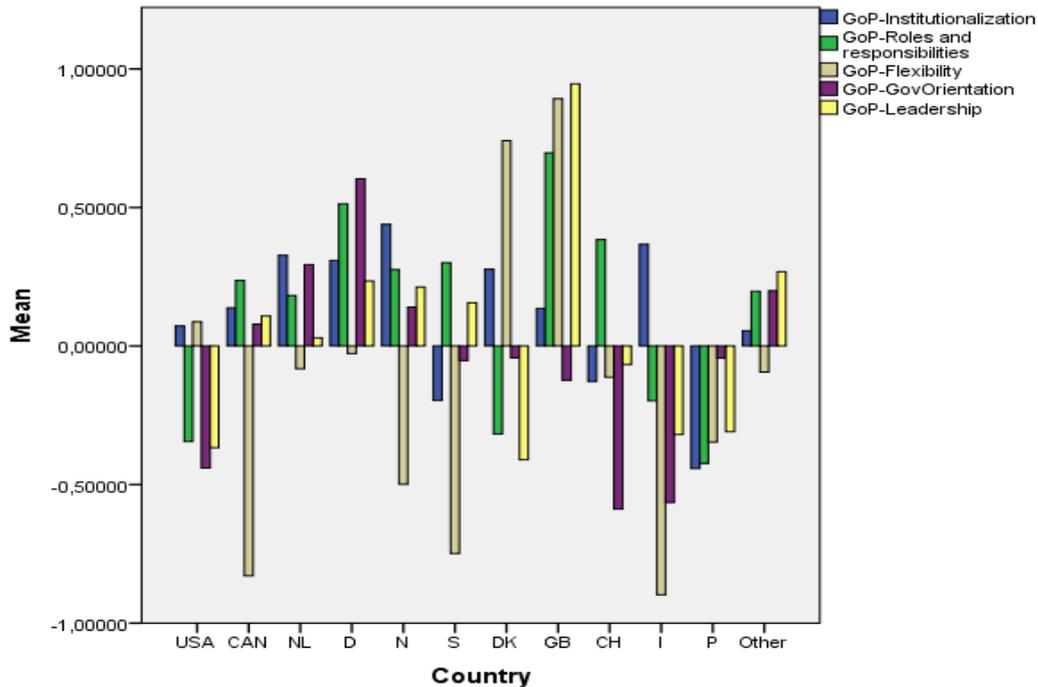
Figure 5: Nominal differences in governance of projects by industry



Governance and Governmentality of Projects

Figure 6 shows the differences in governance of projects by country. The UK scores highest in leadership and flexibility at the governance of projects level, followed by Denmark. Germany scores high in stakeholder orientation and definition of organizational roles. Switzerland, Italy and the USA score high on shareholder orientation. Italy, Canada, Sweden and Norway score low in terms of flexibility in governing their groups of projects.

Figure 6: Nominal differences in governance of projects by country



3.1.3 Governmentality

Figure 7 shows the differences in governmentality approaches by organizational size. Organizations between 251 and 1,000 employees show the least governmentality in all measured factors. Large organizations (> 10,000 employees) and very small organizations encourage the engagement in professional organizations, whereas the remuneration system between line and project managers seems to best aligned in the smallest organizations. Organizations between 251 and 1,000 employees empower their project managers the least to further develop their in-house project management system and skills.

Governance and Governmentality of Projects

Figure 7: Nominal differences in governmentality by organizational size

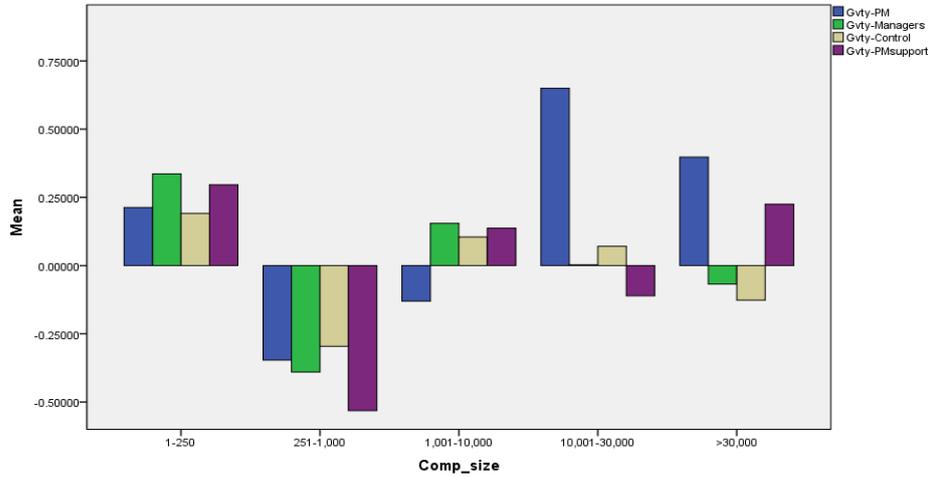
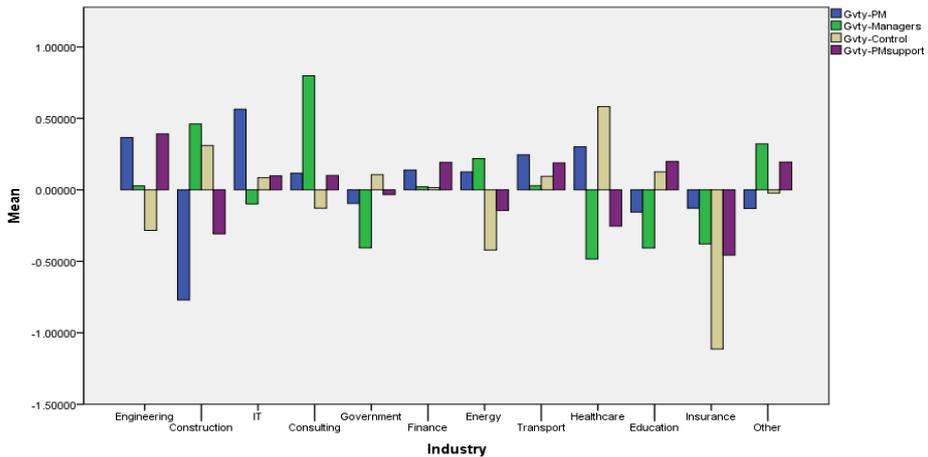


Figure 8 shows the nominal differences in governmentality by industry. Relative to the average, the construction industry scores lowest in encouraging project managers to engage in professional organizations, whereas IT and engineering industries score highest. Alignment between project and line management incentive systems is indicated in consulting and construction. Behavior control of project managers prevails in insurance, energy and engineering sectors, whereas controlling project managers by their project outcomes is strongest expressed in the healthcare and construction industry. Development of project management capabilities is strongest supported in the engineering industry, but least expressed in the insurance, construction and healthcare industries.

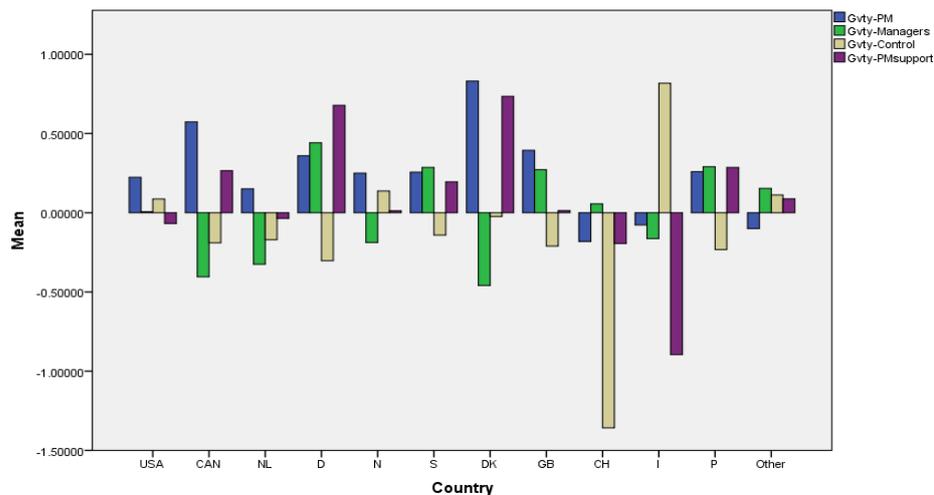
Figure 8: Nominal differences in governmentality by industry



Governance and Governmentality of Projects

Figure 9 shows the nominal differences in governmentality by country. Encouraging project managers to engage with professional organizations is strongest expressed in Denmark, followed by Canada, Germany and UK. Alignment of line managers and project managers' incentive systems appears to be relatively higher in Germany, UK, Sweden and Portugal. Switzerland shows a strong behavior control and Italy a strong outcome control in their governmentality. Further developing project management methods and skills in-house is most strongly expressed in Denmark, Germany, Portugal and Canada.

Figure 9: Nominal differences in governmentality by country



4 Profile differences between low and high performing organizations

4.1 Profile differences by project success

We identified the differences in project governance, governance of projects, and governmentality by comparing the profiles of the lowest 25% and the top 25% against the mean of all organizations in terms of their success with the project-based parts of their business. The results are shown in Figure 10. At the top right are the project governance dimensions, at the lower right and bottom are the governance of projects dimensions, and on the left side the governmentality dimensions. The zero level (ring 3 from the top) represents the mean value of all organizations. The dashed line indicates the expression of the measurement dimensions in organizations scoring among the lowest 25% in terms of success with their project-based part of the business. The solid line indicates the scores of those organizations scoring among the top 25%. The largest differences between high and low performing organizations are found in:

1. Leadership (GoP)
2. Definition of roles and responsibilities (GoP)
3. Project manager support (Gvty)
4. Communication (PG)

Governance and Governmentality of Projects

Figure 10: Governance and governmentality profiles of low and high performing organizations

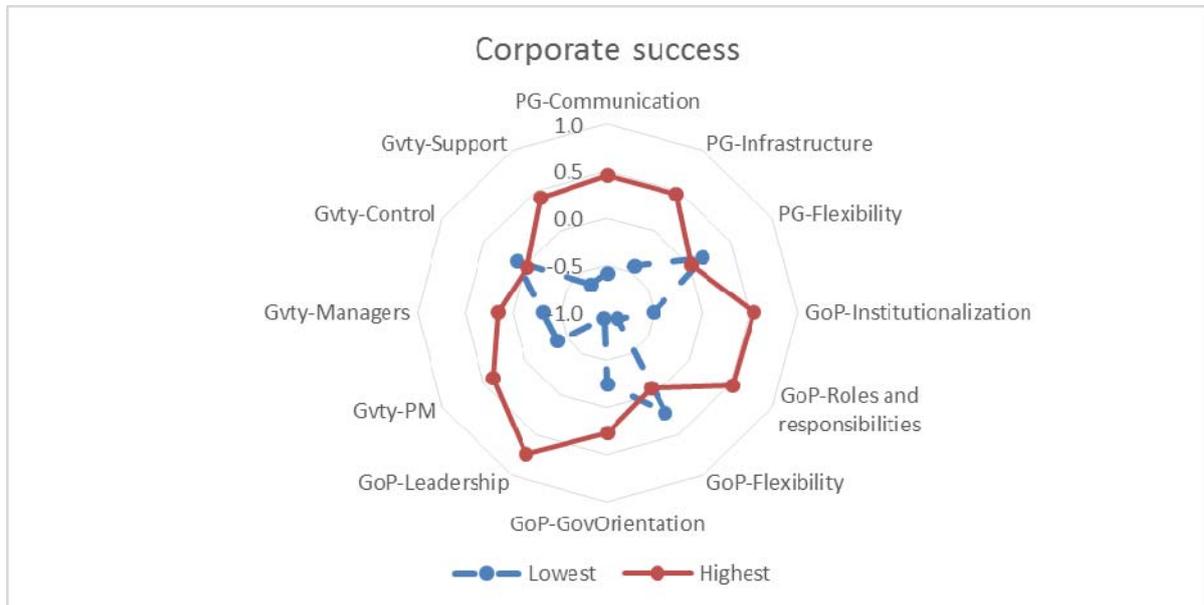


Figure 10 indicates that successful organizations score much higher than the average organization in the project governance dimensions of communication and provision of mental infrastructure. Similarly in the governance of projects dimensions of leadership (having a strong leader to establish and maintain project management in the organization), institutionalization of project management and the definition of roles and responsibilities. They score also higher than average in encouraging project managers to engage with professional institutions, get certified and to further develop the in-house project management methods and skills. Low performing organizations score much lower than average in leadership, definition of roles and responsibilities and in allowing their project managers to negotiate at all levels for their projects.

4.2 Profile differences by governance system acceptance

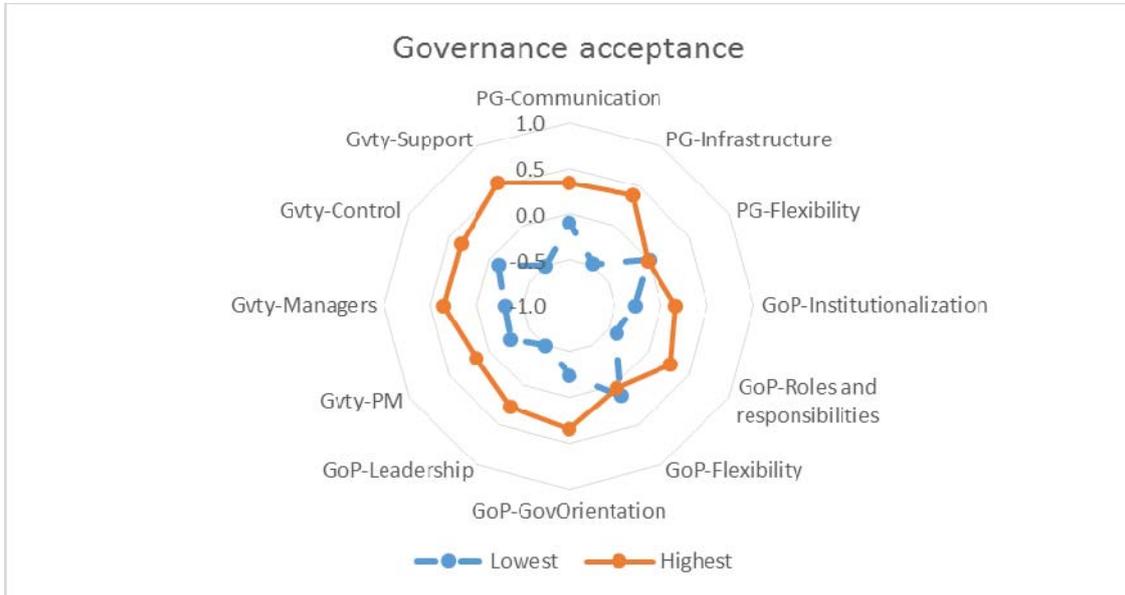
Figure 11 shows the differences in governance and governmentality profiles between the lowest 25%, mean, and top 25% of organizations in terms of acceptance of the governance structure by the project management community. As in Figure 9, the zero level ring indicates the average of all organizations.

The dimensions with the largest differences between low and high levels of acceptance are:

1. Project manager support (Gvty)
2. Infrastructure (PG)
3. Leadership (GoP)

Governance and Governmentality of Projects

Figure 11: Governance and governmentality profiles of organizations low and high levels of acceptance with their governance structure



Organizations with well accepted governance structures score at or above average in all dimensions. Those organizations with less accepted governance structures score mainly below the average, but especially low in leadership, encouraging their project managers to engage with professional organizations and develop their methods and skills, as well as in defining the roles and responsibilities in the context of projects.

5 Conclusions

This report provided the descriptive statistics of a worldwide survey on practices in project governance, governance of projects, and governmentality. The results show that practices vary widely within industries, countries and projects of different sizes. However, the report showed the breadth of practices and gave some indications of preferences in project types, industries and geographies. To that end it provided a framework which can be used as a guideline for project managers by identifying their particular projects in the analyses above and compare the practices in their projects with those identified in the analyses above, for the further development and reflection on the best possible approaches to governance and governmentality.

The report also provided some hints as to the practices in governance and governmentality of organizations that are especially successful with their projects and with the acceptance of their governance structure. Here again, the readers are encouraged to reflect on the practices in their organization and the findings reported here to work on possible improvements for their own organization.

6 References

- Barthes, R. (2013). *Mythologies*. New York, NY: Hill & Wang.
- Biesenthal, C., & Wilden, R. (2014). Multi-level project governance: Trends and opportunities. *International Journal of Project Management*, 32(8), 1291–1308. doi:10.1016/j.ijproman.2014.06.005
- Foucault, M. (1991). Governmentality. In G. Burchel, C. Gordon, & P. Miller (Eds.), *The Foucault Effect* (pp. 87–104). Chicago, USA: University of Chicago Press.
- Lemke, T. (2007). An indigestible meal ? Foucault , governmentality and state theory. *Distinktion: Scandinavian Journal of Social Theory*, 8(2), 43–64.
- Müller, R. (2009). *Project Governance*. Aldershot, UK: Gower Publishing.
- 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), 1309–1320. doi:10.1016/j.ijproman.2014.03.007
- 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), 839–851. doi:10.1016/j.ijproman.2014.07.008
- Too, E. G., & Weaver, P. (2014). The management of project management: A conceptual framework for project governance. *International Journal of Project Management*, 32(8), 1382–1394. doi:10.1016/j.ijproman.2013.07.006

6.1 Suggested additional readings:

- Müller, R. (2009). *Project Governance*. Aldershot, UK: Gower Publishing.
- Müller, R. Shao, J. & Pemsel, S. (in press). *Organizational enablers for Project Governance*, Project Management Institute, Newtown Square, PA, USA.

Governance and Governmentality of Projects

7 APPENDIX A: SAMPE DEMOGRAPHICS

Seventy percent (146 respondents) were project managers, 6% (13 responses) line managers, 4% (8 responses) project team members, program and portfolio managers are each represented by 3% (7 responses), in governance roles such as PMO were 6% (13 responses), Steering Committee members and managers of project managers each 1% (3 responses), consultants or analysts were 2% (5 responses) and others were 2% (4 responses). No significant differences were found in the answers of these groups.

In terms of the years of experience of the respondents, the largest category (38%, 78 responses) had 11 to 20 years of experience, followed by 27% (57 responses) with more than 20 years of experience. Twenty-three percent (47 responses) had six to ten years, 8% (16 responses) had one to five years, and 0.5% (one response) had less than one year of experience. Four percent did not answer this question.

The geographic distribution of the respondents shows that 38% (78 responses) were from European countries, while 26% (55 responses) were from North America. Countries with less than four responses were categorized under "other" (33%, or 64 responses). Within Europe the largest subgroup were the Scandinavian countries (Norway, Denmark and Sweden) with 14% (28 responses). USA dominated in North America with 20% (41 responses) over Canada with 7% (14 responses). Five percent did not provide their country of working.

The distribution by industries showed that IT/Telecom was most strongly represented with 27% (56 responses), followed by the financial and the utilities/energy industry with 9% (19 and 18 responses respectively). Six percent came from engineering/manufacturing (13 responses), government and education/academia (12 responses each). Five percent (11 responses each) were from Transport/logistics and healthcare. Consulting, construction, insurance and other industries make up the rest of the sample. Five percent did not answer the question.

Distribution by company size in terms of employees showed that the largest group (26%, 53 responses) came from companies with more than 30,000 employees, followed by each 22% from small and medium size companies with up to 250 employees (46 responses) and firms between 1001 and 10,000 employees (45 responses). Sixteen percent (34 responses) came from respondents working for companies with 251 to 1000 employees, and nine percent (19 responses) from companies with 10,001 to 30,000 employees. Five percent did not answer this question.