APPROACHES REGARDING THE DIMENSIONS OF PROJECT GOVERNANCE

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ABSTRACT

Projects are more than a set of actions and even more than temporary organizations as they are defined in the literature; they are the principal way of creating change and/or of dealing with change in the modern society. The need of governance exists not only at organizational level, but also at project level. The project governance coexists with the corporate governance and their correlation is essential in order to obtain project success and the long term development of the organization implementing the project. The literature on project management approaches the concept of project governance from different angles. This article examines the project governance and the corporate governance literature in order to underline the similarities and also the different approaches regarding main concepts. The purpose of the paper is to create an adequate framework for future empirical research in this field.

KEYWORDS: *governance, project governance, dimensions*

JEL CLASSIFICATION: *M00, M10*

1. INTRODUCTION

Projects are present all around us in the modern society where markets are continuously changing, technologies evolve, change is always present (Borza et al, 2012) and innovation is used in order to obtain competitive advantage (Petre et al, 2012). Working with projects in order to achieve specific objectives can be seen as a way of adapting the activity to the present environment characterized by dynamism and complexity. The increasing number of project-based organizations stimulated the interest in the relationship between projects' objectives and the objectives of the organization, between projects' governance and corporate governance, the project success being directly related with the development of the organization.

The topic of project success is frequently approached in the project management literature. Since one of the most important characteristic of a project is uniqueness, the criteria for measuring success vary from project to project (Muller, Turner, 2007). Projects have specific characteristics which determine diverse combinations of success criteria and factors, although some success criteria and factors are common to different projects (Cserháti, Szabó, 2013). Based on a literature review can be observed that recently there is an increasing number of opinions which state that stakeholders often interpret project success in different ways (Mir, Pinnington, 2014). Projects success is a complex issue which we consider that is influenced especially by the way projects are managed. In other words, a successful project management contributes to the success of the project. Drury-Grogan (2014) underlines the difference between the project success that refers to the achievement of the objectives and the project management success that in a traditional way refers to respecting the schedule, budget

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and specified requirements. Many authors claim the "golden triangle" is not enough to define the project management success considering the variety of stakeholders, the importance of the context, the support from the sponsor or the top management, the relationship and communication with the clients (Pinto, Prescott, 1990 in Drury-Grogan, 2014) and other essential factors.

We consider that good project governance has a positive influence both on a successful project management and on the success of the project. Muller (2009) defines project governance as the system of values, responsibilities, processes and politics that allow the projects to achieve their objectives and assure their implementation considering the interests of all stakeholders and the organization. The boundary between project management and project governance is subtle. The project governance focuses more on the relationship with the stakeholders and environment, on achieving the objectives on an effective and transparent manner (IEG World Bank, 2007).

We considered it important to approach the project governance in this paper, a topic of great interest in the project management literature. The objective of our research is to create a theoretical framework on project governance, in order to capture the current state of knowledge and present significant contributions in the literature regarding this topic.

2. METHODOLOGY

The research presented in this article aims to analyze the concepts of governance and project governance and, based on a literature review, to create an overview of how this topic is perceived in the project management literature.

Through the present research, the following questions are answered:

Research question 1: How does the concept of project governance relate to the literature on governance?

Research question 2: What are the approaches in the project management literature concerning project governance and its dimensions?

Research question 3: Who are the authors that have the most significant contribution in the development of the project governance concept?

The international professional organizations are known to have an important contribution in the project management development. The standards and guidelines published by these organizations can be seen as points of reference when analyzing the literature on projects and project management, reason why we find it important to present a comparative analysis of the project governance concept and its dimensions.

In order to identify the authors with significant contribution in the field of project governance, we made a citation analysis on academic articles from the Thomson Reuters Web of Science database, known to be the most reliable source in the academic field. The citation report had no time limits, since it is interesting to find out when the concept of project governance was firs mention in an article. The criterion of the search was: "project governance" to be included in the title of the articles. The search engine found 173 articles that mention project governance in the title of the article. We refined the search by adding a constraint regarding the inclusion of the article in the business and economics research area. The results found in this case were 50 articles, published between 1996 and 2014. The citation report was generated on the 10th of September 2014.

3. GENERAL GOVERNANACE VS. PROJECT GOVERNANACE

3.1. Concept of governance
Although governance is not a new concept, the term is being used increasingly frequent in the recent years (Muller, 2009). Often corporate governance is related to stakeholders' theory (Muller, 2009), to transparency within the decision process and the control that takes place within an organization.

Different perspectives regarding governance exist in the literature, reason why some may find the approaches confusing and unclear. Regardless of the approach, we agree with Too and Weaver (2013), which argue that good governance creates sustainable value for the organization and its stakeholders.

According to the Organisation for Economic Co-Operation and Development (OECD), corporate governance "involves a set of relationships between the management of an organization, its board, its stakeholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, the means of attaining those objectives and monitoring performance are determined" (OECD, 2004, p. 11). The definition given by the OECD is probably most widely accepted in this field.

Another complex definition, given by Hilb (2005, p. 9), sais that corporate governance is "a system by which companies are strategically directed, integratively managed and holistically controlled, in an entrepreneurial and ethical way, and in a manner appropriate to each particular context".

The governance can be seen as a system that defines the structures used by the organization, establishes rights and responsibilities and makes sure that the management process is effective and efficient within these structures (Too, Weaver, 2013).

Crawford and Cooke-Davies (2006) identified eight main aspects that corporate governance deals with: roles and responsibilities, accountability, disclosure and transparency, risk management and control, decision-making, ethics, performance and effectiveness, implementation of strategy.

Based on the definitions presented above, we can conclude that governance gives the framework for managing an organization, focusing on the relationship with internal and external stakeholders, on control and on a strategically and holistic view. Governance is not only the responsibility of those involved in higher hieratical structures within an organization; the need for governance appears at each managerial level within an organization (Muller, 2009, p. 4).

3.2. Concept of project governance

Recently, the concept of project governance was approached in the project management literature. Similar to the situation presented above, where different perspectives regarding corporate governance exist, when researching the project management literature it can be observed several definitions and opinions. Ahola et al (2013) states that there cannot be identified a universally accepted view of what project governance is.

Based on a literature review on governance related to projects, two different concepts can be introduced:

- Project governance. Renz (2007) adapted Hilb's definition of governance to projects by adding "a system […] appropriate to the singular, time-wise limited, interdisciplinary, and complex context of projects". Rodney Turner, another recognized author in the project management literature, chose to adapt to projects the OECD definition of governance, by replacing company with projects, board with sponsor and stakeholders with owner of the project (Turner, 2009 in Bernardo, 2014). Khan (2012, p. 113 in Bernardo, 2014) defines project governance as „an oversight function that encompasses the project lifecycle, and provides the project team with structure, processes, decision-making model and tools for managing the project, while supporting and controlling the project, in order to ensure that the project meets its objectives and delivers business value to all stakeholders".
- Project management governance. APM (2004) sees the project management governance as the link between project management and corporate governance, representing areas of corporate governance that are related to project activities. According to Bernardo (2014), project management governance refers to the governance of a project framework, which should be aligned with the organizational strategy.

Although, the delimitation between the two concepts is subtle, we consider that project governance focuses more on a specific project and, on the other hand project management governance focuses

on the relationship between the project and the organization, on the continuous improvement of project management. Both concepts are equally important when implementing projects within an organization, having an important contribution to the project success and the long term development of the organization.

The standards developed by international professional organizations and governmental organizations also approach the concept of project governance. The table below (Table 1) presents an overview picture of these approaches.

Table 1. Project governance as perceived by international organizations

Organization	Standard	Project governance approach	Observations
Project management institute (PMI)	A guide to project management body of knowledge	"Project governance enables organizations to consistently manage and maximize the value of project outcomes and align the projects with business strategy. It provides a framework in which the project manager and sponsors can make decisions that satisfy both stakeholders needs and organizational strategy objectives or address circumstances where these may not be in alignment"(PMI, 2013, p.30).	This is a comprehensive approach, linking internal and external aspects of project governance.
Association for Project Management (APM)	Directing Change: A Guide to Governance of Project Management	"Effective governance of project management ensures that an organisation's project portfolio is aligned to the organisation's objectives, is delivered efficiently and is sustainable. Governance of project management supports the means by which the board and other major project stakeholders exchange timely, relevant and reliable information" (APM, 2004).	The definition refers mostly to the connection between projects and the organization.
Office of Government Commerce (OGC)	OGC Guidelines for Managing Successful Projects (MSP)	Governance is addressed in the framework for 'Managing Successful Projects' (Muller, 2009).	A clear definition was not identified.
International Organization for Standardization	ISO 21500: 2012	"Project governance includes but is not limited to, those areas of organizational governance that are specifically related to project activities" (ISO, 2012).	Focuses on the project, but the definition is not restrictive.

Source: adapted from Muller (2009), APM (2004), ISO (2012), PMI (2013)

Ahola et at (2013), based on a very interesting literature analysis, identified two main directions in defining project governance:

- as external to any specific project: The approach is focused on aligning the goals of a project or several projects to the objectives of the organization, in order to assure the long term

development of the organization through the implementation of these projects. These opinions can be related with the project definition as a set of activities: "A project is a unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or organisation to meet specific performance objectives within defined schedule, cost and performance parameters" (British Standards Institute, 2000).

- as internal to a specific project: The focus in this case is on reaching the expectations and objectives of the project stakeholders. This approach can be associated with the definition of the project as "a temporary organisation that is needed to produce a unique and predefined outcome or result at a given time using predetermined resources" (OGC, 2009, p. 4).

3.3. The relationship between project governance and general governance

The increasing number of projects used by organizations to implement strategies or changes, to develop new products and assure the competitive advantage, determied the necesity of project governance. Projects are implemented in specific environments and their success depends on the context and stakeholders' perception.

Too and Weaver (2013) identified two schools of thought concerning governance: one refers to different types of governance needed in the sub-units of an organizations (and here project governance, knowledge governance, public governance and so on, can be approached distinctly) and the other perceives governance as a single process with different facets (in this case, governing change includes the aspects related to projects). We subscribe to the first approach, as it relates to the more recent deffinition of projects as temporary organizations.

Governance applied when dealing with projects, programs, portfolios coexists within the framework of corporate governance (Muller, 2009). The relationship between project governance and corporate goveranace is highlighted by several definitions of project governance that addapted the definition of governance to the project environment.

Project governance can be perceived as the connection between the project, the parent organization and other stakeholders (Muller et al, 2014). The main objective of project governance and of corporate governance as well, is to create sustainable value for all the stakeholders involved, thereby emphasizing the relationship between the two concepts. Choosing the right projects to implement the organizational strategy is placed at the level of corporate governance, while the framework created by project governance supports the effective and efficient implementation of projects.

4. THE PROJECT GOVERANACE DIMENSIONS

The governance dimensions refer to aspects or in other words, elements of governance. From the literature study, different approaches about governance dimensions can be identified.

The project governance dimensions synthesized by Khan based on a literature review are: (1) supervision of projects, which refers to overseeing the project progress in order to make sure that the plan in respected; (2) project control, which verifies the progress of the project by comparing it to the project plan; (3) project support and guidance from project stakeholders (Khan, 2012). Khan (2012) associates the project governance dimensions with the roles and responsibilities of the steering group which is responsible for creating the interface between the permanent and temporary organization (Muller, 2009).

Müller and Lecoeuvre (2014) mention in their article five corporate governance dimensions extended to project governance: decision making related to the stakeholders' satisfaction; remuneration of the managers based on performance indicators; legitimacy of actions; financial objectives as balancing the returns of different stakeholders and long term objectives.

Even though different opinions about the topic of project governance dimensions exist, there can be identified two specific elements that refer to the relationship with stakeholders and projects' control.

5. SIGNIFICANT CONTRIBUTION IN THE DEVELOPMENT OF THE PROJECT GOVERNANCE CONCEPT

Based on a complex literature review, Ahola et al (2013) characterized the literature on project governance as "heterogeneous", a universally accepted opinion on the definition of project governance being difficult to identify. Since 1995-1996 the topic of governance related to projects was approached in the scientific literature, based on the Thompson Reuters citation report (Figure 1), being more articles published per year on this topic starting the year 2008. Also, since 2006 the number on citations related to the analyzed articles increased significantly, showing that project governance is a current topic, of great interest during the last years.
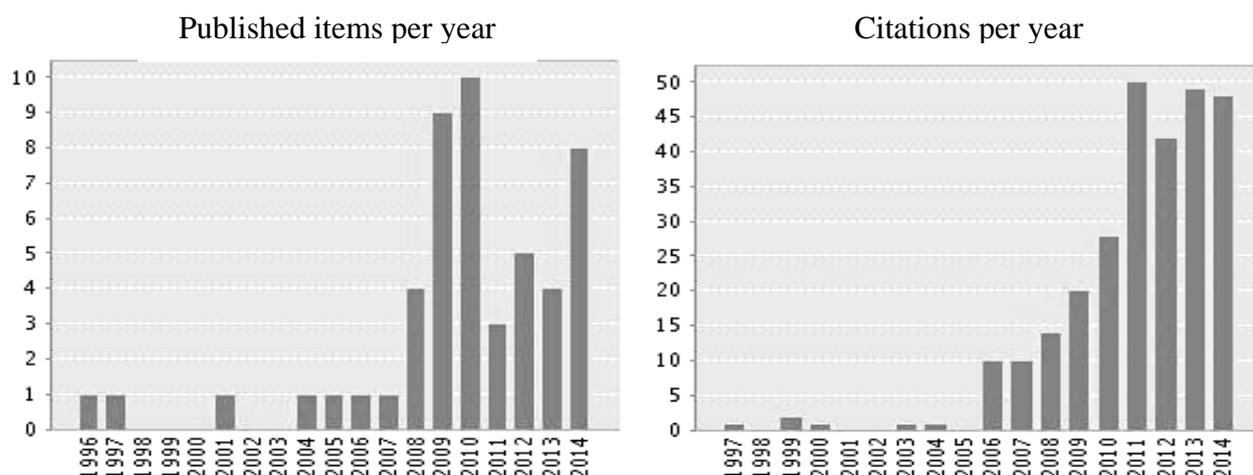
Published items per year   Citations per year

Figure 1. Results of the citation report
Source: http://thomsonreuters.com/journal-citation-reports/, Retrieved 10.09.2014

We consider the authors with the highest number of citations per article have the most significant contribution in the development of the project governance concept. The top five most cited authors from the Thompson Reuters Web of Science database, which refer to project governance in the title of the article that is included in the business and economics research area are: Grabher (127 citations); Ulset (43 citations); Bosch-Sijtsema and Postma (27 citations); Tiwana (18 citations) and Williams et al (11 citations). The journals that published the majority of the analyzed articles are: International Journal of Project Management and Project Management Journal.

6. CONCLUSIONS

Organizations use projects every day in order to achieve certain objectives and maintain the competitive advantage, reason why effective and efficient governance frameworks are needed in order to increase the success chances of projects. Governance makes a project viable (Müller Lecoeuvre, 2014) and even though there are different approaches and opinions about the basic concepts, it is universally accepted that project governance brings value to all stakeholders.

The purpose of this paper was to create a theoretical framework for future research in the field of project governance. The study presents an analysis made on current knowledge and synthesizes the main approaches identified in the literature on project governance, the relationship between project governance and general governance and the project governance dimensions. Analyzing the most cited articles on this topic made it possible to identify the authors with significant contribution in the field of project governance and to observe the evolution of the number of published articles and citations. The increasing number of publications and citations referring to project governance indicate the growing interest of researchers on the studied topic.

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