PROJECT GOVERNANCE REQUIREMENTS:

A CASE STUDY

Complete Research

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Abstract

Project Governance (PG) is often viewed as an unnecessary overhead that can be adequately managed within a project by top managers and experienced implementers. However our case studies show that people in these roles often wish to appeal to external guidance and requirements for definitive directions. Our research question asked: “What can top managers do to adopt an effective PG framework?” The method was to let a small group of role targeted participants from each of four companies talk about their PG requirements and experiences. The results of thematic analysis showed that people consistently required particular attributes in every project including those related to a PG framework.

Keywords: Projects, Governance, Management, Case study

1 Introduction

Project Management is a role in lower middle management where a leader is responsible for the implementation of a project and the delivery of valuable outcomes for the organisation. The business perspective of the Project Manager role is different from the Information Technology (IT) perspective that views the role as a top management position for the delivery of the project objectives (Wilcocks, 1991; Jenkin and Chan, 2010). The contrasting perspectives lead to economic costs that may be minimised in seeking strategic alignment between the respective enterprise functions (Dong, Neufeld, and Higgins, Chris, 2009). In our research we wanted to explore the potential of frameworks that may benefit the Project Manager role and potentially contribute to improved project performance. Project Governance (PG) frameworks have little traction in the IT industry as they are viewed to be costly overheads that often obstruct quick implementation completions. PG is also an under-developed literature with its clearest definition in standards such as the AS 8016 and more general principles in the ISO/IEC 38500. The central issue is the harmonisation of different aspects of an enterprise system for optimal value generation (Sharma and Yelton, 2001; Keil, Rai, and Liu, S., 2013). The options of IT or business functions acting independently have been shown to be costly, whereas attempts to align the functionalities have met with varied success. In our research a clear list of exceptions were apparent that indicated role participants could see ways to improve alignment by adopting aspects that appear in PG frameworks.

2 Definitions and Background

Project Governance (PG) concerns the principled steerage of projects from a Governing body perspective (AS 8016, 2010, 2013). Many large organisations are organised into a portfolio structure
where roles are ascribed to portfolios, many managers support a portfolio and many projects are related to a manager (ValIT, 2009). Projects in this sense provide the critical productive attributes of organisation where the business value is generated. Project governance is defined as:

“a set of management systems, rules, protocols, relationships, and structures that provide the framework within which decisions are made for project development and implementation to achieve the intended business or strategic motivation.” (Bekker and Steyn, 2009, p.10).

PG is an integral part of Enterprise Governance and addresses the definition and implementation of processes, structures and relational mechanisms for projects. PG allows both IT and business people to manage and govern an organisation effectively and to optimise the creation of business value from IT-enabled investments (Van Grembergen and De Haes, 2009). The concept of IT-enabled investments resolves a focus area in organisations where a large percentage of organisation resources are committed to project driven development and implementation. The two PG frameworks of interest in this research (AS 8016, 2010, 2013) adopt the concepts of business value realisation through good Governance. These PG frameworks adopt principles to guide acceptable behaviours and encapsulate system relationships that benefit goal attainment. The motivation for this research came from the 2013 (December) release of the AS 8016 that suggests governance requirements benefit projects and are distinct from management requirements. The framework appears as a guideline for practice and is supported by a model for project management and PG interaction. In terms of our research the framework offers a way of identifying project elements that fit governance and those that fit management. The distinction is crucial as we are anticipating the identification of such elements in project management action; and the disposition of comments by interviewees to indicate the expectations and requirements for PG. Consequently further elaboration of the distinction follows.

Project governance and project management are shown to be related but not identical in a similar way to Governance and management that are closely related but not the same. Governance is:

“the set of policies, roles, responsibilities, and processes that guides, directs, and controls how an organisation's business divisions and IT teams work together to achieve business goals” (Microsoft, 2010).

Governance is the system that ensures the fit between the organisation's mission and its performance. In essence, governance is about being in control and taking overall responsibility for the work and actions of an organisation (Pound, 1995). Governance applied at the corporate level, affects projects through its impact on the behaviour of people. Thus it needs to be implemented through a framework that guides managers in their daily work of decision making and action taking. In PG implementation is often defined in terms of policies, processes, roles and responsibilities. This allows for a smooth integration between organisation – wide, general processes and the specific sub processes related to projects. Governance is at broader/high level and concentrates on performing and transforming IT to meet current and future demands of the business and the customer. IT management, being narrower, focuses on the management of IT operations for the present and the efficient and effective internal supply of IT services (Müller, 2009). Management defines the people, processes, policies and technology that deliver a service (Microsoft, 2010).

Governance is often misused in describing processes and activities that are actually management, not governance. Management is the group of people who are given the authority to achieve the desired results (Pound, 1995). Management is focused on the effective and efficient internal supply of services and products and the management of current operations (Weill and Ross, 2004). Management decisions change as strategies change. To differentiate between the concept of governance and the concept of management Van Grembergen and De Haes (2008, 2009) show that governance is the creation of a setting in which others can manage effectively while management is the making of
operations. Weill and Ross (2004), says that governance determines who should make decisions and management is the process of making and implementing the decisions.

In the specific area of PG (Young 2006) says PG is about:

> “increasing the success rate of projects. It provides a way for directors and senior management to exercise effective oversight and ensure their strategies are implemented and their benefits realised. Project governance sits above and outside of the project management domain”.

PG provides the framework in which decisions are made for project development and implementation (Bekker and Steyn, 2009). Project management, on the other hand, is defined in the PMBOK Guide (PMBOK® Guide) as:

> “... the application of knowledge, skills, tools and techniques to project activities to meet project requirements. In other words, it involves planning, organizing, monitoring and controlling the project activities in order to accomplish the project requirements.”

Project management is the leadership function. This includes guiding the work definition, resource costing, scheduling, planning, status reporting and problem solving for the project to reach its objectives. Project Management relates to managing the set of tasks and milestones within a schedule, and allocating and managing the resources and deliverables of a team.

PG not only provides a framework for the organisation of responsibilities and decision-making capabilities, it also ensures that the IT project implementation and execution has external reference points. Before the IT project starts, it is determined who will make IT project-related decisions and how they will make them. Setting up project governance increases the probability of better controls during the life of the IT project. The main focus of PG is about choosing the right projects and providing end to end direction from the initiation to the achievement of the business outcomes. It includes the prioritisation, selection and alignment of projects with the organisation’s strategic objectives. In addition, to choosing the right projects the organisation needs to perform the project steps effectively. This requires effective project management that can work within the Governance requirements, control the project processes to gain the deliverables and to maintain efficient communications (relational mechanisms) (Turner and Keegan, 2001; Lambert, 2003; Van Grembergen and De Haes, 2009).

Project failure is often beyond the control of the project manager. A study has shown that half of all project failures were due to PG (Young, 2006). Issues such as poor PG structures or inadequate skills/experience of people in a governance role were shown to be a major cause of project failure (PMI, 2009). A company may have a good project management but not good project governance. Governance of IT projects is facilitated by having experienced, well-trained senior project management and by the organisation having an established methodology for managing projects (Sherma, Stone, Ekinci, 2009). If any of those two components are missing the project runs a higher chance of not succeeding or not reaching its potential. Project governance plays a significant role in preventing project failure and preventing increased project costs. It also improves business benefits and project morale (Bekker and Steyn, 2009). Effective PG promotes effective communication between stakeholders, management and the project manager. It defends the project against political interference and ensures that project delivery and performance are protected from high-level external interference. It ensures that such issues and conflicts are identified and addressed in context and it ensures that the project continues to be in the strategic interest of the organisation. Ineffective PG, on the other hand, gives rise to problems such as rapid and unexplained turnover of project managers or project staff, projects constantly failing to meet expected targets, and the project team working excessively long hours.
3 Method

The research methods were selected after applying Benbasat, Goldsten and Mead’s (2002) criteria for deciding an approach. The decision framework required a response to a set of questions to determine a case study approach or otherwise. The first criteria required the phenomenon of interest to be different in theory and practice. The second had a focus on contemporary events. The third had the necessity of controls and the forth a strong theoretical base. PG is different in theory and practice and it holds a place in contemporary business events. The study of PG in action requires no controls and PG (unlike project management) has an underdeveloped theoretical basis. Consequently case study is as appropriate for studying PG as any other approach and has the benefit of delivering exploratory findings. Case study involves a fact-finding investigation of a particular event within its real life context using multiple sources of evidence (Saunders et al. 2009). The strategy provides a possibility to be close to the studied objects, enabling a rich understanding of the context of the research and the processes being recognised (Halinen and Törnroos, 2005). Case studies play an important role in the growing field of governance-related research (Stewart, 2012). This is because case studies are one approach that supports deeper and more detailed investigation of the research that has abstract and socially constructed phenomena. Yin (2003) describes case study research as useful when a how and why question is being asked about a contemporary set of events over which the investigator has little or no control. For this research, case studies can be said to be especially well suited when the underlying knowledge of the research is interpretive and held from many different perspectives.

The selection of research methods was informed by literature. Multiple case studies are suited to governance-related research if the researcher attempts to understand patterns across organisational boundaries (Stake, 2006). On the other hand, Yin (2003) distinguishes between single case studies that have multiple components and true multi-case studies, which he sees as separate “experiments”, having replication logic across a number of separate instances. In PG, the strategies and integration processes are unique in each organisation, and generalisations may not transfer to other contexts. Stake’s (2006) approach of defining multiple-case study as being investigations of a particular event at a number of different sites is helpful. Stewart (2012) reported that there are number of studies in the journal literature where a management problem or issue is considered in a cross national context. Given these considerations, a comparative approach is classed as a specific kind of multi-case analysis rather than a separate genre. The selection of cases was made from opportunities in New Zealand and Malaysia from organisations that had recently completed an IT project or had project management as their main operational activity. The selection of participants was driven by executive management role in relation to PG. A small sample group was selected from each organisation based on availability and the roles of the Chief Information Officer (CIO), Project Management Officer (PMO), IT director, Project manager and Business manager. These are the participants with relevant role, skills and knowledge that could contribute with rich data to the research. The minimum number to be interviewed was 2 and maximum 5 from each organisation. Table 1 shows the selected cases and descriptions.

<table>
<thead>
<tr>
<th></th>
<th>Company NZ1</th>
<th>Company NZ2</th>
<th>Company MY1</th>
<th>Company MY2</th>
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</thead>
<tbody>
<tr>
<td><strong>Company Profile</strong></td>
<td>One of the large IT companies in NZ (infrastructure service sector)</td>
<td>One of NZ’s fastest growing technology companies. (service sector)</td>
<td>One of the largest holding companies in Malaysia</td>
<td>Small and rapidly growing East Malaysian’s fully-integrated poultry producer</td>
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**Table 1. Sample Company Profile Descriptions**

Data collection was made by interviews and document collection. The interviews were semi-structured and unstructured (Saunders et al., 2009) or non-standardised (Bryman and Bell, 2009). The purpose of unstructured interviews is gathering as much information as possible on the research topic from the interviewees without interference from the researcher. This allows the interviewees to talk freely and openly on the research topic together with some guidance from the researcher (Eriksson and Kovalainen, 2008; Collis and Hussey, 2009). The interviews were recorded and transcribed for thematic analysis in NVIVO software. The following starters were used to keep the participants talking:

- Tell me about your role in the project;
- Tell me about your experiences with using PG in a project;
- Tell me about the things that make project work;
- Tell me how you would adopt a suitable PG framework to IT projects;
- If you were to start a new project, based on your previous experience, what would you not to do in Project governance; and,
- Tell me about your views of the value of project governance in a business environment.

<table>
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<tr>
<th>Respondent position</th>
<th>Knowledge of project process</th>
<th>Knowledge of project governance</th>
<th>Project governance use in the organisation</th>
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<tbody>
<tr>
<td>Senior Transition Manager, Project Management Chief, Quality Assurance Manager and Project Manager</td>
<td>More than 10 years of project management/ processes and provide trainings</td>
<td>Write and use governance to run projects and business to keep up with standards and quality assurance</td>
<td>Yes</td>
</tr>
<tr>
<td>General Director, Chief Information Officer</td>
<td>More than 10 years of IT implementation/project management and write</td>
<td>Attempt to use other standards to manage implementation and run projects.</td>
<td>No</td>
</tr>
<tr>
<td>General Director, Project Manager, System Integrate Manager</td>
<td>More than 10 years of IT implementation/project management and write</td>
<td>Attempt to use other standards as a guideline to manage their project</td>
<td>Yes</td>
</tr>
<tr>
<td>General Director, IT Director, Senior Software Developer</td>
<td>Less than 10 years of IT implementation experience as well as PM processes</td>
<td>Attempt to use other standards to manage the implementation and to run projects.</td>
<td>No</td>
</tr>
</tbody>
</table>
The process of data analysis followed the steps of transcription of the interviews, analysis of the interviews using narrative analysis, comparative analysis, and the cross-case analysis. The transcription was performed as soon as possible after the interview completion. The narrative analysis required the summarising of meanings, categorisation of meanings and structuring of meanings. In addition the data from documents and the researcher diary were introduced into the narrative so that the pinpointing, examining, and recording of patterns or themes within data were merged meaningfully into the developing storyline. The use of software enabled the researcher to manage, organise, and analyse qualitative data more effectively through transcribing, coding, classifying themes, sorting data, and examining relationships in the data. The comparative and cross-case analysis provided multi-dimensional evidence and allowed the matching of theoretical patterns with empirical patterns (Eisenhardt, 1989). In this research each organisation was considered to be a case. The method required the researcher to identify themes in each of the cases for retention of the greatest level of situational detail. Secondly, the researcher moved from themes to the identification of factors. Thirdly, the cross-case analysis is performed by generating a case-ordered descriptive matrix that establishes a basis for comparing the cases on a number of factors. With these processes, the researcher will be able to develop theories based on apparent patterns or relationships; and draw and verify conclusions.

4 Findings

The research showed that PG was an immature construct in the enterprises and that Project Managers relied on external reference points in order to keep projects aligned with the project objectives. The PG requirements were expressed as things that were absent or required improvement. The formal expectations of principled driven project management as expressed in the AS 8016 standard were generally accepted and the adoption of project management frameworks such as PMBOK or PMI were accepted as a given. PG however was expressed as an underdeveloped potential for greater improvement of project performance, of benchmarking the performance expectations and for auditing project controls. We did not question if these expectations were reasonable expectations for PG but accepted them as participant perceptions of what may be best for project management improvement. In this respect the participants told us what requirements they expected from PG. The factor analysis made from the thematic ordering of data allowed the grouping of PG requirements by each of the PG mechanisms of structures, processes, and people. These factors again acknowledged exceptions to the project management frameworks and expressed expectations for an over-arching framework for mitigation and treating exceptions with respect for the bigger business picture of value delivery. Our analysis filtered out exceptions that had fit with the implementation frameworks or did not fit the PG framework in other ways. In table 2 the summary of all factors relevant to PG is made. Note that the thematic ordering of the data does not assure independence of factors but rather reports the prioritised participant perception of matters in relation to a mechanism.

<table>
<thead>
<tr>
<th>PG Implementation</th>
<th>Mechanisms</th>
<th>Factors</th>
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| Based on the AS8016 standards: 6 Principles | Structures | - Lack of organisational leadership  
- Treat each other with respect  
- Lack of respectful rebuttals  
- Budget Planning issues  
- Organisation to be more strategic  
- Low utilisation of governance adoption because of time consuming |
| | Processes | - Lack of commitment from top management |
1. Responsibility
2. Strategy
3. Investment
4. Performance
5. Conformance
6. Human Behaviour

| People | 1. Managers to take project improvement seriously  
2. Scope creep  
3. Lack of funding  
4. Lack of documentation  
5. Lack of information  
6. Overkill project budget  
7. Lack of risk management  
8. No directives checklist  
9. Encourage PG adoption  

Table 1. Summary of Governance Factors

These factors indicate that managers perceive missing elements in the project management framework that fit a PG requirement. The missing structures suggest that matters relating to leadership can be better represented in terms of tone from the top and prioritisation of values in alignment with the principles of responsibility and human behaviour. The process issues each reference a requirement for directives external to the management system that fit a PG framework. The factors represent more than a manager wish list of ideal solutions but rather report management issues that can be addressed by a mature PG framework. The people factors reflect missing Governance mechanisms for communications, for motivation, leadership and future skills supply. These matters may be address under succession and staff development strategies that include making work places sites for ideal employment opportunities. Attention to the identified factors point to the requirements that should be found in a PG framework. These are also matters that belong in a Governance domain and can enhance the effectiveness of PG in an organisation.

5 Discussion

Projects are part of the larger enterprise environment, and many factors that might affect a project are out of the project manager’s control. Our research shows that Top management commitment to a project is crucial. The portfolio approach to PG often disassociates the Governing body from the objectives of a project by handing the responsibility to a management layer in the organisation. C’s layer managers (or Top business Managers) often provide a proxy for the implementation of Governance goals and are responsible for the initiation of projects that are in keeping with Governance goals, strategies and policies. Our research shows that Top Managers require a reference relationship with the Governing body so that they have direction for the choice and alignment of projects. This is also a view expressed in the AS 8016 standard and Elbanna et.al. (2013). In different sized organisations and within the variation of different organisational structures different roles take different responsibilities. Our research in four very different organisations in two different jurisdictional settings showed a consistency of beliefs regarding the necessity and requirements for PG. If project managers have top management commitment, they will also have adequate resources and be able to focus on completing their specific projects. The necessity of top management
commitment also allows external reference points for decision-making, defence of the project and agreement on a project's contribution to business value. With commitment, top management can provide guidance for project managers to run the project with confidence and to take project improvement seriously.

*Ownership of a project* is another requirement for effective PG. The Governance principle of responsibility requires the passing of ownership between the layers and roles in an organisation. The challenge for effective PG is to establish the relevant and understandable communication between the layers. The respondents in our case studies commented on the effectiveness of this channel and its importance in project management performance. The concept of ownership embraces the taking of responsibility for dutiful and required performance between layers as a two-way interaction. Our study shows that directives simply passed between layers without the equal passing of responsibility and whole organisation ownership of the project result in the deficit factors listed in Table 1. It is essential to distribute ownership of a project fairly between the roles at every level in an organisation without releasing the responsibility from any role to assure the effective performance of the project.

Good PG requires *engagement* of functionalities at every level of the organisation. Often, project managers are expected to commit as well as engage to the project for completion. Our research shows that project managers alone are not able to deliver the business value. Two-way communications that is suitably styled and buffered into manageable sizes allows top management to be engaged in the project and strategy has to be developed to assure top managers are not distracted by other demands. The portfolio model of business organisation filters unnecessary information from different levels of communication allowing engagement appropriate to the level and role of interaction. The research respondents suggested that some projects have a senior manager called a *champion* who acts as a key advocate for a project. A champion can be referred to as a person with leadership skills and a person who is confident and motivated to steer the project forward in achieving the agreed outcomes. This person must have *effective communication* between project teams, top management as well as all the stakeholders in PG. In addition to effective communication, *responsiveness* is critical in PG to create better relationships, trust, and rapport with the stakeholders and all the personnel involved in projects.

The findings from the cross case analysis show that strategic alignment is a critical PG requirement. An organisation requires policies and processes as a control for issues with projects overspent, staff turnover, risk assurance, and project improvement. Hence, an organisation with a strong support in business – IT strategic alignment would have policies and processes in place for a project manager to use and to follow. The roles and responsibilities have to be understood and followed by guidelines in the PG processes. Records management is often seen as an unnecessary or low priority administrative task that can be performed at the lowest levels within an organisation. This research highlighted the importance to project managers of records and the use of those records for audits, benchmarking, analysis and project improvement. Audits are used to confirm decisions made by the project team or other decision authorities and are equally valuable to Top management. Running checklists regularly at each level in every project is prudent risk management. Early recognition of potential problems help project managers to make better decisions and top managers to assess project value. It is also the opportunity for top management and project managers and teams to establish open and objective communications. This is the first critical step in developing and delivering effective PG. Such communication are the identifying, classifying, and understanding of the various stakeholders, their specific role in governance, their information needs, and their ability to influence and affect outcomes.

6 Conclusion

The respondents in our sample represented the significant roles in Enterprise Governance in relation to project management. Each role acknowledged the necessity of reference points external to their level in the enterprise as being a necessary requirement for project success. The concept of exteriority
extending end to end in an enterprise best aligns with the principles of Governance that are to steer an enterprise towards the goals. The Top Management roles (C’s business layer) caught between the Project Manager and the Governing body were able to nominate exceptions that exhibited many attributes of elements in 8016 PG frameworks. Project managers also nominated exceptions of a similar character. In Table 1 our analysis delivered factors in relation to the principles and mechanisms of PG from all those involved. The requirements of PG were found to be structures, processes and people who could redress the deficits of the identified exceptions and factors. A top manager has three objectives when adopting an effective PG framework: select or design a responsive PG framework; fairly distribute responsibility, and commit and engage with project managers; and, establish two way communication channels. The key performance indicator for a PG framework is improved IT-Business alignment.

References


