Project Governance in an Embedded State : Possibilities and Challenges

Godenhjelm, Sebastian

Project Governance in an Embedded State
– Opportunities and Challenges

Authors:

Sebastian Godenhjelm, University of Helsinki

Stefan Sjöblom, University of Helsinki

Christian Jensen, University of Gothenburg

Introduction

Projectification, interpreted as an increasing reliance on project-related principles, techniques, and procedures, is a consequence of several challenges facing the modern welfare state. Torfing and colleagues summarize the essential challenges in arguing that: "*We have seen a gradual widening of the temporal and spatial horizons for strategic action in the field of public policymaking. As such, it is becoming increasingly clear that many policy problems are ill-defined and that public problem-solving involves a growing number of choices about who to involve, when, where and how.*" (Torfing, Peters, Pierre, & Sorensen, 2012, p. 229). In response to these challenges, civil servants, politicians and managers increasingly perceive the use of projects as an organisational solution to strengthen the problem-solving capacity of public sector organisations. Furthermore, new policy fields such as IT policies, innovation policies, regional policies and climate policies have emerged. As many scholar have observed, projects are important tools for implementing these policies and as a consequence, responsible organisations use norms, rules and the vocabulary associated with project management in order to describe and make sense of organisational practices. (Cicmil & Hodgson, 2006; Fred, 2018; Godenhjelm, 2016; Jacobsson, Pierre, & Sundström, 2015, p. 12; Sjöblom, Löfgren, & Godenhjelm, 2013).

We take these observations as a starting point for our analysis and argue that projectification might provide at least partial solutions to the aforementioned governance problems but may also generate new challenges to public policy-making and problem solving. This is mainly because public sector projects are embedded in a complex institutional context. Administrative agencies and organisations follow an operational logic based on permanency, coordination and continuity. Ideal perceptions of the project rationality, on the contrary, depict project organisations as valuable devices for responding to the need for adaptation and "just-in-time" delivery (Hodgson, 2004; Sjöblom et al., 2013). In other words, there are contradictory forces pulling in different directions when it comes to adopting project principles and procedures in public policy-making. In doing so, governments thus face a twofold problem. Governments have to maintain their capacity to coordinate policy development and implementation while enhancing collaborative capacities, by engaging municipalities, regions, civil society and market organisations in the policy-making process (cf. Christensen & Laegreid, 2007, p. 1063).

With respect to public policymaking, "embeddedness" is thus essentially about the complex interaction between numerous actors, administrative levels, ideals and organising principles through which policy processes evolve. As a consequence, public sector projects – more distinctly than in the private sphere – are organisational hybrids combining various operational forms of logic, inter-organisational patterns and policy goals (cf. Johanson & Vakkuri, 2018). They rest on multiple sources of legitimacy and they provide multiple opportunities for legitimizing and evaluating their performance.

According to governance theory, favourable restructuring, innovation and change are conditional on the institutional and collaborative qualities of the actors involved (cf. Ansell & Gash, 2007). Following this line of reasoning, projectification may affect key institutional qualities of the politico-administrative system in ways that either strengthen or weaken governments' capacities to develop and implement policy. The purpose of this chapter is to specify the institutional factors through which

projectification may affect the making of public policy. We argue that these factors fall under three dimensions especially pertinent to embedded public structures. In the next section, we specify the dimensions with reference to key features of public sector projectification. The dimensions will also structure the reminder of the chapter.

The aim of our study is to develop a framework for analysing how projectification may affect government capacities for policy development and implementation in embedded public contexts, thereby also contributing to a more pluralistic understanding of projects beyond the traditional project management heritage.

Analysing projectification in embedded public structures – three dimensions

The growing projectification of the public sector coincides with a combination of several societal developments, such as new social challenges that create fiscal, social and political pressures. These challenges include ageing populations, jobless growth, growing social inequalities, but also the problem of implementing new ideas and solutions such as sustainability, resilience or innovation. Such multifarious policy concepts reflect the increasingly wicked character of societal problems, but especially in a public context, they also show that building institutional capacity for dealing with demands and expectations require both short and long-term perspectives. As further elaborated below, we argue that in assessing the options for strengthening government capacities by means of projects, three key dimensions of organisational life are particularly essential to bear in mind. These are: a) the *context,* i.e. the wider organisational and institutional environment of public sector projects; b) *temporality*, that is the temporal fit between projects and permanent organisations, and c) *strategy*, or how policy makers act and react in response to project ideals and activities.

The three dimensions are also important because reform agendas of Western bureaucracies since the 1980s have also had a considerable impact on the context, the temporal scope and the strategic

alternatives of public sector organisations in a wider sense. As a result of the decentralised New Public Management (NPM) and New Public Governance (NPG) reforms of recent decades, new institutional structures in which horizontal governance ideals supplement traditional vertical problem-solving capabilities have emerged. Furthermore, different forms of international, national and local fund and support systems supplement or replace the existing tax-based financial structure (Büttner & Leopold, 2016; Sulkunen, 2006). Examples of such funding systems are the European Union (EU) structural funds, national innovation systems and development programs as well as large infrastructure projects carried out as public-private partnerships. By means of temporary funding, policies at supra-national as well as national levels translate and convert high political ambitions concerning sustainability, inclusion, growth and innovation into various types of development actions and interventions. Public sector projects have thus become symbols of flexibility, innovation and something post-bureaucratic, which resonates well with the values and ideals of the aforementioned reform agendas (Fred, 2018, p. 32; Godenhjelm, 2016, p. 23).

However, although NPM and NPG reforms have pushed central governments to decentralise decision-making, in the 2000s they have especially strengthened their coordinative capacities by means of Whole-of-Government approaches and other means for accountability and control (Christensen & Laegreid, 2007). When assessing the effects of public sector projectification, it is thus important to bear in mind the wider structural and institutional context of the project. Reforms and management principles do not affect all policy fields, administrative levels and organisations alike. The *context* - our first key dimension - is important, especially for revealing possible contradictory effects of projectification on capacities for policy development and implementation.

Furthermore, capacities for policy development and implementation is not a question of either short-term or long-term ability, but both. As a consequence, *temporality* is a second key dimension of embedded public structures. Defining of the temporal scale is important, as projects can be means for acceleration, thus affecting the initiation, implementation and termination of the project as such.

However, temporality is also a matter of synchronization, i.e. the temporal relationship between societal institutions. Supranational institutions, national governments, policy programs, funding systems and comprehensive evaluation frameworks may operate according to diverse time frames.

Finally, contextual and temporal features affect the third important dimension, namely *strategy*. Strategies are not only a matter of how project leaders seek to reduce temporal and contextual uncertainties and to increase the discretion of the project organisation, but also of how authorities at different levels act as financiers and specifiers when they fund projects with the intention of achieving long-term effects. Policy makers have to manage potentially contradictory strategies, management principles and policy recommendations simultaneously. In other words a multitude of strategies are available but not all strategies necessarily enhance capacities for policy development and implementation. In the following sections, we further elaborate on the specific institutional factors related to the three dimensions through which projectification is likely to affect government capacities for policy development and implementation.

The contextual dimension: Projects in embedded public environments

The environmental – or contextual – impact on organisations is one of the classical issues in organisational theory. The idea that external factors may have a strong impact on the internal behaviour of an organisation is more or less a truism and countless studies have shown that contingencies such as uncertainty, complexity and the allocation of authority and resources affect the inner workings of organisations (e.g., Mintzberg, 1979). Furthermore, institutional theory emphasizes that institutional aspects of the environment such as traditions, norms, values and procedures affect the organisation (e.g., Scott, 2008). Lately, the concept of embeddedness has increased in importance, stressing that the organisation and its context is not only a matter of internal-external relationships. In fact, all organisational actions take place in a more or less complex societal web of structures, resources, actors and values (Engwall, 2003; Jacobsson et al., 2015). Given the increasing speed that

organisational transformations are facing today, project research focus should be broadened beyond the projects isolated from their contexts (Lundin & Steinthórsson, 2003).

From an explicitly institutional point of view, Sydow and Staber (2002) refer to embeddedness as both the simple presence of particular institutions necessary for survival, innovation and change, and the forms through which meaning is constructed, trust is built and knowledge is exchanged. Perceived as being dependent on the reproductive actions of agents, such institutions can be formal organisations such as training institutes, associations and state agencies but also formal standards and regulations as well as informal rules, shared norms and taken-for-granted beliefs (Sydow & Staber, 2002, p. 218).

Recently Jacobsson, Pierre and Sundström (2015) have added an important dimension to a conventional understanding of institutional embeddedness by emphasizing the embeddedness of the state as such, thereby drawing attention to the capacities of the core executive for governing by organising, i.e. steering by means of institutional design. A common assertion has been that once coordinative institutions are in place, no additional steering is necessary (Jacobsson et al., 2015, p. 4). Such an assertion, however, neglects variations in the capacity of government institutions to operate within collaborative structures. What are the most important factors from a contextual point of view, and which are likely to affect government capacities for project-driven policy development and implementation?

The interface between project organisations and government agencies

According to ideal conceptions, project organisations are able to operate more efficiently in complex environments compared to traditional bureaucratic structures (e.g., Wirick, 2009). Through a decoupling of issues and a strong focus on outputs, they are attractive tools for action. They also imply an element of order in complex and at times "wicked" environments. The potential strengths of project organisations not only include their ability to generate new products, procedures, practices

or new ways of thinking but they also provide opportunities to create new organisational capabilities within highly institutionalized structures.

However, the practices and mechanisms for interaction between project organisations and permanent structures are thus essential not only for the effectiveness but also for the democratic qualities of public policy-making. Although previous research suggests that many projects fail to create value and support learning beyond their own context (e.g., Godenhjelm, 2016; Jensen, Johansson, & Löfström, 2017; Sjöblom, Andersson, Marsden, & Skerratt, 2012), we have limited knowledge of the interactions between projects and permanent organisations and the extent to which they actually facilitate problem-solving and long-term policy development. Particularly the significance of government institutions and agencies in these embedded processes is a rather neglected issue in both contemporary project management literature and in the extensive governance debate.

In order to enhance agency, renewal and change, government institutions cannot solely facilitate at arm's length or by following a hands-off strategy. Neither can they restrict their role to that of a collaborative actor among others (cf. Jacobsson et al., 2015, p. 4). Government agencies have to enhance trust in values that support the desired direction of the policy processes in question. Furthermore, government agencies should be able to metagovern the processes by affecting the institutional design in ways that support the direction of change. They are also expected to facilitate the micro-level implementation of policies, i.e. to enhance the capacity for change of individual agencies and collaborating actors within the partnerships, projects and networks through which individual policies are implemented, thereby also facilitating the long-term utilization and consolidation of specific changes and innovations. Means for micro-level facilitation can include information, participatory procedures, collaborative practices and evaluation. The notion of microsteering is especially important for defining and assessing the effects of inter-linking mechanisms between temporary and permanent organisations in a public context.

There is a considerable body of research showing that managing common pool resources can benefit from actors agreeing on common rules and practices and from building common knowledge (Carlsson & Berkes, 2005; Gardiner, Ostrom, & Walker, 1990). However, comprehensive reviews of the literature, particularly on natural resource management, also indicate that no structural characteristics such as density of relations, degree of cohesiveness or interconnectivity between actors present a monotonically increasing positive effect on processes of importance for resource governance (Bodin & Crona, 2009, p. 366). Favouring one characteristic is likely to occur at the expense of others. This is also likely to be the case concerning projects in a more general sense.

Although it is common to view change as an organisational response to exogenous forces, complexities also emerge endogenously as government institutions and other actors have partially new roles to play in the collaborative governance game (Pierre, 2012; Schneider, 2012). Even though projects and other collaborative forms of organising are sources of strong synergetic potential, they also run the risk of contributing to diversity and fragmentation due to competing values and interests among the actors involved and a lack of facilitation mechanisms at the interface of politico-administrative and collaborative structures. Transferring knowledge gained from EU-funded Leader or Regional Conservation Partnership Program (RCPP) projects to permanent organisations and achieving institutional change that lead to sustainable results have been deemed particularly challenging (Munck af Rosenschöld, 2017, p. 59). Godenhjelm, Lundin and Sjöblom (2015, p. 342) argue that traditional sequencing concepts frequently used in private sector projects lack a final sequence that would enable effective mechanisms for the knowledge transfer required in a public sector setting. This highlights the need for contextually sensitive interlinking mechanisms in the final phases of the project so that long-term outcomes from temporary outputs can be created, successful project ventures can be identified and implemented, and unsuccessful ventures buried (Godenhjelm, 2016, p. 70).

Strength of coordinative actions

Another crucial contextual factor follows from variations between policy fields that coevolve with projects or project-based organising (cf. Sydow, Lindkvist, & Defilippi, 2004, p. 1478). Policy fields vary in terms of policy styles and traditions. As a consequence, project forms of organising also vary in significance. As the state was "rolled back" by neoliberal reform, or "rolled out" by outsourcing public governance (Rhodes, 2017, p. 214), new policy fields such as innovation policies, regional development policies, sustainability policies and climate policies emerged, resting on strong demands for resources from different societal sectors. These developments have undoubtedly been an important driver behind projectification in these particular policy fields (cf. Fred 2018, Godenhjelm, Munck af Rosenschiöld, Kuokkanen, Andersson, & Sjöblom, 2012).

Since the financial crisis of the early 1990s, there has been a constant need for increased strategic agility (OECD, 2010) and for securing a flexible adaptation of the governance systems to external and internal challenges. The multi-functional and cross-sectoral nature of policy problems has emphasized the need for coordination at all administrative levels by means of approaches such as program management, 'Whole of Government' and comprehensive models of evaluation (Bouckaert, Ormond, & Peters, 2000). The purpose is to provide flexible instruments for eliminating contradictions and tensions between different policies but also a means for depoliticizing decisions by making them a matter of operational management (Sjöblom & Godenhjelm, 2009). Programs, networks and working-groups serve as inter-organisational and cross-sectoral instruments in order to provide political and administrative support for strategic initiatives (cf. Bouckaert, Ormond, & Peters, 2000). Not only will the strength of governmental coordinative actions cause differences between policy fields. What is more important, they also affect the discretion of government agencies for engaging in projects on a collaborative basis as well as the discretion of the individual projects. In other words, coordinative actions are likely to affect the inclination and the strategies of government agencies for metagoverning and microsteering project-based policy development and

implementation. Embedded public sector projects are thus continuously coupled and decoupled to government structures by means of numerous mechanisms for interaction and coordination. Only multi-dimensional conceptualizations can capture the complexity of the contextual embeddedness that characterize contemporary project-based policy development and implementation (cf. Sydow et al., 2004, p. 1479). The two key contextual factors identified above – the interface between project and permanent structures and the strength of coordinative actions - are further affected by the temporal features of the institutional environment in which projects operate.

The temporal dimension: Tensions between temporary and permanent organisations

The Project Management Institute´s (2004, p. 5) Body of Knowledge, as well as its Government extension (2006, p. 5), define projects as "a temporary endeavour undertaken to create a unique product, service, or result". The European Court of Auditors (2009, p. 7) present a similar definition, stating that a project is a "Non-divisible operation, delimited in terms of schedule and budget, and placed under the responsibility of an organisation which implements, closest to the field, the resources allocated to the intervention". Time and temporality are thus central elements in most operational project definitions. The definitions also raise the question of whether these operational definitions can take into consideration the wide spectrum of sectors and societal complexity in which projects operate.

In their seminal work on the theory of the temporary organisation Lundin and Söderholm (1995, p. 438) state that time, and time horizons that limit the temporary organisation, are crucial for the project and fundamental in order to understand temporary organisations. They convey a sense of urgency about the task, signalling that action is necessary. The authors argue that time can be viewed either as linear, cyclical or spiral. According to their view, permanent organisations generally follow a linear perception of time that represents something eternal. On the other hand, temporary organisations are always running out of time. Despite this temporal limitation, according to project ideals, the projects

are a superior way of organising due to their ability to foster evolutionary learning by means of their cyclical or spiral perception of time (Lundin & Söderholm, 1995, p. 440). Project organisations handle uncertainties associated with their tasks by organising them into sequences or phases, which enable efficient action in order to complete the task before the project ends (see the chapters on Projects as Pilots in this book). Given the fact that citizens pose more individualised and utility-driven demands and taking into account the increased pressure on governments to take tangible actions and produce quick outputs, it is unsurprising that the use of projects in the public sector has gained momentum when addressing contemporary policy problems (Godenhjelm, 2016, p. 15).

Neither the notion of time as cyclical or spiral, nor the belief in structuring the project into phases are without their critics. The short-cyclical nature of projects is especially challenging. Research on the interdependencies between projects and firms, networks localities and institutions and the 'learning orthodoxy' in industrial and regional contexts shows the importance of long-term relationships for the generation of trust as a necessary precondition for successful innovation and learning (Grabher, 2002, pp. 205–206). A lack of long-term relationships can also lead to opportunistic and short-sighted behaviour among actors (Söderlund, 2012, 48).

The ability to place temporary organisations in a broader context is of particular importance in a public sector environment in which well-institutionalised structures are prerequisites for cooperation and flexible adjustment in public governance (Torfing et al., 2012, p. 104). The increased temporality portrayed by projects is particularly challenging in a public sector setting and there has been little methodical analysis of the inherent temporal features of current organisational forms, especially in relation to current governance systems (Sjöblom et al., 2013, p. 4). This section highlights two key challenges.

Securing long-term outcomes by means of democratic procedures

Projectification of the public sector represents a paradoxical situation in which the number of temporary organisations is increasing, while long-term policies and objectives are being emphasised more than ever (Sjöblom, 2009, 166). Objectives and policies that attempt to reduce long-term effects such as climate change highlight the need to take quick and innovative action, for which projects are believed to be ideally suited (Brady & Hobday, 2011, p. 273). Projects are also expected to increase the problem-solving capabilities of the executive systems (Sjöblom et al., 2013, p. 3). However, successful outcomes might require a generational time perspective in contrast to the limited time perspective portrayed by projects (Marsden, Sjöblom, Andersson, & Skerratt, 2012; Munck af Rosenschöld, 2017, p. 52). Successful and innovative outcomes would also require a reduction of steering and control as over-institutionalisation and strong structural dependencies might reduce the flexible and integrative capacities associated with temporary organisations (Sjöblom et al., 2013, p. 7).

Public-sector projects usually involve multiple organisations and have an effect on a significantly wider range of stakeholders than private sector projects (Wirick, 2009, p. 57). Ideally, stakeholder participation and management in particular should enable diverse interests and expertise to be organised on a just-in-time basis. When managed in a non-hierarchical way, they are expected to create spaces where collaborative action emerges (Sjöblom et al., 2013, p. 3). Research on EU-funded regional development innovation projects, however, shows that while the number of stakeholders included in projects has a positive effect on project innovations, interlinking project stakeholder membership does not (Godenhjelm & Johanson, 2016, p. 13). There is a shortage of systematic knowledge on how flexible management capabilities and temporary outputs can contribute to long-term outcomes and especially of how political responsibility and accountability for long-term outcomes can be secured. In situations in which the system of governing is subject to continuous change, the effects of new procedures and policy devices should also be assessed in relation to core

democratic values such as participation, transparency and accountability (Sjöblom, 2009, p. 167). Accountability might become a highly situational relationship based on the nature of the actor, or the conduct, rather than the democratic nature of the obligation (cf. Bovens, 2007, p. 461).

The temporal fit between public institutions

In a public sector context, research on complex adaptive systems (CAS) shows that contemporary governance processes operate on different spatial and temporary scales that have become increasingly non-linear and unpredictable (Axelrod & Cohen, 2001; Duit & Galaz, 2008, pp. 311–312; Torfing et al., 2012, p. 229). Adaption in complex governance systems is not only a matter of relationships between differentiated organisational forms representing different rationales (i.e. public vs. private sector); it also requires the capacity to manage differentiated and sometimes competing time frames. Large scale EU Cohesion policy for instance operate over a seven-year period, EU parliaments are elected every fifth year, while national and municipal parliaments are elected (in Finland) every four years, not to mention national and regional policy programmes that vary considerably. The question of synchronization between different public policy time frames is thereby highly relevant and brings into question both the perception of permanent organisations in the public sector as representing linear time, as well as the ability to utilize the results from projects that follow a cyclical and/or spiral conception of time.

Numerous studies have suggested that research on project management should extend its temporal scope beyond the single project for analysing: a) how project practices evolve through history over prior, present and future projects, but also b) for analysing the temporal fit or misfit between institutions, actors and policies affecting the activities of the single project. In an embedded politico-administrative structure, the latter is highly important (Engwall, 2003; Munck af Rosenschöld, Honkela, & Hukkinen, 2014). Laux (2011, p. 232) argues that societies are characterized by a massive desynchronization between the tempo of political decisions and that of social evolution.

Desynchronization can thus be interpreted as a consequence of three parallel developments. The extended *temporal scale* of societal problems demands increasingly open-ended and long-term processes. An essentially unchanged *temporal logic* of parliamentary systems means that decisions placed under time pressure are increasingly incompatible with democratic time structures. By consequence there is an enforced need to fortify the capacities of the executive systems as for *strategic agility* and just-in-time action (cf. Laux, 2011; Sjöblom et al., 2013).

It is thus important to recognise that the complexity characterising contemporary governance systems is not only a structural matter. It is also a consequence of the fact that democratic institutions and other societal actors may operate according to very diverse time frames, which makes it important to assess the temporal fit or misfit between involved actors and institutions. Organisations and instruments operating in a short-term context are also vulnerable to asymmetric power relations, making integration into frameworks for democratic institutions difficult (Voss, Smith, & Grin, 2009, p. 287). From a temporal point of view, institutionalisation reflects both the delicate balance between over-institutionalisation in order to secure coherence and synchronized activities as well as the high degree of autonomy needed for pursuing experimental, innovative and decisive actions (Sjöblom et al., 2013, p. 7). Given the magnitude of projects funded by the EU, and the increasing reliance on project outcomes in contemporary public policy implementation, the consequences of projectification could have far-reaching consequences that affect the states´ ability to exert control. This stresses the need to ensure the correct temporal fit between projects, democratic institutions and the regulative frameworks. The two key temporal factors identified above – the contribution to long-term goals and opportunities for synchronisation in terms of temporal fit – in addition to the contextual factors described above, affect the significance of various strategic alternatives in the highly institutionalized environment in which projects operate.

The strategic dimension: Operating in a highly institutionalized environment

In the previous sections, we have described a number of strategic considerations without being explicit about strategy. Considerations about contextuality and temporality thus affect the terms of action and what it is possible to do when using a project as a policy tool. But projectification as a strategy may also change the wider institutional setting. In particular, one may pay attention to the strategic implications that projectification has in terms of increasing the adaptive capacities of the public sector.

The business literature is unequivocal about strategy - it is the essence of competitive success. The strategy concept is well articulated, and a plethora of techniques, approaches and perspectives exist (Rosenberg Hansen & Ferlie, 2014). However, in the public sector, the claims for the benefits of strategy are historically more low-key. Similar activities in the public sector relate to policies, programmes, reforms, campaigns and plans of various kinds, concepts that all have similarities with the notion of intended strategy, captured in the motto "think before you act". This is unsurprising since public administration is more concerned with functions and broader legal and political responsibilities than with narrow objectives (Alford & O'Flynn, 2009).

However, with the NPM-doctrine having been introduced in the public sector, public service organisations were made less distinctive from private sector firms, and concepts such as strategy and objectives have become more common and usable (Ferlie, 2003; Johanson, 2009). Generic management models and different project management techniques have thereby strengthened their role and importance. Based on public sector NPM reforms, Brunsson & Sahlin-Andersson (2000) identify how new organisational ideals were constructed and introduced, ideas that emphasize identity (being unique and special), hierarchy (management and control) and rationality (setting objectives, measuring results and allocating responsibility). NPM reforms have thus streamlined public organisations, which has several implications. Managers at different levels must be able to influence professionals´ understanding of their role and the task of their organisation to a larger extent than

previously. The increased need to manage knowledge and understanding has also led to the development and use of more indirect management techniques in the public sector, such as visions, values, culture etc. To solve societal challenges, NPG reinforces this trend by stipulating broad and comprehensive collaboration and corresponding dialogue-based leadership with other strategically guided organisations (Osborne, 2007; Torfing & Ansell, 2014). Project management as a practice has had a significant role in this development.

However, neither strategy nor projects are neutral organisational tools helping to re-organise and restructure workflows and working conditions. They are also new managerial practices (Rose & Miller, 2008) which establish new hierarchies and relations of social control in public organisations (Diefenbach, 2009), such as senior managements' desire to control professionals and other experts that traditionally dominate and have discretion over public services (Llewellyn & Tappin, 2003). In a review of the research on strategic planning and management in the public sector, Poister, Pitts and Edwards (2010) concluded that the linkages between strategic planning and organisational outcomes or performance improvements are sparse, and perhaps the same holds true for PM, at least with respect to infrastructure development megaprojects (Cicmil & Hodgson, 2006; Flyvbjerg, 2014).

Today, strategies have become a way for public agencies to authenticate their sense of purpose and long-term direction. Although this is largely in line with an administrative rationale, it does not facilitate the agile management that many have called for (Crawford & Helm, 2009). It is a delusion to argue that the world stops while the plans are drawn up and implemented. In a fast-changing world, one needs to be more responsive to signals from the environment, and reflect, learn and experiment by continuously testing alternative actions in small steps. The idea of temporary projects gains approval in this context and enters the public sector as a new and more flexible policy instrument (see the introductory chapters of this book).

More recent research has identified three reasons why projectification is such a popular strategy and implementation instrument within the public sector (Jensen, Johansson and Löfström, 2013). The

reasons can be *political*, meaning that political actors have an interest in showing initiative and innovation in high-profile policy areas, in particular if they receive media attention. There are also *administrative* reasons, due to which EU and national authorities need an organisational form that allows appropriation control, governance and monitoring. Finally, *organisational* reasons force local actors to find flexible organisational forms through which they are able to manage and control policy development and implementation more freely than within traditional structures.

Below, we will briefly discuss some precarious considerations when using projects as an overall umbrella strategy to pursue public sector development and change. The first challenge concerns projectification in the public sector as such, and the time pressure and irregularity that it creates in an otherwise relatively legally regulated public environment. The second challenge concerns what happens after the project ends; how to scale-up and implement lessons learned, and how to introduce new methods and solutions in existing structures or within emergent structures created by the project.

Time pressure and irregularity in a legally regulated public environment

When working with projects in the highly regulated public sector, the detachment of specific tasks and goals from multi-goal activities permeated by legality, transparency and rule of law is challenging. Through the use of projects, policy makers introduce new concepts of change and urgency into a system usually emphasising coordination and continuity (Bason, 2010; Marchi & Sarcina, 2011). Quick changes in strategic direction are challenging as they can lead to irregularity, increased ambiguity as well as opportunism (Söderlund, 2012, p. 48). When project funding is applied in competition, it can be tempting to be optimistically biased in order to get projects approved (Lovallo & Kahneman, 2003). Asquin, Garel, and Picq (2010) argue that a positive funding decision can lead to high expectations, which can be difficult to fulfil, and can reinforce pre-existing project fatigue.

In dealing with complex problems, it is also important to consider how the actors involved perceive irregularities and ambiguities; i.e. tensions in terms of what can be done (Head & Alford, 2015; Tsoukas & Chia, 2002). As mentioned in previous sections, projects are established to solve non-routine tasks that have a high degree of complexity and interdependence between involved actors. Lundin and Söderholm (1995, p. 452) also acknowledge that theories associated with planning techniques entail major disadvantages. They argue that such planning techniques are common in construction type projects where projects are repetitive and isolated rather than arenas for learning. Although project management methods and techniques can help to facilitate public sector projects, they may not be fully adequate for projects in complex settings.

However, the project organisation can be an appropriate tool for policy implementation also in such settings, since the rationale behind using projects is that it is often wiser to begin with and learn from a small experiment before broadening the action towards changing an entire organisation or an entire societal sector. (See chapters in this book by Baileys et al and by Ettelt & Mays on public policy pilots and their discussion about the challenge of learning from, embedding and upscaling small-scale experimental projects). However, such projects are contextually sensitive. Actors involved in the projects have to engage in power structures and politics in order to build trustful relations between the project and its stakeholders (Jensen et al., 2017). Thus, using traditional rationalistic and normative project management tools, which presuppose high predictability and good planning conditions, can be difficult within policy fields in which challenges are wicked in ways that may even counteract learning. As proposed by Weick (2002), in a world of ambiguity, managing should be seen as a process of continually rearranging the contradictions of organisational life. Strategy unfolds over time, not as a process of deliberate planning but as a "self-referential process of discovery and self-clarification that is never complete because things are always turning away" (Chia & Holt, 2011, p. 5). Duffiels and Whitty (2016) claim that the traditional project management model should be

supplemented with a project-learning model through which fragmentary experiences are rearranged into temporary patterns, which are subject to change in more or less continuous processes.

Upscaling and implementation in existing or emergent structures

Many public-sector projects operate in the context of highly institutionalized politico-administrative rule-based silo structures, and not within traditionally project-based organisations in which a project mind-set, vocabulary, and techniques dominate (i.e. pharmaceutical or construction industry). Therefore, temporary development work is often conducted in parallel with existing permanent activities. The specific processes occurring when projects cease to exist have been deemed open questions (Söderlund, 2012, p. 58). Consequently, one major challenge of organising development and change as temporary organisations is to know what will happen after the project ends: how to upscale and implement lessons learned, and how to introduce new methods and solutions in existing structures or within emergent structures created by the project. This requires individual policymakers and permanent organisations to have a capacity to absorb the results derived from the project, but also to deal with competing values and conflicts of interest.

A significant aspect of the built-in parallelism is the problem of veto power. Is it a representative of the project or of the regular activities who has the veto power? This parallelism between permanent and temporary organisations representing different institutional rationales concerning change and development is frequently put to the test when the projects are completed and when lesson learned should be scaled up and have impact on established practices (see the chapter by Jensen et al. in this book). To act strategically under these circumstances is a relational achievement, meaning that project outcomes require negotiations in order to be transformed into something that someone else considers necessary and valuable. Brulin and Svensson (2012) have stated that a lack of negotiation prevents mutual learning and exchange, a situation which can be harmful to wider capacity building. This not only highlights the significance of understanding the different institutional rationales of the actors

involved, but also stresses the need to take into account strategic incentives for implementation beyond the project itself.

Summing up, projectification raises the question of actors´ awareness about the complexity within which the project operates. There are always circumstances, underlying causal relationships and system characteristics related to time, context and strategy that are relevant. Although there are different, more specific strategic challenges, the overall and general challenge concerning institutional capacity building, is to manage various institutional barriers and existing power relationships that can inhibit the transfer and use of knowledge and results. Thus, it is important to extend the understanding of projectification in the public sector by emphasising how different perceptions of context, time and strategy affect its capability.

Concluding discussion

In this chapter, we have presented a theoretical discussion about the key institutional factors through which projectification may affect public policy development and implementation, especially factors that may strengthen or weaken governments´ policy-making capacities. Our main argument is that these factors fall under three key dimensions especially pertinent to embedded public structures, namely; context, temporality, and strategy. We furthermore argue that the outcome of the specific institutional factors associated with the three dimensions will affect the predictability and operational rationales of the policy processes, but also the opportunities for long-term implementation of project-driven achievements.

It is important to recognise that structural *'embeddedness'* is not only about internal-external relationships. Contemporary organisational actions take place in a complex societal web of time frames, operational rationales, structures and resources, where it may be hard to determine what is 'internal' and what is 'external'. Due to differences in resources, policy styles and traditions, these

webs vary from one municipality, region or state to another. With respect to the *contextual dimension,* it is thus essential to expand the organisational context beyond those actors immediately involved in the projects. In public policy-making, structural dependencies are especially important with respect to the capacities and inclination of government agencies for metagoverning at one extreme and microsteering project-based activities on the other. The conditions under which such efforts support or counteract project-driven actions is an increasingly important field of research. From a contextual point of view, we have emphasised the significance of the interface in terms of interlinking mechanisms between projects and government organisations as a means for capitalising on project achievements beyond the immediate project context. However, the interface is sensitive. If government organisations want to maintain the initiative by means of strong coordinative actions, this may restrict the discretion of the actors involved in ways that are detrimental to project driven policy development and implementation.

Factors related to the *temporal dimension* further highlight the complexities between over-institutionalisation to secure coherence and synchronized activities on the one hand, and the high degree of autonomy needed for pursuing project-driven experimental and decisive actions on the other hand. The challenge is finding the correct temporal fit between the actors involved and institutions, as well as to achieve balance between innovative action and coherence and control. Inability to align the results from projects that follow a cyclical and/or spiral concept of time with the permanent organisations linear conception of time could have severe consequences and could pose an inherent risk of projects producing fragmented and desynchronised policy outcomes. The temporal fit between projects, programs, policies and government institutions on one hand, and democratic procedures through which involved actors can be held accountable, on the other, are thus essential factors for fostering sustainable change and innovation by means of project driven action.

In terms of *strategies* in a highly institutionalized environment, the results highlight that strategies matter, but that institutions do also. We have particularly emphasised two challenges in these respects.

The first one concerns irregularities that projectification may create in an otherwise relatively legally regulated public environment. The second challenge is a matter of the 'post-project' sequence of the policy process, i.e. the opportunities for upscaling project outcomes and implementing lessons learned. Issues of complexity, different forms of logic, and preferential right of interpretation are here of paramount importance and need to be observed.

Our chapter emphasises the need for a more pluralistic understanding of projects beyond traditional project management heritage by discussing the institutional characteristics that may favour or impede policy development and implementation in a projectified public sector. It highlights the repercussions that projectification may have in terms of capacity of government institutions to operate within collaborative structures and to coordinate policy development. In summary, project governance in an embedded state requires *multi-dimensional conceptualizations of embeddedness,* an awareness of the delicate balance between *over-institutionalisation and autonomy*, as well as an understanding of the *different rationales that permanent and temporary organisations follow*.

References

Alford, J., & O'Flynn, J. (2009). Making sense of public value: Concepts, critiques and emergent meanings. *International Journal of Public Administration*, *32*(3–4), 171–191.

Ansell, C., & Gash, A. (2007). Collaborative Governance in Theory and Practice. *Journal of Public Administration Research and Theory*, *18*(4), 543–571.

Asquin, A., Garel, G., & Picq, T. (2010). When project-based management causes distress at work. *International Journal of Project Management*, *28*(2), 166–172.

Axelrod, R., & Cohen, M. D. (2001). *Harnessing Complexity. Organizational Implications of a Scientific Frontier*. New York: The Free Press.

Bason, C. (2010). *Leading public sector innovation. Co-creating for a better society*. Bristol: The Policy Press.

Bodin, Ö., & Crona, B. I. (2009). The role of social networks in natural resource governance: What relational patterns make a difference? *Global Environmental Change*, *19*(3), 366–374.

Bouckaert, G., Ormond, D., & Peters, G. B. (2000). *A Potential Governance Agenda for Finland: Turning 90 in the Administration´s Tasks and Functions*. Helsnki.

Bovens, M. (2007). Analysing and Assessing Accountability: A Conceptual Framework. *European Law Journal*, *13*(2), 447–468.

Brady, T., & Hobday, M. (2011). Projects and Innovation: Innovation and Projects. In P. Morris, J. Söderlund, & J. Pinto (Eds.), *Oxford Handbook of Project Management* (pp. 273–296). Oxford: Oxford University Press.

Brulin, G., & Svensson, L. (2012). *Managing sustainable development programmes: a learning approach to change*. Farnham: Glover.

Brunsson, N., & Sahlin-Andersson, K. (2000). Constructing Organizations: The Example of Public

Sector Reform. *Organization Studies*, *21*(4), 721–746.

Büttner, S. M., & Leopold, L. M. (2016). A 'new spirit' of public policy? The project world of EU

funding. *European Journal of Cultural and Political Sociology*, *3*(1), 41–71.

Carlsson, L., & Berkes, F. (2005). Co-management: concepts and methodological implications.

Journal of Environmental Management, *75*(1), 65–76.

Chia, R., & Holt, R. (2011). *Strategy without design.* Cambridge: Cambridge University Press.

Christensen, T., & Laegreid, P. (2007). The Whole-of-Government Approach to Public Sector

Reform. *Public Administration Review*, *67*(6), 1059–1066.

Cicmil, S., & Hodgson, D. E. (2006). New possibilities for project management theory: a critical

engagement. *Project Management Journal*, *37*(2), 111–122.

Crawford, L. H., & Helm, J. (2009). Government and Governance: The Value of Project

Management in the Public Sector. *Project Management Journal*, *40*(1), 73–87.

Diefenbach, T. (2009). New public management in public sector organizations: The dark sides of

managerialistic 'enlightenment'. *Public Administration*, *87*(4), 892–909.

Duffiels, S., & Whitty, S. J. (2016). Application of the systemic lessons learned knowledge model

for organisational learning through projects. *International Journal of Project Management*,

34(7), 1280–1293.

Duit, A., & Galaz, V. (2008). Governance and Complexity – Emerging issues for Governance

Theory. *Governance. An International Journal of Policy, Administration, and Institutions*,

21(3), 311–335.

Engwall, M. (2003). No project is an island: linking projects to history and context. *Research

Policy*, *32*(5), 789–808.

European Court of Auditors. (2009). *The Sustainability and the Commission´s Management of the Life-Nature Projects*. Luxembourg.

Ferlie, E. (2003). Quasi-strategy: Strategic management in contemporary public sector. In A. Pettigrew, H. Thomas, & R. Whittington (Eds.), *Handbook of strategy and management* (pp. 279–298). London: SAGE Publications Ltd.

Flyvbjerg, B. (2014). What You Should Know About Megaprojects and Why: An Overview. *Project Management Journal*, *45*(2), 6–19.

Fred, M. (2018). *Projectification. The Trojan horse of local government*. Öresund: All Media.

Gardiner, R., Ostrom, E., & Walker, J. E. (1990). The Nature of Common-Pool Resource Problems. *Rationality and Society*, *2*(3), 335–358.

Godenhjelm, S. (2016). *Project Organisations and Governance – Processes, actors, actions and participatory procedures*. Helsinki: Unigrafia.

Godenhjelm, S., & Johanson, J.-E. (2016). The Effect of Stakeholder Inclusion on Public Sector Project Innovation. *International Review of Administrative Sciences*.

Godenhjelm, S., Lundin, R. A., & Sjöblom, S. (2015). Projectification in the Public Sector - The Case of the European Union. *International Journal of Managing Projects in Business*, *8*(2).

Godenhjelm, S., Munck af Rosenschiöld, J., Kuokkanen, K., Andersson, K., & Sjöblom, S. (2012). The Democratic Implications of Project Organisations - A Case Study of Leader-Projects in Finland. In S. Sjöblom, K. Andersson, T. Marsden, & S. Skerratt (Eds.), *Sustainability and Short-Term Policies. Improving Governance in Spatial Policy Interventions* (pp. 55–80). Surrey: Ashgate Publishing Limited.

Grabher, G. (2002). Cool Projects, Boring Institutions: Temporary Collaboration in Social Context. *Regional Studies*, *36*(3), 205–214.

Head, B., & Alford, J. (2015). Wicked problem: implications for public policy and management. *Administration and Society*, *47*(6), 711–739.

Hodgson, D. E. (2004). Project Work: The Legacy of Bureaucratic Control in the Post-Bureaucratic Organization. *Organization*, *11*(1), 81–100.

Jacobsson, B., Pierre, J., & Sundström, G. (2015). *Governing the EMBEDDED STATE. The Organizational Dimension of Governance*. Oxford: Oxford University Press.

Jensen, C., Johansson, S., & Löfström, M. (2013). The project organization as a policy tool in implementing welfare reforms in the public sector. *The International Journal of Health Planning and Management*, *28*(1), 122–37.

Jensen, C., Johansson, S., & Löfström, M. (2017). Policy implementation in the era of accelerating projectification: Synthesizing Matland's conflict–ambiguity model and research on temporary organizations. *Public Policy and Administration*, *April*.

Johanson, J.-E. (2009). Strategy formation in public agencies. *Public Administration*, *87*(4), 872–891.

Johanson, J.-E., & Vakkuri, J. (2018). *Governing Hybrid Organisations. Exploring Diversity of Institutional Life*. New York: Routledge.

Laux, H. (2011). The time of politics: Pathological effects of social differentiation. *Time and Society*, *20*(2), 224–240.

Llewellyn, S., & Tappin, E. (2003). Strategy in the public sector: Management in the wilderness. *The Journal of Management Studies*, *40*(4), 955.

Lovallo, D., & Kahneman, D. (2003). Delusions of Success: How Optimism Undermines Executives' Decisions. *Harvard Business Review*, *81*(7), 56–63+117.

Lundin, R. A., & Steinthórsson, R. S. (2003). Studying organizations as temporary. *Scandinavian Journal of Management*, *19*(2), 233–250.

Lundin, R. A., & Söderholm, A. (1995). A Theory of the temporary organization.pdf. *Scandinavian Journal of Management*, *11*, 437–455.

Marchi, S., & Sarcina, R. (2011). Temporariness in appreciative reflection: Managing participatory and appreciative, action and reflection projects through temporary organisations. *Reflective Practice*, *12*(2), 159–177.

Marsden, T., Sjöblom, S., Andersson, K., & Skerratt, S. (2012). Introduction: Exploring Short-termism and Sustainability: Temporal Mechanisms in Spatial Policies. In S. Sjöblom, K. Andersson, T. Marsden, & S. Skerratt (Eds.), *Sustainability and Short-Term Policies. Improving Governance in Spatial Policy Interventions*. London: Ashgate Publishing Limited.

Mintzberg, H. (1979). *The Structuring of Organizations: A Synthesis of the Research*. Englewood Cliffs, N.J.: Prentice-Hall.

Munck af Rosenschöld, J. (2017). *Projectified environmental governance and challenges of institutional change towards stability*. Helsinki: Unigrafia.

Munck af Rosenschöld, J., Honkela, N., & Hukkinen, J. I. (2014). Addressing the temporal fit of institutions: The regulation of endocrinedisrupting chemicals in europe. *Ecology and Society*, *19*(4), 0–9.

OECD. (2010). *Value for Money in Government. Public Administration after 'New Public Management'*. Paris: OECD Publishing.

Osborne, S. P. (2007). Editorial. New Public Governance? *Public Management Review*, *8*(3), 377–387.

Pierre. (2012). Governance and institutional flexibility. In D. Levi-Faur (Ed.), *The Oxford Handbook of Governance* (pp. 187–214). Oxford: Oxford University Press.

Poister, T. H., Pitts, D. W., & Edwards, L. H. (2010). Strategic management research in the public sector: A review, synthesis, and future directions. *American Review of Public Administration*, *40*(5), 522–545.

Project management Institute. (2004). *A Guide to the Project Management Body of Knowledge* (3rd ed.). Pennylvania: Project Management Institute Inc.

Project Management Institute. (2006). *Government Extension to the PMBOK* (3rd ed.). Pennylvania: Project Management Intitute Inc.

Rhodes, R. A. W. (2017). *Network Governance and the Differentiated Polity. Selected Essays, Volume I*. Oxford: Oxford University Press.

Rose, N., & Miller, P. (2008). *Governing the Present: Administering Economic, Social and Personal Life*. Cambridge: Polity.

Rosenberg Hansen, J., & Ferlie, E. (2014). Applying Strategic Management Theories in Public Sector Organizations: Developing a typology. *Public Management Review*, *18*(1).

Schneider, V. (2012). Governance and Complexity. In D. Levi-Faur (Ed.), *The Oxford Handbook of Governance*. Oxford: Oxford University Press.

Scott, R. W. (2008). *Institutions and Organizations. Ideas Interests and Identities*. Thousand Oaks: SAGE Publications Inc.

Sjöblom, S. (2009). Administrative Short-Termism—A Non-Issue in Environmental and Regional Governance. *Journal of Environmental Policy & Planning*, *11*(3), 165–168.

Sjöblom, S., Andersson, K., Marsden, T., & Skerratt, S. (2012). *Sustainability and Short-term Policies. Improving Governance in Spatial Policy Interventions*. (S. Sjöblom, K. Andersson, T. Marsden, & S. Skerratt, Eds.). London: Ashgate Publishing Limited.

Sjöblom, S., & Godenhjelm, S. (2009). Project Proliferation and Governance—Implications for Environmental Management. *Journal of Environmental Policy & Planning*, *11*(3), 169–185.

Sjöblom, S., Löfgren, K., & Godenhjelm, S. (2013). Projectified Politics – Temporary Organisations in a Public Context Introduction to the special issue. *Scandinavian Journal of Public Administration*, *17*(17), 3–11.

Sulkunen, P. (2006). Projektiyhteiskunta ja uusi yhteiskuntasopimus. In K. Rantala & P. Sulkunen (Eds.), *Projektiyhteiskunnan kääntöpuolia* (pp. 17–38). Helsinki: Gaudeamus.

Sydow, J., Lindkvist, L., & Defilippi, R. (2004). Project-Based Organizations, Embeddedness and Repositories of Knowledge: Editorial. *Organization Studies*, *25*(9), 1475–1489.

Sydow, J., & Staber, U. (2002). The Institutional Embeddedness of Project Networks: The Case of Content Production in German Television. *Regional Studies*, *36*(3), 215–227.

Söderlund, J. (2012). Theoretical Foundations of Project Management. Suggestions for a Pluralistic Understanding. In P. W. G. Morris, J. K. Pinto, & J. Söderlund (Eds.), *The Oxford Handbook of Project Management* (pp. 37–64). Oxford: Oxford University Press.

Torfing, J., & Ansell, C. (2014). Collaboration and design : new tools for public innovation. In C. Ansell & J. Torfing (Eds.), *Public Innovation through Collaboration and Design* (pp. 1–18). London.

Torfing, J., Peters, G. B., Pierre, J., & Sorensen, E. (2012). *Interactive Governance. Advancing the Paradigm*. Oxford: Oxford University Press.

Tsoukas, H., & Chia, R. (2002). On Organizational Becoming: Rethinking Organizational Change. *Organization Science*, *13*(5), 567–582.

Voss, J.-P., Smith, A., & Grin, J. (2009). Designing long-term policy: rethinking transition management. *Policy Sciences*, *42*, 275–302.

Weick, K. E. (2002). Essai: Real-time Reflexivity: Prods to Reflection. *Organization Studies*, *23*(6), 893–898.

Wirick, D. W. (2009). *Public-Sector Project Management. Meeting the Challenges and Achieving Results*. Hoboken: John Wiley & Sons, Inc.