



The Project Owner's Role in the Governance of Inter-organizational Networks for Projects

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CONCEPT Symposium
Oslo, Norway
September 19, 2024

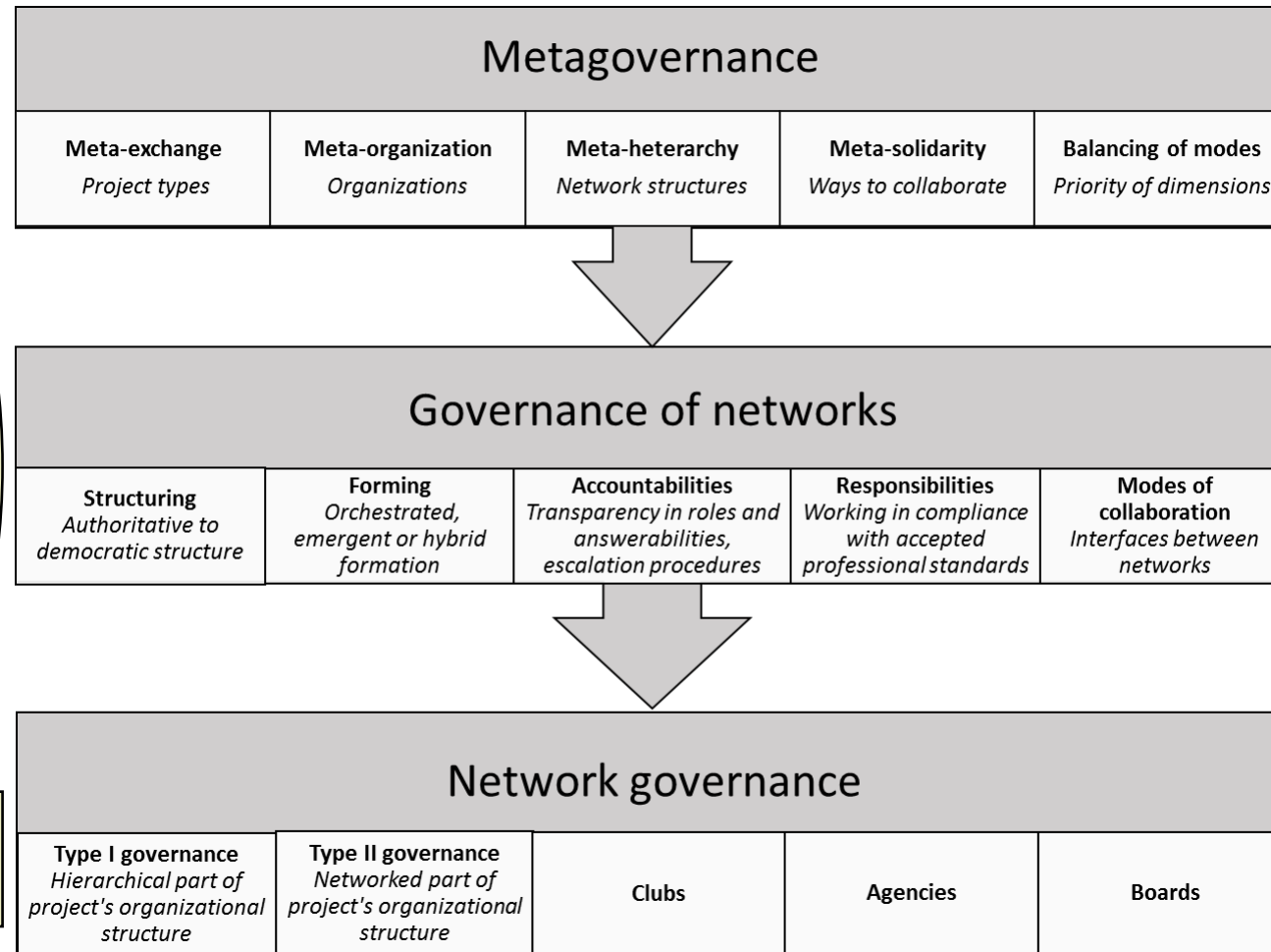


Agenda

- Governance of inter-organizational networks for projects
 - Multi-level and polycentric governance
 - Governance of networks
 - Meta-governance
- Examples of the owner's role in metagovernance
- Summing up

Governance of inter-organizational networks for projects

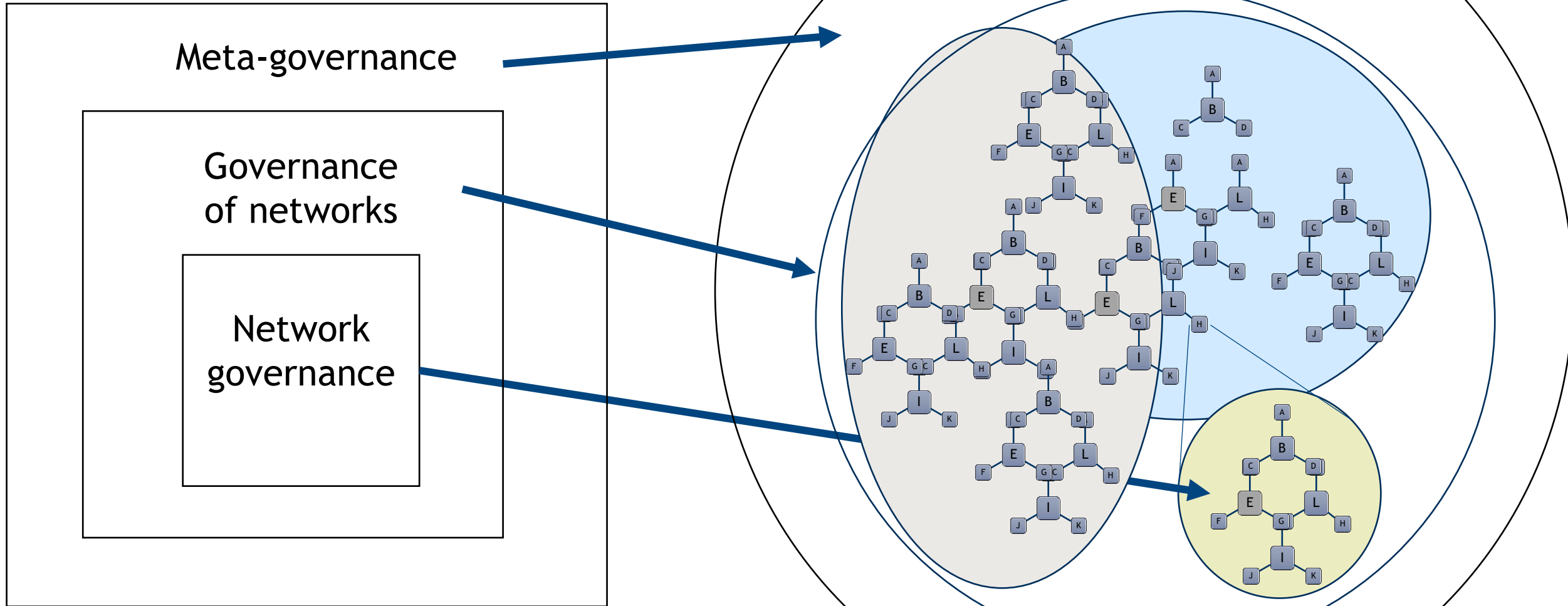
Use of formal and informal institutions to allocate resources and coordinate joint action in a network of organizations” [2,p.5]



Governance of governance [3,p.525]

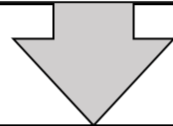
Governance of several networks over time or simultaneously

Interorganizational network governance

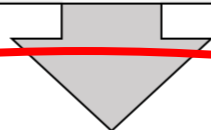


Network governance structures

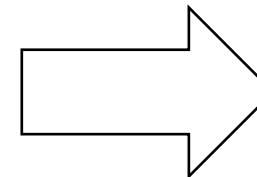
Metagovernance				
Meta-exchange <i>Project types</i>	Meta-organization <i>Organizations</i>	Meta-heterarchy <i>Network structures</i>	Meta-solidarity <i>Ways to collaborate</i>	Balancing of modes <i>Priority of dimensions</i>



Governance of networks				
Structuring <i>Authoritative to democratic structure</i>	Forming <i>Orchestrated, emergent or hybrid formation</i>	Accountabilities <i>Transparency in roles and answerabilities, escalation procedures</i>	Responsibilities <i>Working in compliance with accepted professional standards</i>	Modes of collaboration <i>Interfaces between networks</i>



Network governance				
Type I governance <i>Hierarchical part of project's organizational structure</i>	Type II governance <i>Networked part of project's organizational structure</i>	Clubs	Agencies	Boards

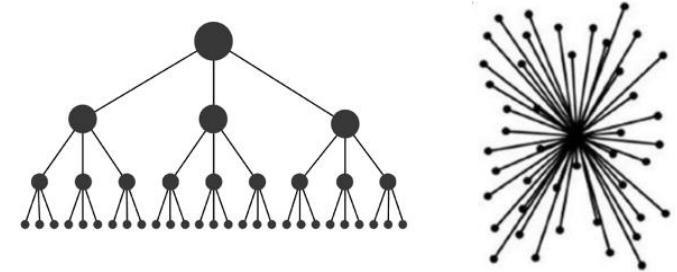


One project

Types of network governance structures (and owner's decision choices)

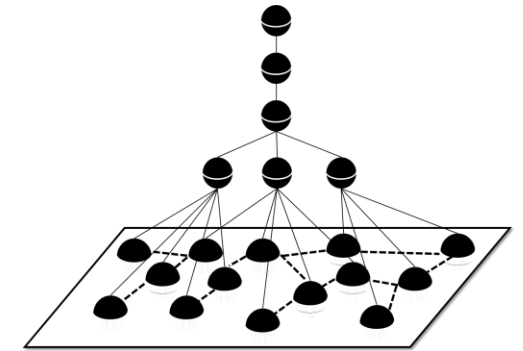
Mono-centric governance (MCG)

- Governs all subsequent levels/nodes, such as in project steering committees [4]



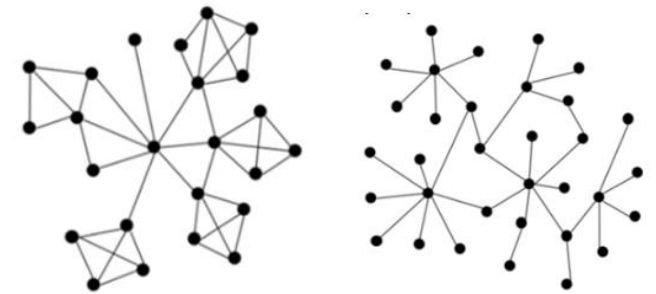
Multi-level governance (MLG)

- Governance is 'spread' horizontally between organizational entities and vertically among hierarchical or networked levels. Combines hierarchical and networked governance [5]



Polycentric governance (PCG)

- Multiple centers of governance, each operating with a certain level of autonomy but in coordination with each other [6]

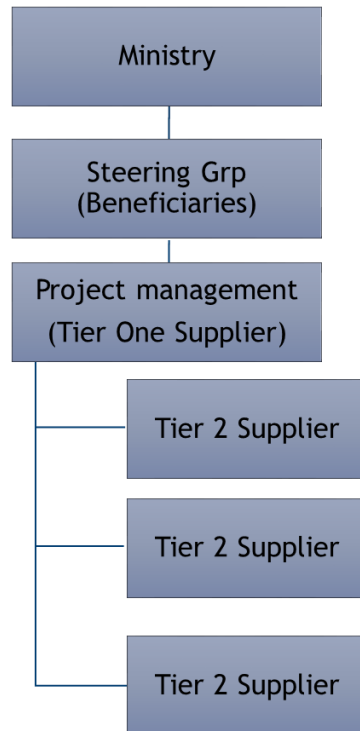


Multi-level governance [7,8]

- Type I governance
 - System-wide perspective
 - Steers the autonomous and non-overlapping units, like the organizations on the top of a large building project hierarchy (e.g. owner, builder, SPV)
 - Provides a decision board for the shared interest of these organizations
 - Aims for system efficiency
- Type II governance
 - Task perspective
 - Steers individual endeavors, focusses on technical proficiency, application of knowledge, solution finding
 - Aims for Pareto optimality in e.g. resource usage

Multi-level governance [1, 9, 10]

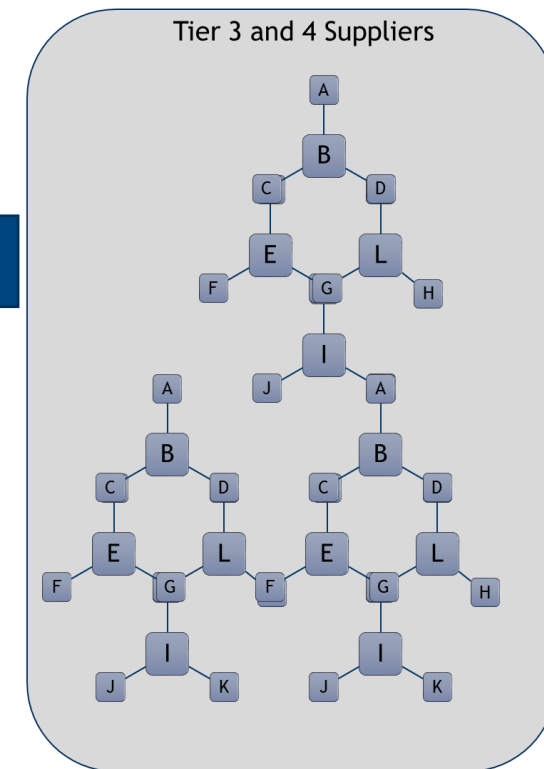
Type I governance



Interface organization(s)

- Clubs
- Agencies
- Boards

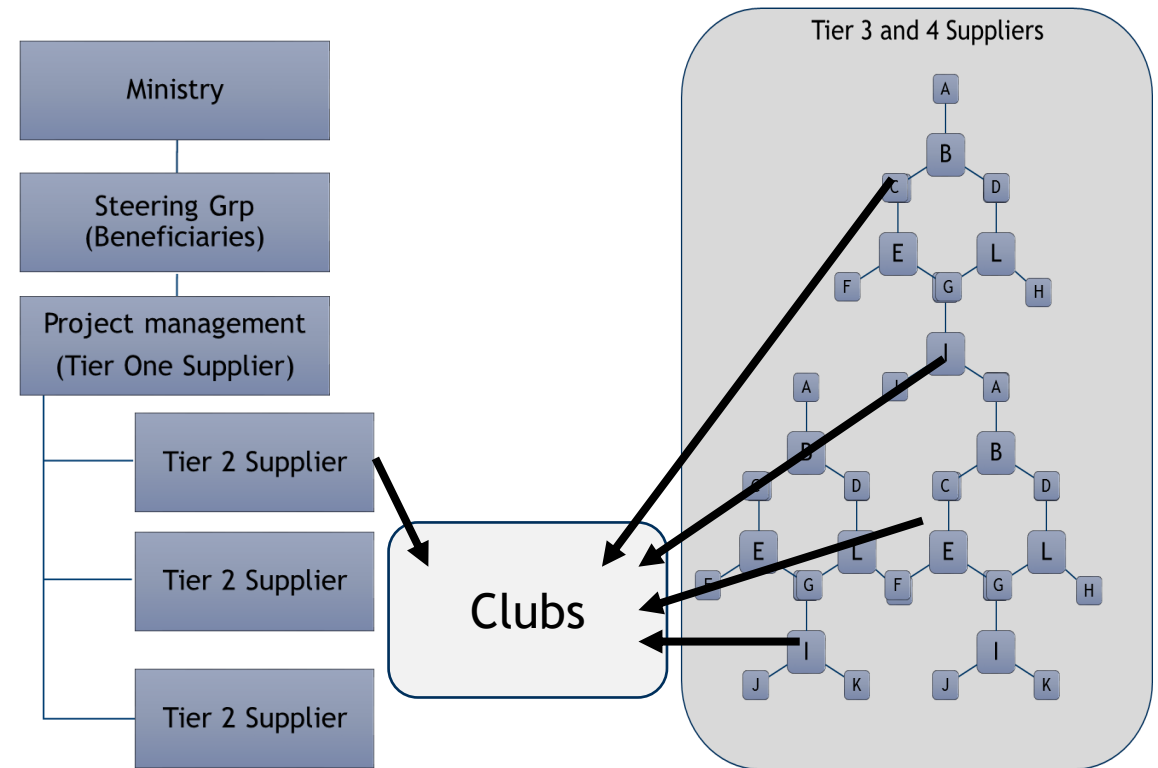
Type II governance



Multi-level governance theory [1, 9, 10]

Clubs

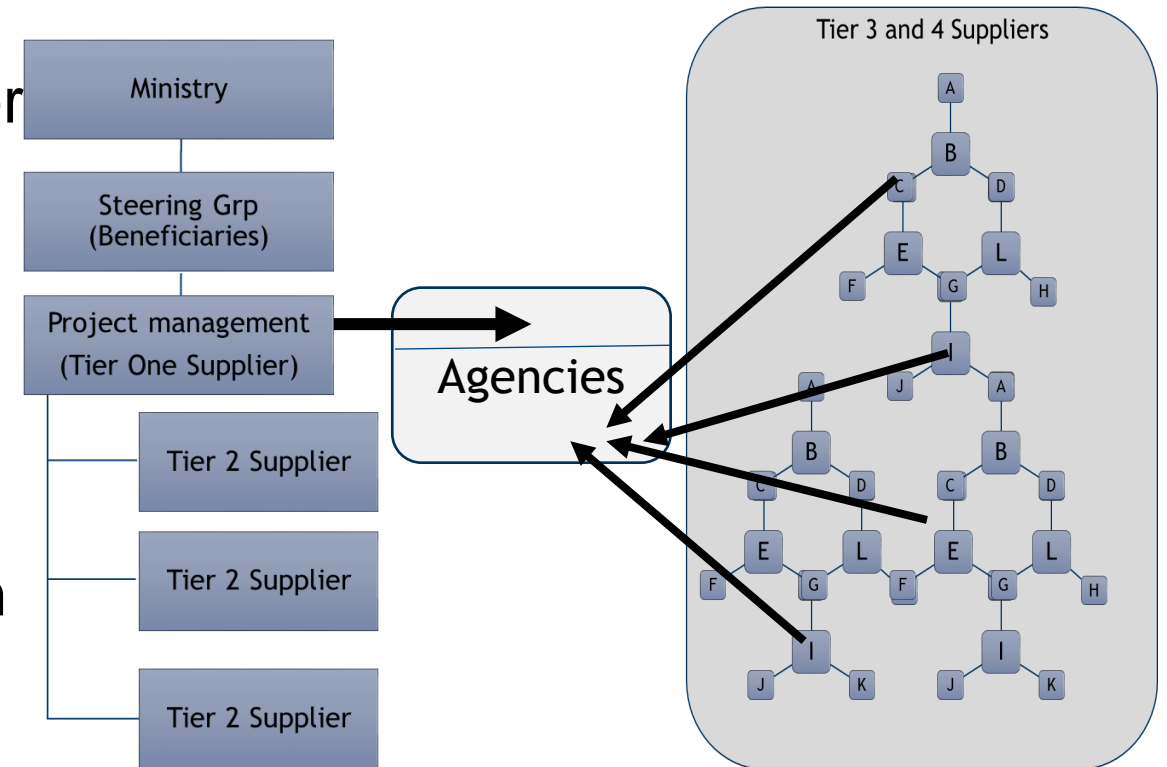
- Emerge as a group of volunteers from different disciplines [11]
- Aim to jointly solve ad-hoc a shared issue, such as being behind schedule, machinery not working, installing unplanned equipment, etc.
- Relationships characterized by mutual trust in capabilities and skills
- Clubs tend to occur in stewardship-types of governance context



Multi-level governance theory [1, 9, 10]

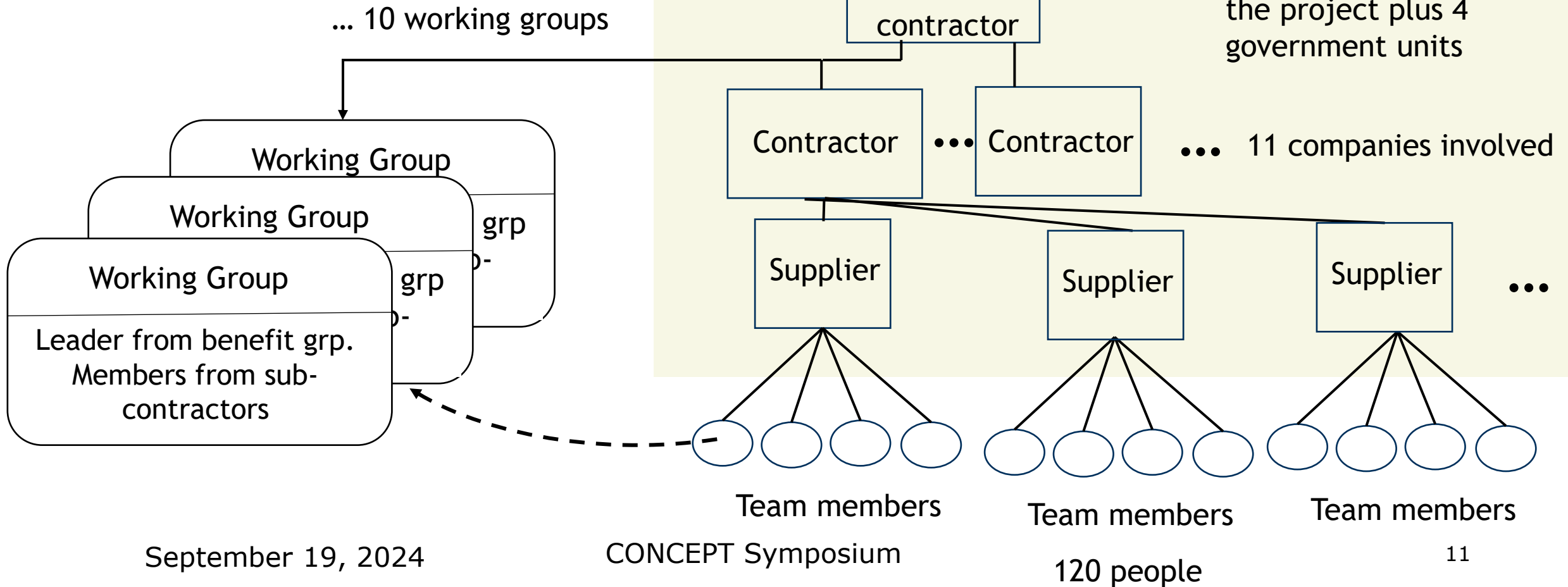
Agencies

- Formed by the prime contractor/investor
- Led by prime contractor representative and staffed with people from subcontractor companies
- Agency leaders may be members of the project management group, providing for mutual transparency between Type I and Type II governance
- More formal than clubs, as shown through the formal appointments and roles and their frequent and regular meetings



Agencies example [7]

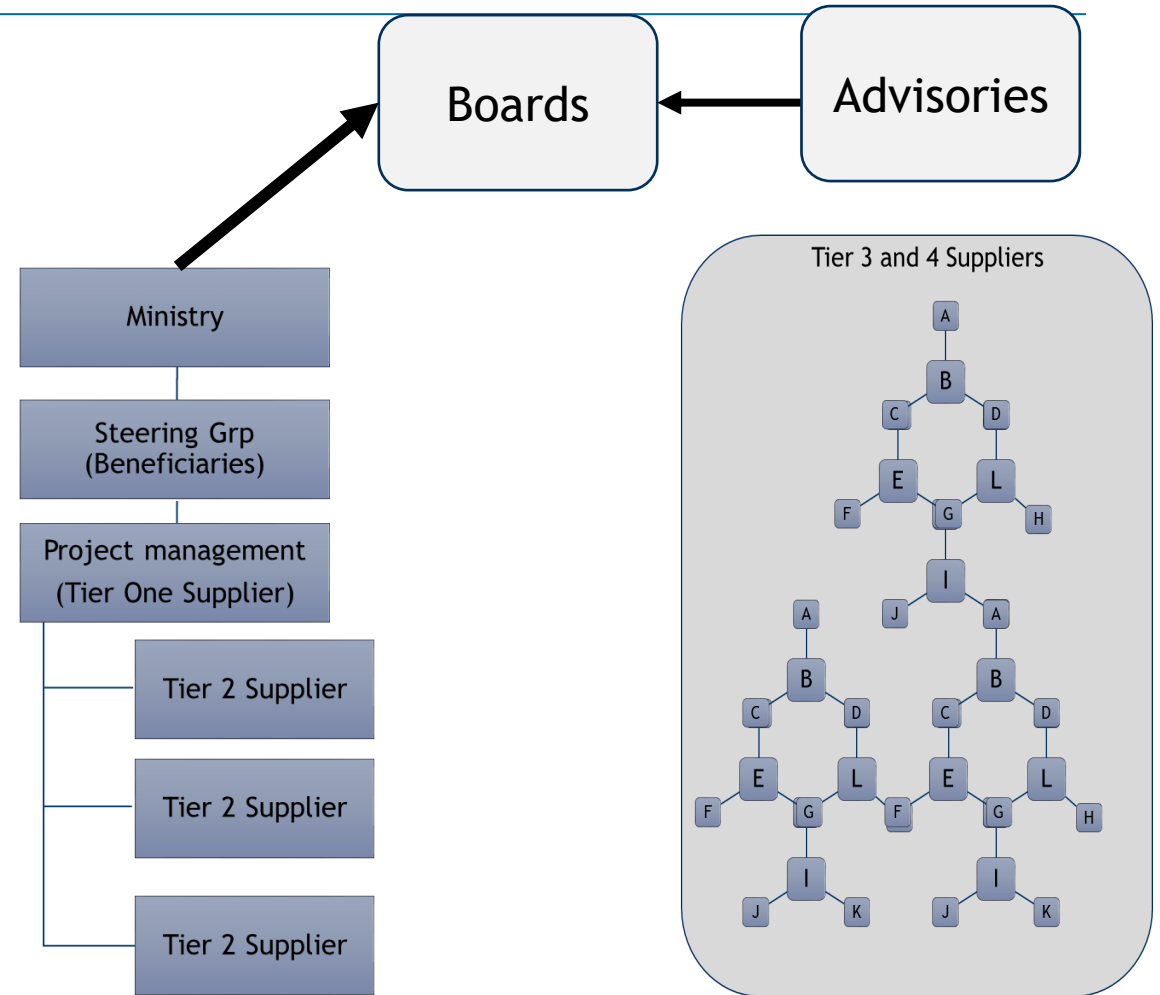
Railway project



Multi-level governance [1, 9, 10]

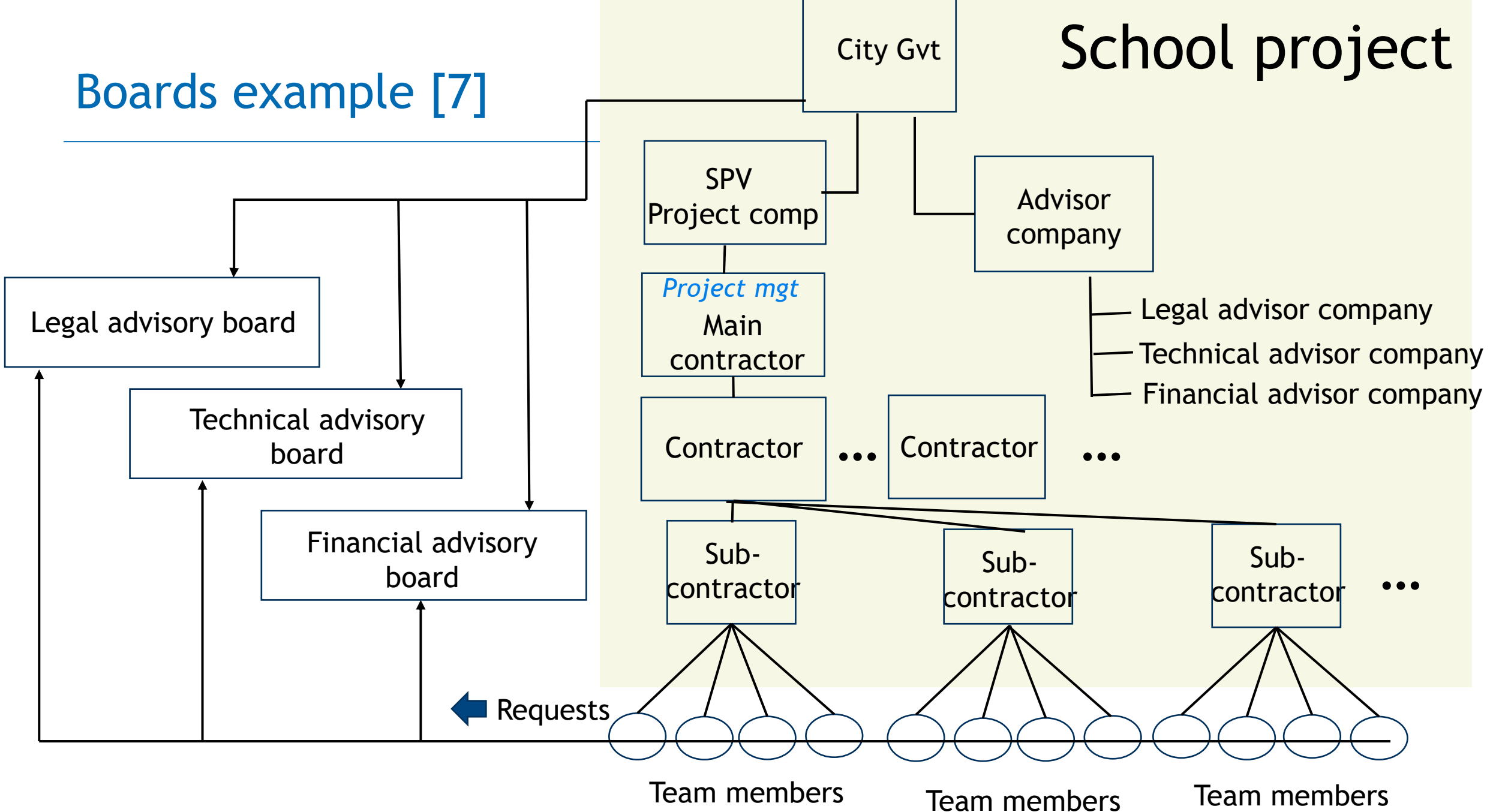
Boards

- Formed for handling of project internal and external governance-related issues
- Address Type I and Type II governance issues simultaneously
- Align closer with the project owner than the agencies or clubs
- Often concerned with process compliance and overall correctness



Boards example [7]

School project



Polycentric governance

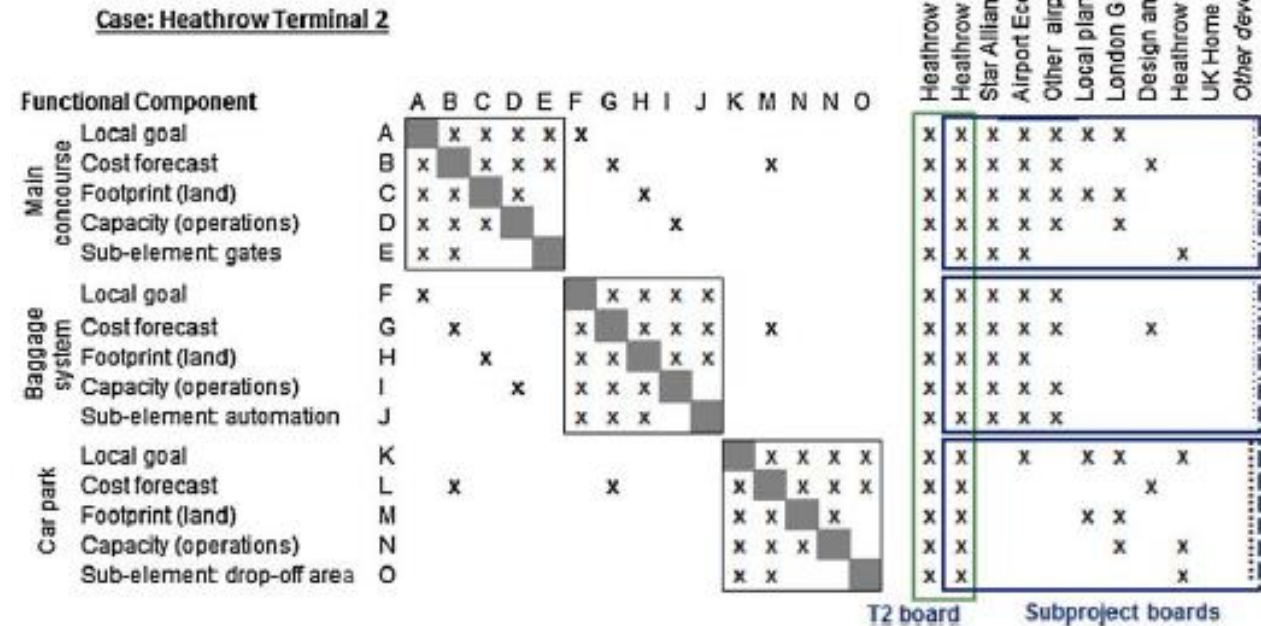
- A complex form of governance with multiple centers of decision making, each of which operates with some degree of autonomy [11]
- An organizational design choice to create collaborative structures to achieve system goals in a pluralistic setting [6, p. 730]
- Composed of: (1) many autonomous units formally independent of one another, (2) choosing to act in ways that take account of others, (3) through processes of cooperation, competition, conflict, and conflict resolution [11]

Example for polycentric governance - Heathrow Terminal 2

- A 'polycentric' architecture is central to the design of capital-intensive project organizations
- Characterized by the diffusion of decision making authority through a hierarchy of authorities.
- Higher-level authorities share local decision-making rights, and thus continue to participate in local decision-making
- Requires extensive communication and negotiations
- Dispute resolution through an 'umpire'

Which decision impacts which other decision?

Which actor has decision rights over which decision?

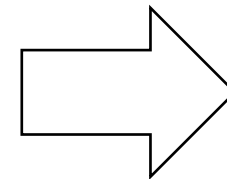


Network governance structures

Metagovernance				
Meta-exchange <i>Project types</i>	Meta-organization <i>Organizations</i>	Meta-heterarchy <i>Network structures</i>	Meta-solidarity <i>Ways to collaborate</i>	Balancing of modes <i>Priority of dimensions</i>

Governance of networks				
Structuring <i>Authoritative to democratic structure</i>	Forming <i>Orchestrated, emergent or hybrid formation</i>	Accountabilities <i>Transparency in roles and answerabilities, escalation procedures</i>	Responsibilities <i>Working in compliance with accepted professional standards</i>	Modes of collaboration <i>Interfaces between networks</i>

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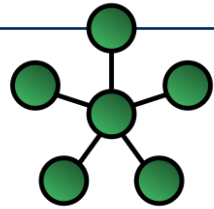


Several semi-independent projects

Interorganizational networks

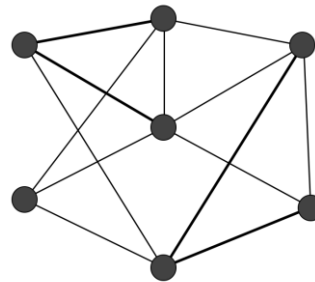
Government agency

Between projects



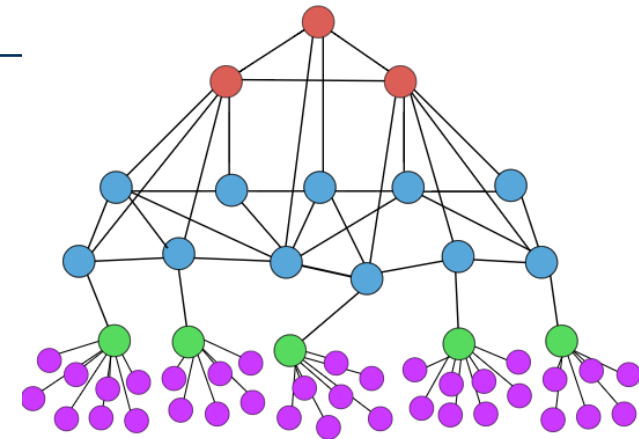
Knowledge sharing network:
Update network organizations on latest BIM developments

Tendering



Information sharing network:
Identify possible specialized advisors and entrepreneurs

Project execution



Service provision network:
EPC contract execution

Time

Types of interorganizational networks [2]

- **Information sharing networks** (i.e. information how to access new information or access important resources)
- **Knowledge sharing networks** (i.e. exchange of evidence and experience to solve problems)
- **Resource exchange networks** (i.e. to access/use specialists)
- **Capacity building networks** (i.e. for development of social capital, such as Communities of Interest)
- **Service provision networks** (i.e. members collaborate to provide services, solve problems etc.)

Governance of networks [1, 13] - Owner's decision choices

- Governance of networks includes
 - Formation of networks
 - Structuring networks
 - Defining accountabilities
 - Defining responsibilities
 - Defining modes of collaboration
- Taking into account the needs of each individual network to remain self-governing

Governance of networks: Owner's decision choices

Formation

- **Orchestrated:** by prime contractor or investor
- **Emerging:** by 'knowing someone who knows someone'

Structure

- Ranges from authoritative to democratic

Accountabilities

- Roles, rights, and responsibilities of individual networks

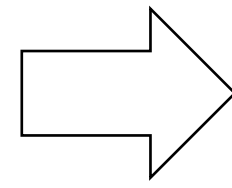
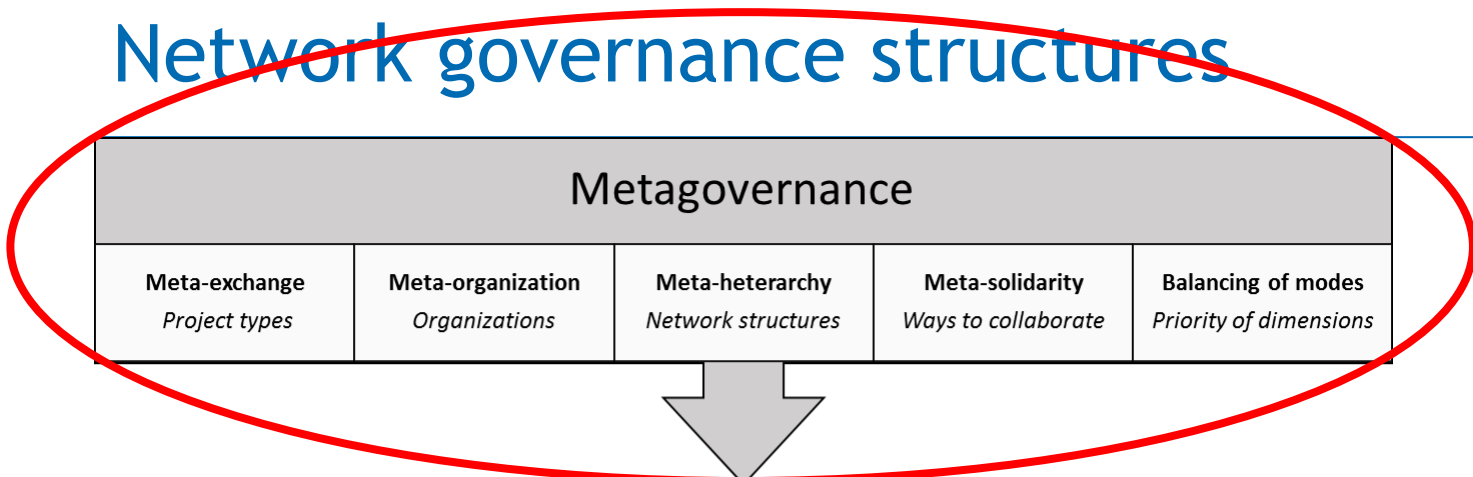
Responsibilities

- Defines the professionalism expected from a network

Modes of collaboration

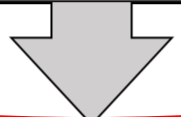
- Defines the ways networks cooperate, coordinate, and potentially integrate when required

Network governance structures

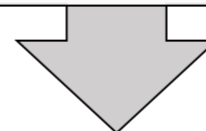


Ground rules for all, but also individual projects in the scope of an investor

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Meta-governance - by owner

- Aims to avoid governance failures [13]
- Sets the boundaries for the self-governance of governed entities like networks [12]
- Done by balancing
 - the extent of self-governance of the governed entity to let them define their own agenda, rules, norms, goals, and content, and
 - setting the boundaries to maximize foreseen benefits.
- Adjusts the governed entity's level of self-regulation for overall benefit accomplishment [12]

Meta-governance

Five basic modes of meta-governance [14]

1. **Meta-exchange:** Reflexive design of markets or subdivisions thereof
2. **Meta-organization:** Reflexive design of organizations, intermediating organizations, and organizational ecologies
3. **Meta-heterarchy:** Reflexive design of the conditions for self-organization
4. **Meta-solidarity:** Promotion of opportunities for collaboration, creation of social capital etc.
5. Modification of the **balance between the four modes** above

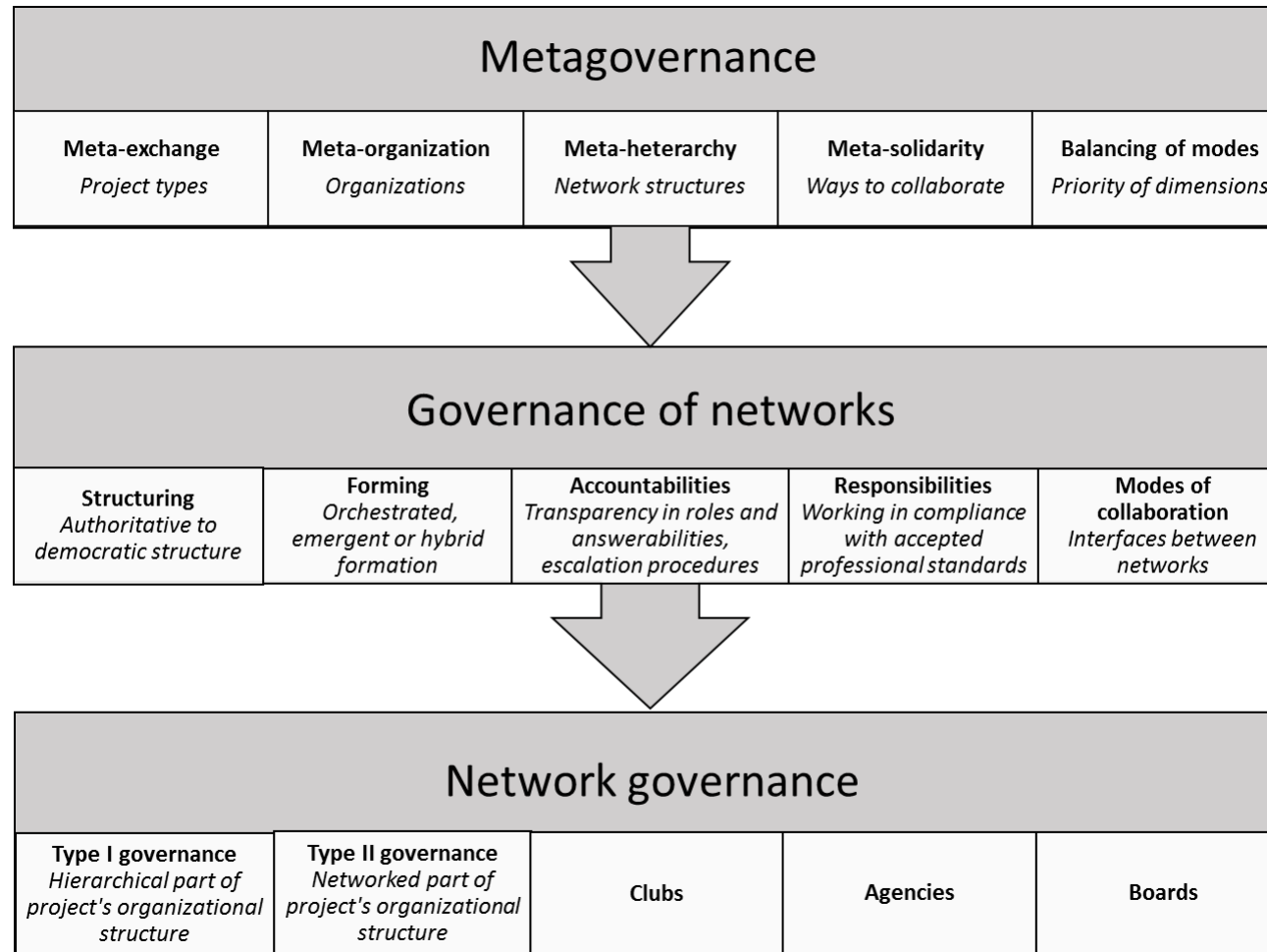
Meta-governance mode examples

1. **Meta-exchange**: Smart cities, new power generation, etc.
2. **Meta-organization**: legitimacy and accountabilities of SPVs
3. **Meta-heterarchy**: Network formation (emergent or orchestrated)
4. **Meta-solidarity**: Knowledge sharing networks, design of tendering documents
5. Modification the **balance** between the four modes above

Role of the owner in meta-governance at Berlin Brandenburg Airport (FBB)

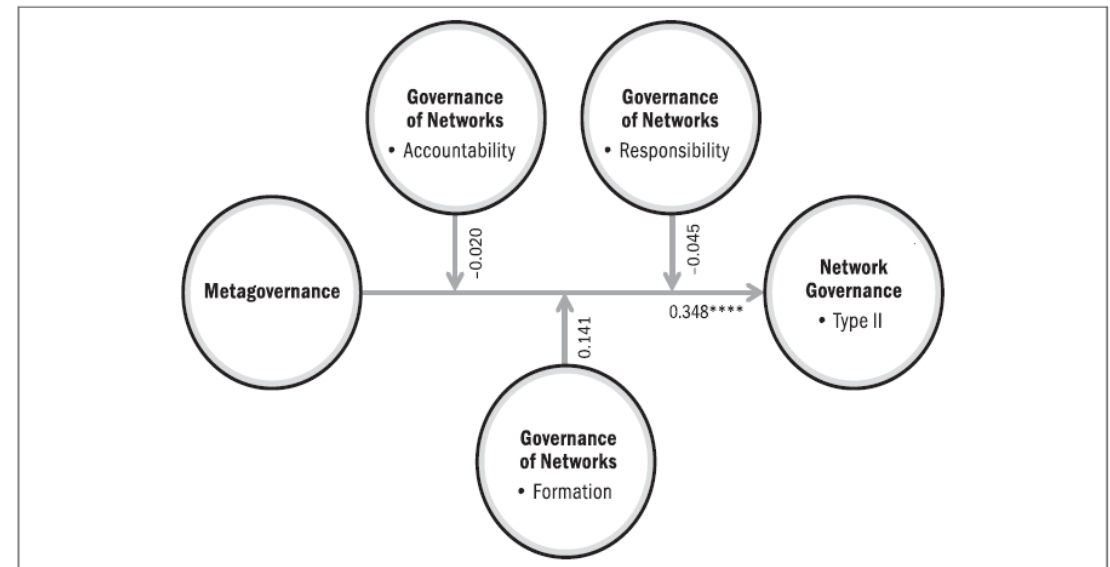
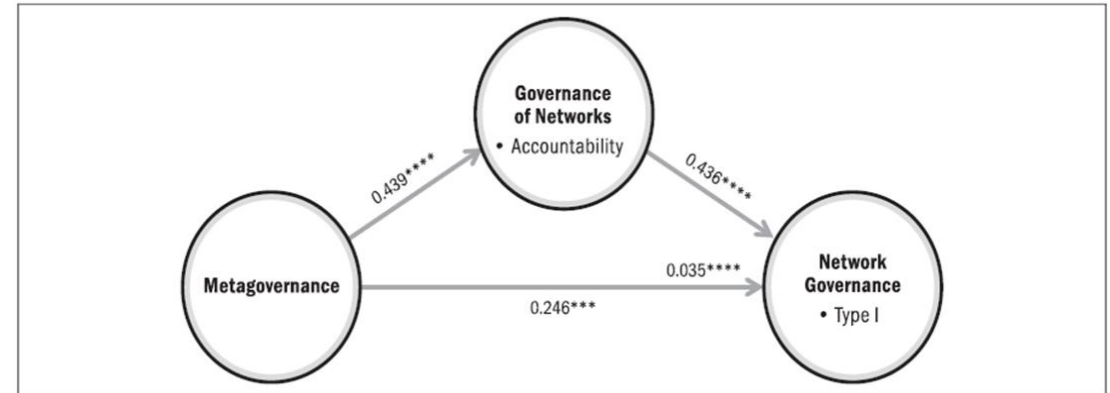
- **Meta-exchange:** Not accepting one offer, breaking it into 5 lots
- **Meta-organization:** Change of main contractors, create PMOs
- **Meta-heterarchy:** Restructuring the network of networks for a megaproject to a program with bundled tasks to accelerate operational use
- **Meta-solidarity:** Establish an on-site PMO for communication between internal and external experts
- **Balance:** Emphasis on meta-exchange in the early phases, meta-organization early on and in later phases. Meta-heterarchy and meta-solidarity when issues needed to be resolved

Relationships between layers



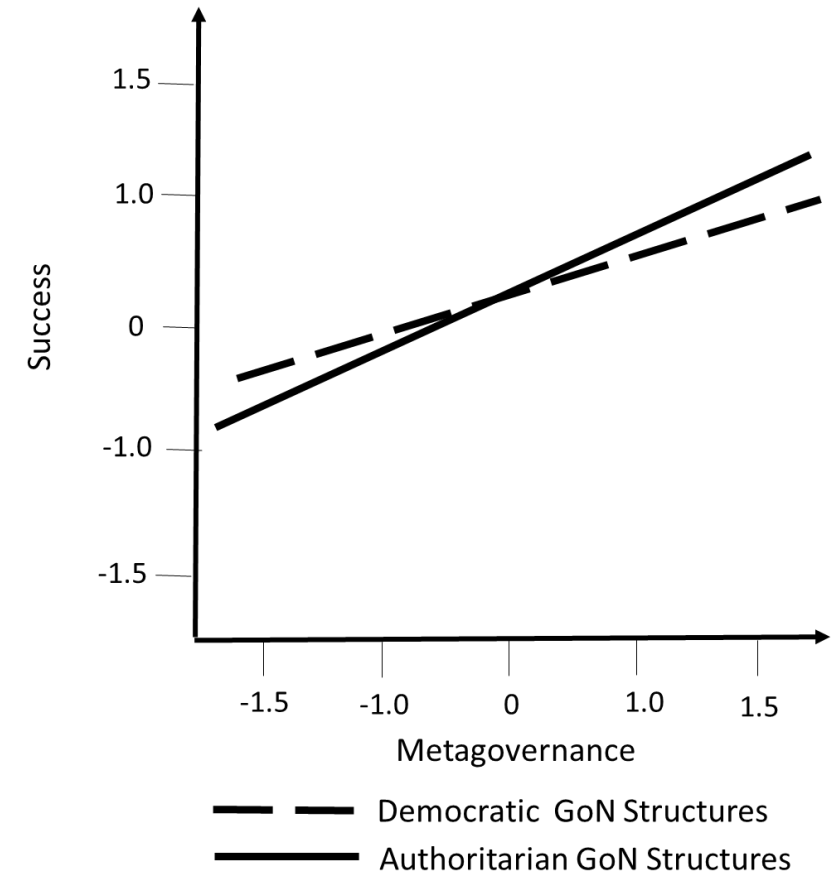
Relationships between layers

- Ground rules for project execution are set by owners through Meta-governance and its elements.
- Meta-governance influences Governance of Networks and Network Governance
- Governance of Networks fully mediates the impact of Meta-governance on Type I network governance
- Governance of Networks moderates the impact of Meta-governance on Type II network governance



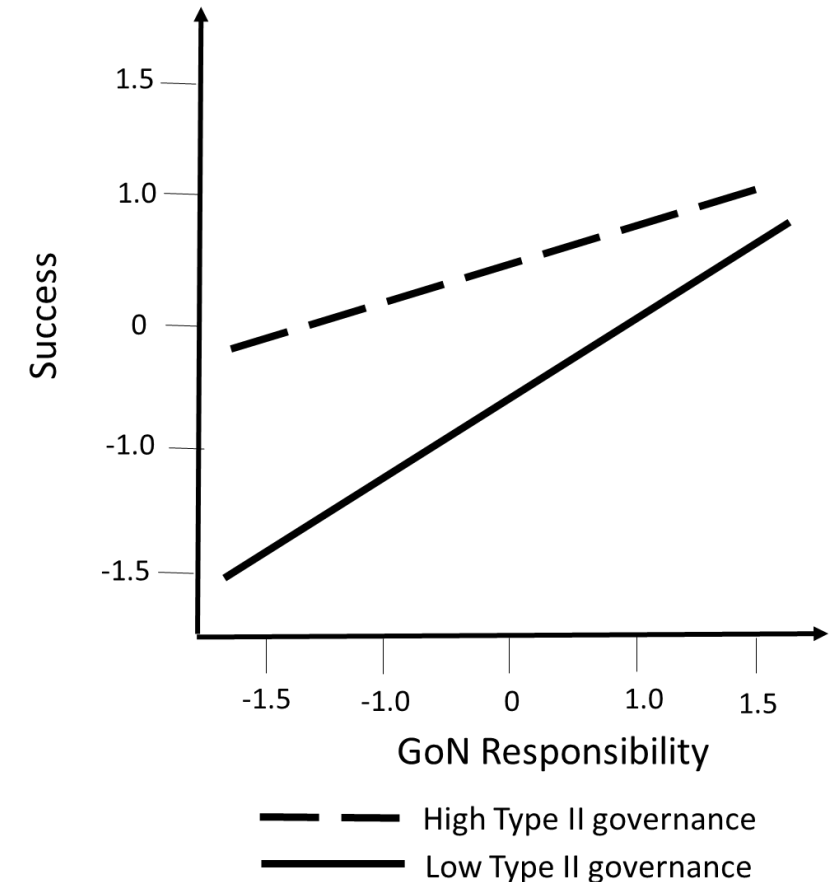
Relationship with project success

- Overall, 51% of project success can be traced back to the three governance layers
- Meta-governance has a direct positive effect on success
 - Authoritarian governance of network structures amplify the meta-governance effect



Relationship with project success

- Clear definitions of responsibilities at governance of networks level have a direct and positive impact on success
 - Strong Type II governance absorbs poor definition of responsibilities by Metagovernance
- Clearness of accountabilities at the Governance of Networks level directly and positively impacts success



Owner decisions found in practice

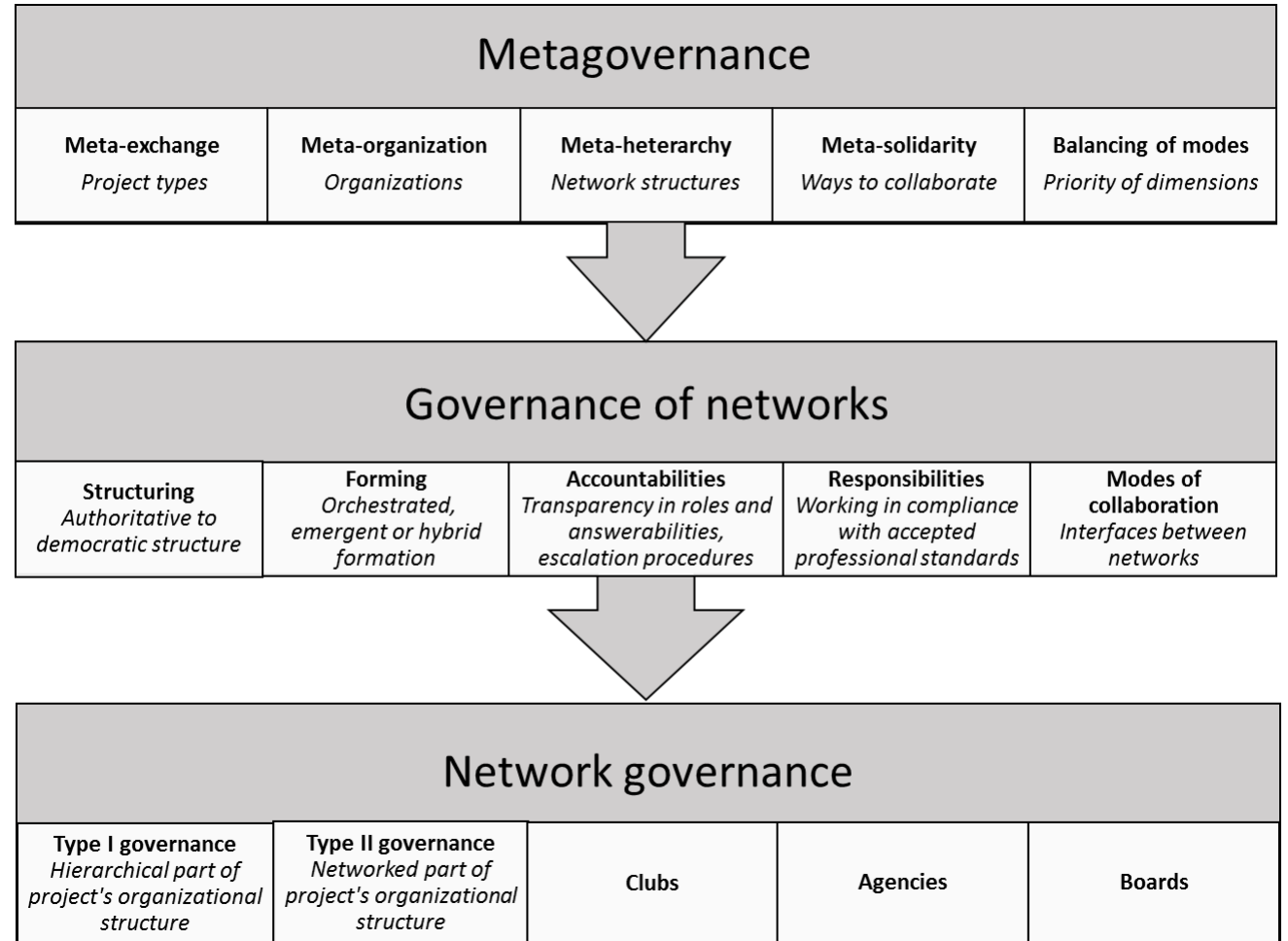
Layer	Context	Governance practices	Structural designs
<i>Meta-governance</i>	Public	Authoritative investors, policies, formal processes	Hierarchical
	Private	More democratic practices	Democratic
<i>Governance of Networks</i>	Metagovernance: Authoritative Democratic	Formal settings Sponsoring	Orchestrated Emerging
<i>Network Governance</i>	Set by meta-governance and Governance of Networks	MLG: Type I and Type II governance plus clubs, agencies and/or boards Polycentric governance	Hybrid

Summing up

- Interorganizational networks for projects are governed at three levels
- Most impactful is Meta-governance, as it provides the rules for setting up all subsequent layers
- Three governance layers, with their specific aims and dimensions were identified
 - **Meta-governance:** shaping the context to avoid governance failure
 - **Governance of networks:** forming and governing the networks and their relations
 - **Network governance:** shaping and governing the individual network for a project

Relationships between layers

In their role as meta-governor owners set the stage for all elements at all three governance layers



Thank you



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