Coping with lack of authority
Extending research on project governance with a practice approach

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Abstract
Purpose – The purpose of this paper is to identify and explore alternative coping strategies that may compensate for the limitations of weak governance structure in a product development project.

Design/methodology/approach – The findings are based on a single case study, including interviews and documents, of a product development project that consists of two interlinked projects in a large multinational company.

Findings – Two distinct procedures are identified to cope and manage effectively when there are weak project governance structures. The first procedure is a horizontal process of operational consensus-seeking where conflicts between projects are negotiated and resolved through communication between independent actors such as two project managers who are at the same hierarchical level within the same organization. The second process is a vertical process of strategic escalation where issues that have failed to be resolved are shifted upwards to a new hierarchical level where a new round of operational consensus-seeking is attempted.

Research limitations/implications – This paper complements the existing understanding of project governance with a project-as-practice perspective. Based on the findings the authors suggest that project governance needs to be nuanced in its understanding since a too-structured approach may in fact increase tensions in an organization.

Practical implications – Practical insights include how organizations may work with its project governance structures in order to avoid tensions. The authors suggest that, in particular, politically sensitive situations may be avoided by weak rather than strong governance structures.

Social implications – The authors find that weak governance structures may be efficient for the organization, but harmful to personnel, who become too focused on the task at hand.

Originality/value – To the best of the authors’ knowledge very little research has been attributed to project governance from a practice approach. Moreover, most attention has been given to strong structures, thereby not examining the positive implications of weak structures.

Keywords Governance, Innovation, Product development, Coping strategies, Project-as-practice, Project managers

Introduction
“Tear down this wall”, Ronald Reagan famously urged Mikhail Gorbachev at Brandenburger Tor in the former West Germany in 1987. The appeal was directed at the infamous Berlin Wall separating the East from the West. Project-based organizations often fight similar separation walls that need to be pulled down in order to introduce an integrated solution. The consequence has been an expansion of project governance structures with high formal decision-making abilities through, for example, steering committees. However, stronger governance structures associated with formal decision authority may be hard to implement, leaving the organization to cope with the situation as best it can. In other circumstances, some of which will be elaborated in this paper, strong governance structures may even be counterproductive. Thus, we focus in this paper on the question of how alternative strategies can compensate for the limitations of weak governance structures[1].

Projects should not be treated as isolated islands that are trying to accomplish a task independently of other organizational structures and parties (Engwall, 2003).
An ever-increasing amount of research has concentrated on project governance structures, pursuing inquiries into the different aspects of steering multitudes of projects expeditiously, whether in parallel, in sequence or both. For example, De Maio et al. (1994) focused on project scheduling at a programme level, Archer and Ghasemzadeh (1999) focused on how to select and optimize a portfolio of projects, and lately Müller et al. (2014) positioned project governance structures as fundamental to the ability to manage unexpected events in a controlled managerial process. These examples, and others, rely on transaction cost economics and the assumption that an appropriate stable structure increases the value for stakeholders. The discourse is thus grounded either in the strong relationship between the project and a permanent/single line organization and/or in the discourse of client and executive decision making. That is, it relates to the legitimacy to decide, monitor and control, and thereby resolve, conflicts through, for example, contracts and a steering committee (Ahola et al., 2013). However, legitimacy and the right to decide are particularly challenging for global organizations with linked development strategies (Gammeltoft, 2006), multiple projects and several functional departments. In such settings, project governance structures tend to be weak. Any actor, except those at the absolute top, will have little control of resources as a result of lack of formal horizontal and/or vertical deciding power, and conflicts arise easily (Hobday, 2000). Literature has begun to make progress in suggesting project governance structures that monitor activities (Miller and Hobbs, 2005, p. 48), although the activities as such remain elusive. Following the trend towards practice-based research in social sciences in general (Schatzki et al., 2001; Nicolini, 2012) and a practice-based approach in project research in particular (Hällgren and Söderholm, 2012; Sergi, 2012), the purpose here is to identify and explore alternative coping strategies that may compensate for the limitations of weak governance structure in a product development project.

In this paper we contribute to the literature on project governance by questioning whether a strong governance structure is always preferable. We find that the introduction of a conflict-reducing, process-maintaining structure can lead to helpful consensus-seeking behaviour that reduces the need for escalation of activities, as well as issuing of orders by executives. This contributes to fewer delaying processes and it advocates swift solutions, in contrast with most contemporary perspectives on project governance which support increasingly strong decision-taking abilities and structures that prioritize among issues and projects. We therefore complement existing theorizing on project governance. We also extend current theorizing on projects-as-practice by taking a distinctively activity-centred flat approach to practice, rather than a tall, structural approach.

Theoretical background

Organizational project design

A project-based approach has emerged as one of the more prevalent ways to perform organizational activities. One reason is that projects provide organizations with flexibility by isolating one task from other ongoing activities (Galbraith, 1973). In project-intensive organizations, part of the challenge is to consider the relative influence and importance of the project within the organization. Hobday (2000) distinguishes between six forms of project organization that consider the role of senior management, the role of functional departments and the role of projects in decision making about, for example, resources and the outcome. In a functional organization, there are no (or few) projects, and senior management runs the functional departments. In a functional matrix organization, the functional departments are strong and run by senior management but projects cut through the responsibilities albeit without decisive decision-making powers with regard to resources. The project managers are thus “lightweights” and weak. That is, the project managers lack authority for decisions and resources. In a balanced matrix organization, the project manager has a stronger position in relation to the functional departments, with
some control over resources. In a project matrix, the status of the project manager is equal to that of the functional managers and the former has control over resources. In a project-led organization, the project managers have more authority than functional managers, who provide support to the projects rather than distribute resources to the projects. Lastly, in a project-based organization, there are only projects and senior management with no functional departments. Instead, staff are an integrated part of the project. Hobday (2000, p. 878) argues that the first three are unsuitable for more advanced projects “because they are not appropriate for performing non-routine, complex project tasks in an uncertain, risky, and changing environment” which require heavyweight (influential) project manager oversight. Drawing on Hobday (2000) we define a weak governance structure as a structure where there is a lack of decision authority over resources and/or priorities, and therefore the words of the responsible people of a process are considered “lightweight” (without a clear impact) – that is, a situation where the governance structure itself lacks decision authority and thereby need to either accept their faith, or fall back on alternative strategies to accomplish work.

Hobday’s approach assumes that a project is isolated from its surroundings (Engwall, 2003, p. 790). However, Manning (2008) shows that temporary organizations (projects) are embedded in organizations, inter-organizational networks and organizational fields that determine the way in which a project is structured. Similarly, Grabher (2002) argues in favour of a contextualized, network-based approach to projects to explain what happens beyond the particular isolated project. Comparing two cases in a balanced matrix and a functional matrix, respectively, Engwall (2003) found that it may not be the project manager’s role, nor the applied tools and routines of the project management team, that makes or breaks a project. Rather, he explains the difference in success between the two projects by examining the long-term effects. There are at least two major shortcomings in viewing projects as isolated entities. First, this approach does not take enough consideration of the impact of the surrounding context on operations, and second the time frame is too short (Engwall, 2003, p. 793). Since these shortcomings leave the project un-contextualized and timeless, issues such as power, politics, routines and structures, which span the past and the future, are neglected, their effects left largely unexplained.

Project governance structures
The governance perspective has long been at the forefront of a general organization theory (Williamson, 1975). However, as Miller and Hobbs (2005, p. 47) state: “Project governance has only recently become an issue of importance in the project management community and literature. Over the last ten years there has been more interest in the governance of projects in general and the governance of large complex public projects in particular”. With its roots in transaction cost economics and stakeholder theory, both based on neo-economic resource-based theory, the purpose of project governance is to define a structure that makes the best use of limited resources in order to deliver the highest possible return to the shareholders (Müller, 2009). The purpose of project governance is thus to define the goals of projects, programmes and portfolios in order to achieve the strategic objectives of the organization (Müller, 2009; see also Too and Weaver, 2014, p. 1383). From this perspective, project governance in a multi-project setting has two functions. First, the structure determines which projects, programmes and portfolios to approve, fund and support. Second, the structure controls and monitors progress (Too and Weaver, 2014, p. 1388). In the latter, project governance becomes a structural function to control deviations from the project plan, resolve conflicts and prioritize among projects if that is required (Hallgren and Maaninen-Olsson, 2005). Hence, governance is not an issue for projects alone, but a feature that ensures strategic focus and execution (Klakegg et al., 2008).

In a review of the governance literature in the International Journal of Project Management, Project Management Journal and International Journal of Managing Projects in Business,
Ahola et al. (2013) find two streams of literature where the project governance in an individual project is external to the project and subject to the governance and long-term interests of their owners. The other stream of research views governance as internal to a specific project. Here, governance is mainly associated with deciding on how to meet the expectations of the stakeholders that are involved in the project process. In this paper we take the position that governance, in this case, is mainly a programmed internal affair. That is, the focus of the governance structure is to resolve any conflict, and meet the expectations of upper management. The purpose of an internal perspective on project governance is to define rules that projects should comply with. Along this line of reasoning the governance would consist of shared coordination, control and safeguarding mechanisms—horizontally between actors within the same programme, and vertically within the parent organization. For example, Toivonen and Toivonen (2014) found that a practice-based perspective on internal governance reveals that governance may be built upon trust. However, these relationships are easily broken by upper management’s monitor and control procedures. The increased control was achieved by changes in the project’s organization, project failure, manager’s intervention and sense of betrayal that in turn made the participants more individualistically oriented in their activities. Related to this and strategies for dealing with the weak governance structures, Van der Meer-Kooistra and Scapens (2008, 2015) have developed the minimal structure framework. The minimal structure framework “coordinate emerging ideas, activities and processes and to prevent the activities and processes descending into chaos” (Van der Meer-Kooistra and Scapens, 2008, p. 374; see also Kamoche and e Cunha, 2001). They find that management control may be harmful to the organization as it implies a hierarchical relationship between actors who may not necessarily be in a position of authority. Instead the authors suggest that lateral relations can be, and need to be, governed by minimal structures that consist of economic, institutional, social and technical elements which afford flexibility and firmness at the same time (Van der Meer-Kooistra and Scapens, 2008). Complementing such view, Henisz et al. (2012) argue that in large, global, cross-sectorial, multi-phased civil infrastructure projects a partnering and contractual approach is less efficient in foreseeing and handling emergent difficulties and challenges. Instead they suggest that the governance structure rely on the institutional pillars of regulative, normative and cognitive behaviours—a more complicated, behavioural and political view of project governance. These pillars structure the work of the people in the organization. Ruuska et al. (2009) also find that firm, network and project practice distances within a project influence how efficiently governance structures address conflicts and coordination among project partners. Along this line of reasoning, Müller et al. (2014) suggest that the lower the governance level, the project level being the lowest, the more important clear policies, rules and methods for efficient governance. The higher up in the organization, the more important a person’s dimension, vision and values. Following these examples, currently the governance structures are fairly well known, but there is a less understanding of the limitations and opportunities of how the work unfolds in relation to governance on a daily basis, rather than the assumed need for governance.

Recently, the projects-as-practice approach has emerged, emphasizing the value of and need for an understanding of the detailed everyday practice of organizations and society (Blomquist et al., 2010; Cicmil et al., 2006; Hallgren and Söderholm, 2011; Sergi, 2012). The benefit of this agenda is that it does not a priori decide what is relevant to explain a behaviour (i.e. institutional or economic structures identified by Van der Meer-Kooistra and Scapens, 2008). Institutional theory has been criticized for being nothing and everything, as well as for having too much of a macro perspective. For this reason we have chosen to focus on how governance unfolds in practice and thereby beyond institutional theory (Henisz et al., 2012). In contrast to transaction cost economics, stakeholder theory and institutional theory, a practice-based approach focuses explicitly on activities that refrain from starting with, for
example, the governance structure *per se*, nor does a practice approach assume that people will behave a certain way. From the perspective of practice theory, governance mechanisms are arduous accomplishments that are implemented through the situated activities of people and they can take many different forms. Understanding governance from a practice-based perspective therefore means taking activities seriously and focusing on what people involved in the organization actually say and do (Hällgren and Lindahl, 2012), rather than starting with the structures to explain what happens further down. From this perspective a practice is “an organized, open-ended spatial-temporal manifold of actions” (Schatzki, 2005, p. 471) that could be, for example, political practices or project management practices such as doing risk assessments. This includes paying attention to activities such as the work of preparing a project plan, attending a meeting, designing a PowerPoint presentation or simply walking over to a project worker to ask how things are going (Whittington, 2006). The activities of which the practices are composed are organized by rules, technical understanding, general knowledge about the context and teleo-affective structures. “Teleo” implies that actions are goal-oriented (not rational, but goal-oriented) and “affective” means that they matter emotionally to those who perform the activity. Combined, these aspects of the activities imply that people will do what makes sense to them in a certain situation – that is, there is a practical intelligibility to their actions (Schatzki, 2005). Following this reasoning, governance is not the result of predefined structures but effortful accomplishments by actors that are motivated for one reason or the other to act in a certain way. The main difference is that the agency lies in the activity and that actors are free to choose from the alternatives at hand. These alternatives are not necessarily formally defined (i.e. by policies or rules) but may also be informal (i.e. choosing the most adequate way of getting the task done). Therefore, it becomes necessary to examine the detailed activities in order to understand the motivations of the individuals performing the governance-related activities. Hence, from a project governance perspective, the practice approach acknowledges the importance of the context, thereby shedding light on how project-specific practices influence the implementation of project governance structures.

**Methodology**

To explore alternative coping mechanisms associated with weak governance structures an explorative qualitative case study is considered appropriate. One of the reasons for the choice is that there is a lack of qualitative case studies specifically addressing project governance and its practice (for exceptions see Klakegg *et al.*, 2008; Toivonen and Toivonen, 2014). Case studies are often used for detailed exploratory investigations such as the current paper, and the practice approach is appreciated for its in-depth explorative capabilities. Moreover, the practice approach allowed us to investigate how the governance unfolded by tracing activities rather than by making a priori assumptions about the structures (Schatzki, 2010).

**Case selection**

The chosen case is based on a programme carried out within a multinational company (Global Tech) with operations worldwide. Global Tech is the world leader in energy conservation technology. Global Tech is organized in divisions, where the R&D function has a globally linked strategy with R&D units in different countries and with different responsibilities (Ghoshal and Bartlett, 1990). Thus, an R&D unit is globally responsible for the development of specific products/components that are a part of a product family with indirect links between R&D units. The development process is organized as a weak to balanced matrix where project managers are responsible for carrying out the specified development task. Functional departments provide resources in terms of money, people and other services. The R&D unit, for instance, assigns project team members whereas the supply department cares for supplier relations. This organizational design gives the project teams the technical responsibility for but not the decision authority over the operations of other related projects. There is, however, not a
complete lack of formal structures and procedures, at least in regard to an ambition to organize, coordinate and govern the interdependent portfolio of projects. In order to enable a high level of independence between units, a strict focus on careful specification of project outputs is pursued and a joint standardized gate model has been implemented in order for everybody to work according to the same anticipated output. A strict hierarchical decision order is also followed when outstanding issues have to be resolved. However, as will be shown, there are several mechanisms that weaken or even inhibit the effect of the imbued project governance structures.

The platform development programme consisted of a core unit project and an application project. The core unit project (Core Project) included the development of a mechanical geometry requiring low-operating energy. The solution would enable a cost-efficient system since smaller engines could operate the core unit. The application project (Application Project) included the mechanical and operational system of the core unit. By design, the completed core unit was to be incorporated into the application much like a black box, according to initial technical specifications. Similarly, the system design of the application went into the core unit project according to its initial technical specifications. The organizational structure is described in Figure 1.

Data collection

A practice approach does not prescribe particular methods, but qualitative methods dominate (Jarzabkowski and Spee, 2009). An ethnographic approach would have been preferred in order to understand the fine-grained details of what is said and done (Schatzki, 2010). However, since the project had already been completed we chose
semi-structured interviews, documentation studies and workshops: in total 21 members constituting a geographical, organizational and technical distribution across the main organization were interviewed. Initially, the interviewees were selected – in cooperation with company management – based on their links with the two projects. From there we used a snowballing technique. The semi-structured interviews cover the project horizontally/vertically, internally/externally, and thus provide a view of the project governance challenges from multiple perspectives. The interviews lasted between 60 and 120 minutes (on average 90) and they were recorded and transcribed, according to good research procedure (Spradley, 1979). The project documentation comprised internal and external documents such as monthly reports, technical reports and minutes of meetings. The workshops included a workshop/presentation to upper management and multiple workshops with the staff. They thus both validated results and simultaneously contributed additional details. The data sources are detailed in Table I.

Data analysis
The analysis followed a theorizing approach based on grounded theory (Langley, 1999) with an inductive analytical strategy. In practice, the interviews were directly complemented with notes and included in an “instant analysis”. Next, a draft case description was written and distributed among the interviewees to check for accuracy. This approach allowed us to confirm that the description and the instant analysis were accurate. In the forthcoming analytical work, we first mobilized theories about governance as a structure identifying what the challenges were (Hobday, 2000; Müller, 2009). Here we focused on the existence, or lack, of formal decision structures such as line management and programme committees. Most of the respondents highlighted the inability to formally decide about others, alluding to a weak governance structure, whereas a strong structure generally is associated with formal decision authority. Next, we examined the claimed practical intelligibility of their activities (Schatzki, 2005, 2010). We examined in detail the narratives and reasoning for how to resolve issues that emerged, assuming that the narratives represented the doings and sayings of the practice. Hence, following Schatzki (2005, 2010) we identified: rules that were established by the organization (e.g. when the steering committee could meet); the technical ability to resolve the situation (e.g. if we have to, can we work out the solution ourselves); the general knowledge about the situation (e.g. that escalation would inevitably delay the project); and the teleoffective structures – the honour code of doing a good job, particularly in relation to the other division. Hence, we mapped the decision authority of the structure and subsequently compared this with the practice. The emerging question in regard to practice became: why did they not escalate issues? We identified two practices in response to this mystery – strategic escalation and operational consensus. These are illustrated in two vignettes. Strategic escalation was identified and coded as such when individuals in their narratives referred to activities that they did, or did not, perform but which involved upper management. Operational consensus was coded from the narratives as activities that involved a consensus reached with the other sub-project, without the involvement of upper management. Both practices were discussed horizontally and vertically through the organization as part of a distributed practice (Table II).

Findings
The core project and the application project
In order to cope with the organizationally independent project development teams, the organization seeks, as noted earlier, to handle coordination through tight specifications and a reliance on company-wide procedures such as a stage gate model that stipulates a certain number of development phases and “gates” where certain results must be achieved.
The R&D manager explains how the two projects should be able to run more or less independently of each other:

We were running the core project up to gate 4, which means for us, it is ready for testing. The gate model continues: gate 5 is sales release and gate 6 is feedback from customers. We just care about this one component. When we start our calculations and estimations, an application project starts.
For the application project, the core is just a component which has some performance. We have some boundary conditions defined, diameter and so on. But that it works is our problem and that the rest of the product works is their task, and all this must interact (R&D Manager of Core Development).

However, in practice this strategy is hard to uphold due to the emergent character of development work. The project manager reporting to the head of core development sees it somewhat differently:

In some other projects we have for example been supplied the modules' characteristics to apply to the module. This means the module is available for us and we're not allowed to change anything. In this case there was a little bit more development together. This also applies to the insulator size. The application project would of course like the core insulator size to be as small as possible because basically, it costs money. And from the point of view of core development we would like to have it as big as possible, because it makes it easier for us. This means we had to work closely together to come to a common agreement... the problem is, the two projects could not really be divided because the core and the drive – where “Mr Pink” was in charge – influence each other. They were not independent. This means that if we in the core project decided that we would need higher speed or different driver characteristics and so on, it must be carried out by [the Application project manager]'s project (Core Project Manager).

The sub-projects were geographically separated (countries A & B). The R&D responsibility for core unit development was placed in Country A and the R&D responsibility for application development occurred in Country B. Despite having been a part of the same main organization since a merger almost 30 years earlier the organizations in the two countries still had distinct and different traditions. The traditions differed with regard to organization and engineering practice, and the view on the future of the technology. Historically, this created internal competition, which has gradually subsided, although due to scarce resources, organizational survival and recognition of excellence it has not disappeared. As a result of the strict allocation of responsibilities, the Core Project and the Application Project were run as two distinct and isolated projects. Neither project had any formal decision authority over the other, or over the department-based resources, and this effectively separated them. Initially, the basic assumption of the development was that the two projects would be run in parallel without any (or at least little) interference from the other project/line. It was assumed that the initial specifications would ensure the isolation of the projects. This hard-line separation could also be noted in the project cost structure that clearly made cost issues a non-dependent factor. For instance, the cost of production of the core application was to be considered fixed by the application project. Thus, even if the application project could see possibilities to reduce overall application cost by making minor changes to production and purchasing specifications for the core unit, this was not allowed. The application project had the total cost responsibility of the application as a whole but, as noted, had no control of the cost structure of the “black-boxed” core unit. The reliance on specifications as

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Table II. Analytical stages
stable interfaces between the projects also contributed to the top management decision not to appoint a general project manager or a joint steering committee. An underlying reason is a strong historical culture of the pre-merged organizations that acknowledged the independence of the two organizations.

Both line organizations (R&D departments) had a common chief technical officer in addition to a technical manager and an R&D manager. The respective functional department appointed their project manager and project teams. Despite reliance on the specifications to uphold the split governance structure, this did not fully succeed in practice. Unclear or missing details, or deviations with regard to the specifications, impelled a continuous alignment. One reason was that coordinating and steering interdependent projects lay in the organizational design of Global Tech. As has been indicated, the organization in Global Tech is quite complex. The project manager of the device describes it:

Politically and structurally you have different product areas which have a certain area of responsibility all the way up. Then you have a local management, for instance the manager of core products and below him, the R&D Manager. We have a parallel development organisation abroad. Neither the project manager of core products nor the R&D manager of core can tell the managers of the parallel development organization what to do. The manager over there on the other hand cannot say anything to us either. However, there is a divisional head of technology, to whom both the manager of core products and the manager of applications in the parallel development organization report. So the organisation within Global tech is very complex. In principle you have two branches that cannot tell the other what to do. Communication has to go up the organization and then down. We also have two parallel project managers, my counter-part and myself who are to collaborate and then report individually up in the chains of command [...] Since we do not have an overall project manager, when we cannot solve something by consensus through discussion, I can take it to my development manager, and my fellow project manager for core, can take it to his boss, but they cannot decide over each other. We try to have a project review meeting once a month where the divisional head of technology and these senior managers are participating, highlighting pressing issues, looking for problem areas, checking progress and deciding what to do. With all this simple stuff with drawings and documentation – they all have different solutions about how to work in our two organizations. That makes it more complex. So if I think that the core project manager would prioritize differently during the project, I can ask him to do it, but if we do not agree, I cannot make decisions that force him – and he cannot do that to me either. In such a case, you have to go up in the organization. The decision hierarchy is complex and affects the course things take, from the easy stuff to the more complex. Many times it is most important for the project managers to have a good communication, we function well, perhaps we can solve many concerns. Often it is quite difficult to go up in this hierarchy. My R&D manager, the other project manager and I talk weekly with each other, but my R&D manager and the R&D manager of core almost never talk to each other. They talk to each other only when they need to. Usually I talk with my R&D manager and it comes down to me and I talk to my people, my fellow project manager at core talks with the R&D manager of core, me and the project manager at core are talking to each other (Application Project Manager).

It was recognized that the two projects needed to align their efforts to adapt to developments and problems. Therefore, the project managers had meetings (mostly by phone) every week. The aim of these meetings was to inform one another and solve problems that could help the overall programme. This approach worked well as long as the two project managers were able to reach one another. Since neither project manager had any formal decision-making authority regarding the programme, issues that were not resolved by consensus had to be escalated. The next level was the R&D unit. For example, the project manager of the Core Project took an issue to the R&D manager of the core unit and the project manager of the Application Project took it to his. Escalating an issue through the hierarchical chain of command in their own organizations (R&D core and R&D application) the two project managers could only wait until a settlement was reached by the R&D managers of core and
application together. The R&D managers had no formal decision authority, and disputes therefore had to be resolved by consensus at this level too. If the R&D managers came to an agreement they would then order their project managers to pursue the projects accordingly. However, if no settlement could be reached, the issue was escalated to the chief technology managers before a final decision by the senior vice presidents of Global Tech. This governance structure had several implications. In the first place, it contributed to a reluctance to escalate issues; the project managers worked hard to settle problems through discussions, negotiations and bargaining to reach a consensus. Second, escalating a dispute often included delays that threatened the progress of the two projects, since certain activities had to be kept on hold.

Daily interactions across the command structure
To illustrate, the daily interaction and two cases of particular significance in terms of impact and attention to and from the organization are described below – the operating device and the handing over. In the retrospective interviews, the project managers were asked about how they perceived the project execution in general. Both project managers unanimously stressed the ongoing day-to-day communication between the two project groups as the single most important success factor:

Firstly, we never had problems with personal relations, I believe I can say for all project teams I have been in. That is never a problem. What we particularly have a problem with is to get decisions from management, this happens every time. We basically never really know if we should follow the gate model very strictly or more pragmatically. One problem, for example, is the requirement specification. Usually it should be given by product management and signed by product management before the feasibility period. In recent projects, we got the requirement specification signed close to gate 4. It didn’t keep changing but small changes happened every time over this period. We have discussed whether we should be strict many times, and decided we won’t continue the project until we get it signed. It’s no real way to do it (Core Project Manager).

Evidently, the informal colleague-based coordination had worked well in the projects. Both teams were perceived as being constructive and helpful towards each other when stuck in a difficult situation. The project managers were quite reluctant to “send” unresolved issues upwards in the hierarchy because of what they perceived as the very long time it took to resolve them. It was better to try very hard to resolve any problems at the project team level. In addition to the fact that it took a long time to resolve issues higher up in the hierarchy, there was also presumably a reluctance to ask more senior management to resolve a conflict on behalf of the teams. However, this was never explicitly spelled out during the interviews but only hinted at. Along the same vein, the two R&D managers gave similar accounts of how constructive the informal day-to-day communication was between the two of them. Each saw the other as a constructive colleague who did his best to try to assist.

When asked about the efficiency and logic of the command structure, both the project managers and the R&D managers were still not entirely satisfied with the situation. The main reason for their discontent was the time-consuming process of resolving issues of conflict. An example is the effort to achieve coordination through the wide application of the gate model, which is used by both organizations. Whereas the gate model determines phases and “gates” where certain results must be achieved, the interpretation of exactly what should be done up to each gate differs as well as how strictly the model should be applied. Instead of working as a coordinating force between the projects by stipulating a common output and time schedule, it brings confusion that can only be solved through personal and proactive interaction between the project teams. The gate model can actually be seen as part of a replacement of the formal steering committees that
used to be operational before the merger between the two organizations. The global
product manager explains it as follows:

Prior to the formalization of the gate model, the development teams would have a steering
committee that would meet regularly. And that’s where those sorts of decision would be made.
Now we have a process where we have key decisions that are often made at the gate meetings, but
there are also decisions that have to be made on an interim basis. That can happen when we have
our monthly R&D meetings where we review each project and any issues that might have come up.
That’s where the project managers have the opportunity to ask for a decision to be made. We might
not take the decision on the follow-up meeting, but what it will do is allow us to say we understand
what the problem is and we will arrange a separate meeting where you have to provide this and
that. So, depending on what stage the project is in and what the issue is, a decision would be made
about who needs to be involved (Global Product Manager).

Even if no one actually wanted to propose a hierarchical order for the projects, several
respondents saw as a possibility having a joint steering group with the mandate to make
rapid pressing decisions that concerned both projects. The two vignettes below illustrate the
tensions that arose.

**Vignette 1 – the operating device.** One important development effort of the core R&D team
was the design and construction of a device that would mechanically operate the core unit
movement. As it belonged to the core unit, the responsibility for prototyping and later
supply and production rested on the Core Project. The Core Project secured material and
production competence for prototyping and serial production according to their project
scope, time and cost. However, from the Application Project’s point of view where the
responsibility for time and cost spanned the complete product, and from the Core project’s
perspective, the sourcing and manufacturing were not efficient with respect to the Core
project’s time schedule and should therefore be changed. The difference in opinion and
perspective of how to prioritize led to a dispute between the two projects regarding how the
operating device should be handled. For once, the two project managers were not able to
come to an agreement and had no other choice than to send the issue upwards to the level of
their respective R&D managers. However, the R&D managers were not able to reach a
consensus either, and so the issue remained open, gradually working its way up to the
global level of the technology director at the business unit concerned. After evaluating the
matter, he in turn decided that the device should continue to be handled in the way it had
been at the time.

In one way this issue did not impact the two project processes very much since it did not
alter any of the technical work. However, it prevented a final determination of the actual
product cost to be made and therefore delayed the project evaluation by several months.

**Vignette 2 – handing over the project.** The core unit’s work was gradually coming to an
end. Testing had gone well and what remained was basically documentation and handing
over drawings and design parameters to production and to the Application Project.
Team members started to leave the project and become involved in new R&D tasks.
However, the Application Project was of the opinion that not all information and necessary
data had been produced and handed over to the application team. They also noted that it
was becoming increasingly difficult to retrieve any additional information regarding the
design choices made since the former core unit members were being transferred to other
projects. Even the project manager was in the process of taking over a new project. It was
not possible to resolve this dispute between the two projects and thus the issue was referred
to the R&D manager level. Here, the R&D managers actually managed to agree on a solution
where it was decided that one of the former project members of the core unit team would be
assigned as project manager for handing over an ad hoc project within the project.
In this way, the former project manager could be assigned a new project before the Core
Project was formally closed.
Discussion

In this paper, we identify and explore alternative coping strategies that may compensate for the limitations of weak governance structure in a product development project. To do this, we applied a practice-based approach (Blomquist et al., 2010; Cicmil et al., 2006; Hällgren and Söderholm, 2011; Sergi, 2012) and collected in-depth interview data, specifically focusing on the governance activities. A minor contribution is related to the projects-as-practice literature where we attempt to describe the inner workings of the practices and avoid to “black-box” the existence of a governing structure and their influence on everyday activities. In our paper, we highlight how “practices” exist in the performance of the activity rather than in a broader context. By tracing activities through understanding of the situation, the rules that apply to escalation and the teleoffective behaviours of the actors involved (Schatzki, 2010), we have identified two significant practices. These practices became the prerequisite of the bundles of practices together with other traditionally acknowledged practices (these were not the focus of this paper, but did occur) such as planning, budgeting, and risk management. Hence, we considered the management of the project as a bundle of practices where activities were assessed situation by situation, thereby affording the activities different emphases that allowed the project members to stay true to their honour. Staying true in turn made it possible to develop and accept an alternative governance structure that did not rely on formal decision mechanisms. This finding emphasizes the need for further practice-based studies that consider horizontal tracing of activities in contrast to making assumptions about broader practices that are later traced to the activities. The benefit of practice-based studies is a detailed understanding of occurrences, which in this case means governance. The challenge of the approach is its inability to predict where the action that explains a phenomenon is located, as the practice itself only emerges in or about the present. Our main theoretical contribution comes from the recognition of the benefits of the weak governance structures. The identification of the weak structure as a conflict-reducing and process-maintaining structure has significant theoretical implications since it suggests a focus on decision authority, than pushing down decisions to an operational level to manage tensions.

Weak project governance structures

The investigated programme was part of a functional matrix structure. There were functional departments such as R&D and projects with no or little decision authority cutting through the functional departments. The project managers were thus “lightweight”, operating within a weak project structure where there was a lack of decision authority over resources and/or priorities; the words of the responsible persons of a process were “lightweight” (without a clear impact) (c.f., Hobday, 2000). In such structures, it is expected that a relatively large number of issues would be escalated. Similarly, in their projects-as-practice influence research on project governance Toivonen and Toivonen (2014) found that replacing trust-based governance structures led to “far more potent mechanisms of control, monitoring, and punishment”. They argue that this condition is likely to occur in troubled situations and that overtime the control paradigm would once again be replaced by a more trust-based authority system. In contrast to both these findings, we found that the relative strength of an organizational design is not restricted to the decision authority. Instead, the weakness caused by the lack of decision authority turned into strength – the weak became potent. The lack of decision authority allowed the organization to reduce organizational conflict and maintain the development process. This finding concurs with Schatzki’s (2010) on the importance of social practices and with that of Henisz et al. (2012) that governance is a part of social processes that cannot be disregarded. We found significant political tensions among the participants originating in different engineering traditions and the risk that one operational site would be closed down, suggesting that the strength of a governance structure is associated with its
relative ability to resolve issues, rather than with formal decision authority *per se*. This complements the control and monitor theme (Too and Weaver, 2014, p. 1358) as well as current perspectives on project governance in which the ability to control and monitor the progress occurs through formal structures. This, however, partly challenges the arguments of Müller *et al.* (2014) that lower hierarchical level is dependent on more formalized structures for governance. Similar to some of the insights from the literature on minimal structures (Van der Meer-Kooistra and Scapens, 2008, 2015) we find that lateral intra- and inter-organizational relations were important for the operations to continue uninterrupted. Our study complements the literature on minimal structures by suggesting that it is not merely about flexibility and stability but a protection mechanism to hide political currents. We therefore recognize governance not as an a priori given approach but as a continuous and hard-won accomplishment that is associated with two practices: vertical strategic escalation and horizontal operational consensus. The two practices are visualized in Figure 2.

*Strategic escalation and operational consensus.* In a hierarchical organization with weak project structures, the project managers are often forced to escalate an issue to receive the support required to complete a task (Hobday, 2000). This reflects a governance perspective that ensures that things get done efficiently (Müller, 2009; Too and Weaver, 2014). In our case, for example, the operating device was escalated when the project teams/managers were unable to agree on the implementation. The escalation allowed the decoupling of the issue from other project activities and reduced the project manager's role to providing technical expertise. In effect, the activities that were not associated with the issue would continue uninterrupted (Hällgren and Maaninen-Olsson, 2005). In most situations the operational consensus practice (described below) forced the R&D managers (the next level) of each respective organization to agree on a solution. On rare occasions when they for some reason were not able to come to an agreement, the R&D managers escalated the issue.

Two factors contributed positively to conflict resolution at a lower managerial level. When an issue is escalated it creates a delay. According to the project managers who were
interviewed, an issue that was taken to the level of the R&D managers could take more than a week to be resolved and return as a decision. It took even longer if it was escalated further. Meanwhile, important activities could be delayed in a time-pressured project. Thus, escalating issues and waiting for a decision rather than taking action and trying to resolve it among organizational counterparts in the delivery function was regarded as the last resort. Adhering to the deadline is important from the perspective of governance. An inability to stick to the deadline of a project reflects badly on the person in charge, both formally in salary negotiations and promotions and informally as regards in-house reputation (Kaplan, 2010). The managers of the project were also reluctant to escalate issues because they felt that an escalation reflected badly on them. Resolving the conflict themselves was a matter of honour. To escalate a situation to the department above was seen as a significant risk that might possibly cause organizational stigma (on honour cf., Rehn and Lindahl, 2010). For example, the individuals took great pride in being able to finish the project, and this response was intensified by the competitive tension between the two merging organizations. In conclusion, both project-related pressure (time) and the personal challenge (honour) act as forces mediating for consensus decisions. Strategic consensus is thus achieved through the continuous enactment of activities rather than through organizational mechanisms and formal decision authority.

At the project level, the project managers attributed the ability to resolve issues without escalation to their daily interactions. The interactions aligned the operations without any strings attached by facilitating give-and-take. The solutions were not always in the best interests of an individual project, but since neither party had the right to decide over the other they both had to come to an operational consensus. In effect, the need for a formal decision was eliminated and replaced by a process that accomplished organizational goals to the benefit of the programme rather than the sub-project. Political considerations were thus temporarily eliminated.

Weak governance – a conflict-reducing and process-maintaining structure

The organizing principle adopted by Global Tech is attributed to historical factors. The two organizations were able to safeguard their autonomy and way of working addressing sensitive issues by reducing them to technical conundrums resolved by compromise. To a certain extent the governance structure is thus a result of cultural and organizational differences, which, almost two decades after the formal merger, have still been neither resolved nor integrated into the one corporation. This reflects the general complexity of governance structures in large corporations that have interlinked but divided responsibilities for R&D (cf. Gammeltoft, 2006; Chiesa, 2000; Zander, 1997, 1999) and the challenges of merging subsystem innovation projects. The governance structure at Global Tech may appear suboptimal with regard to the efficient implementation of the programme through strong decisive committees (Hobday, 2000; Müller, 2009; Müller et al., 2014; Too and Weaver, 2014). Such a perspective would encourage more control and more monitoring of the operations. However, a control-and-monitor perspective would surface sensitive issues that are not easily resolved, such as what kind of engineering tradition is dominant, and which division dominates the other. Hence, it is recognized that this organization without a distinct executive unit – that is, without an overall project manager or a joint steering group – has reduced programme efficiency with regard to time, cost and function. However, if we consider the governance structure not from the perspective of a single isolated project but rather from the perspective of a development process, this design does have certain qualities that recommend it.

Our findings point to the embeddedness of projects in a larger site (Engwall, 2003). This means that explanations go beyond the mental and physical places in which the operations were executed, and tie in with the reasons behind what constitutes appropriate
behaviour in that particular site (Schatzki, 2005, 2010). The project manager’s first concern was to succeed with the project. Here that meant swallowing some pride and continuously honouring the give-and-take code. Instrumental efficiency of governance cannot thus be observed and evaluated without paying attention to how it affects the system as a whole, and what motivates the behaviour of individuals. Strictly speaking, technical solutions to each issue could have been enhanced if a more hierarchical monitoring and control structure had been implemented. However, this would put the surrounding organization under stress and critical time would be lost, creating political disputes and power struggles that would reflect the long-existing political processes of the main organization. The organizing principle of the conflict-reducing project governance represents a dialectic movement between consensus (horizontal negotiation) and hierarchical escalation (hierarchical escalation for new consensus negotiation). It therefore seems an effective means of suppressing political disputes and instead inducing consensus-based decisions while disregarding potentially difficult topics. With these findings we have uncovered the less obvious positive effects of weak governance structures in practice. These findings would not have been identified if the starting point had been the governance practice, or the structure itself. The governance practice that was identified cut across several practices and in combination allowed the programme to continue uninterrupted despite issues that otherwise were hard to resolve – and, if the time horizon is considered, impossible. Hence, a practice approach to governance contributed to the daily activities and modes of communication that effect project governance and thus provides further details as to how projects and programmes relate.

Future research
Based on our findings we suggest that future research should address the implications of weak governance structures. This includes paying attention to their institutional contexts using, for example, a minimal structure approach (Van der Meer-Kooistra and Scapens, 2008, 2015), or an institutional theory approach to governance (Henisz et al., 2012) to reveal how the lateral relations that emerges can be governed once honour and political considerations are taken into account. Furthermore, we have suggested that a weak governance structure may have positive outcomes in that it focuses on solving the task rather than leaving the decisions for senior management to decide. This suggests that the research agenda associated with research on governance should not only detail such positive outcomes, but also pay increased attention to the in situ accomplishment of the governance.

Implications for practitioners
Many multinationals operate with internationally distributed R&D activities as a consequence of mergers and acquisitions, or strategic efforts to establish a local presence (Gammeltoft, 2006). Global Tech case could therefore be an example as well as a point of departure for further investigations of project governance structures and practices. Our results show that a decentralized structure can be effective in managing difficult and sensitive issues that tend to emerge in projects. By having weak structures the possibility for complementing and alternative practices emerges. These practices allow inter-divisional and/or global organizational tensions to prevail but they at least help to cope with, if not resolve, the situation at hand. These strong “in-line” and weak “trans-line” structures contribute to the ability to carry out development projects without creating disruptive and possibly long-term conflicts between interrelated units within an organization (Gammeltoft, 2006). The corporate structure observed may not be optimal for single project efficiency but it does secure a functioning R&D process that requires interline/interdivision collaboration. Thus, what may be lost in efficiency in a single project is gained by the organization in reduced conflict between units, ensuring a process that works in the long term.
Conclusions

In this paper, we investigated how a weak governance structure is managed in practice. Drawing on the practice turn in project research we collected in-depth information from a product development project in a multinational organization using semi-structured interviews with all the major actors associated with the project. As the study is based on a single case, the usual restrictions about quantitative generalization apply to our findings. Nevertheless, given the depth of investigation some reflections are in order. We found that what is commonly perceived as a weak structure in traditional project governance literature contributed positively to the ability to finish the project on time and on budget, leaving organizational and individual honour intact. The conflict-reducing and process-maintaining structure relies on operational consensus and strategic escalation practices, which in turn require the actors at several hierarchical levels to reach a consensus on issues in order to avoid loss of time as well as avoid loss of individual and organizational face. This finding provides an alternative account of governance and offers an explanation that complements the traditional neo-economical assumptions in current project governance literature with a model based on practice theory.

Note

1. We define a “weak governance structure” as a position where there is a lack of decision authority over resources and/or priorities.

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