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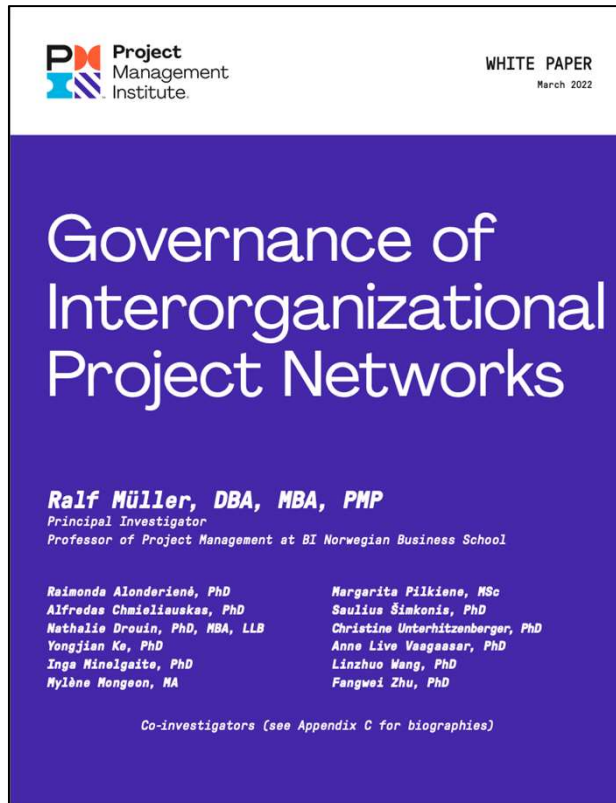
Governance of Interorganizational Project Networks

March 28, 2022

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Prof Nathalie Drouin
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Agenda



- **Part 1 - Background (Nathalie Drouin)**
 - Background, aims and research questions
 - Concepts and definitions
 - Methodology and research team
- **Part 2 - Framework (Ralf Müller)**
 - Network governance
 - Governance of networks
 - Metagovernance
- **Part 3 - Conclusions (Christine Unterhitzenberger)**
 - Answers to research questions
 - Implications for practice
 - Most important take-away's



Part 1

Background

Nathalie Drouin

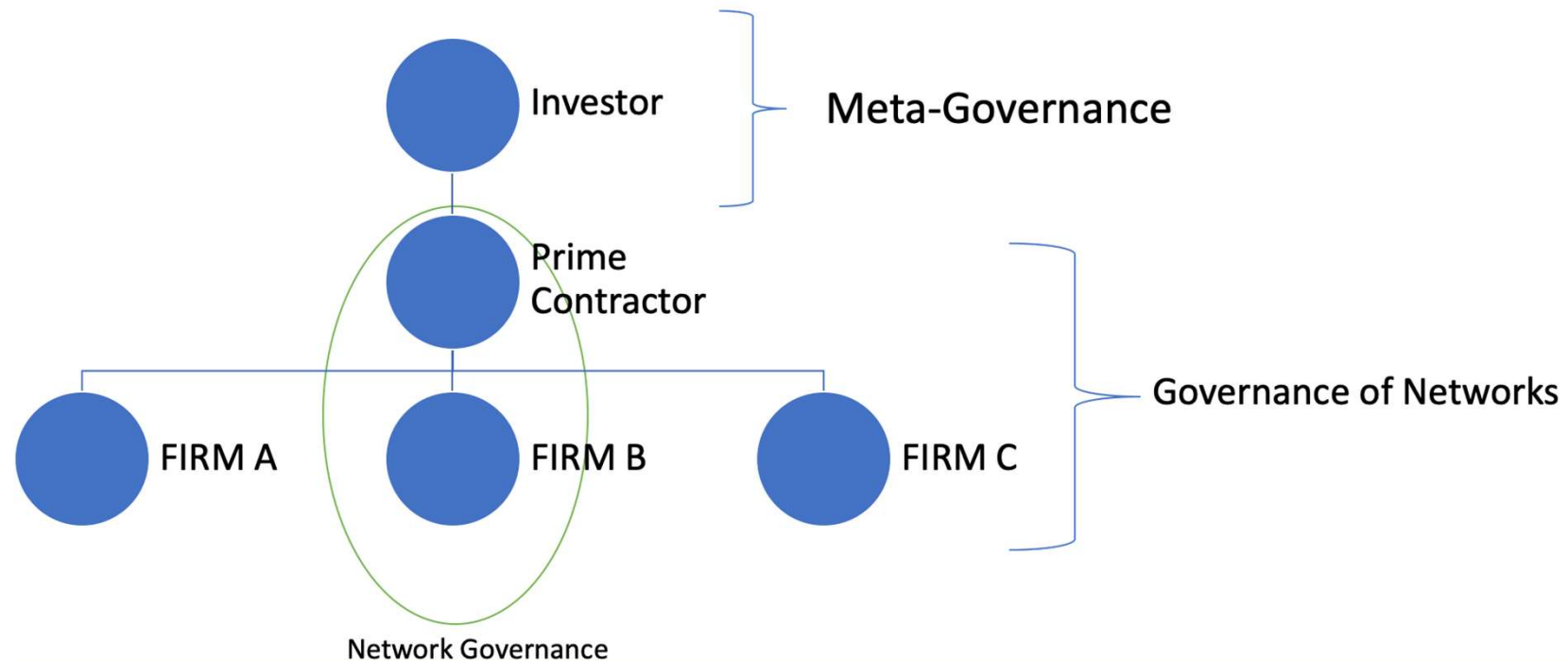
Learning objective

→ New perspective to governance

- The governance of interorganizational networks happens at three levels
- The link between hierarchical and networked organizations in a network is dynamic
- The three governance levels impact project success



An example



Background, aims, and research questions

Background: Interorganizational networks for joint projects

- Dominate organizing for large projects
- Are a critical factor influencing project results and performance

Governance vs Management: the means by which organizations / projects are directed and managers are held accountable for their conduct vs the goal-oriented activity to accomplish project or organizational objectives

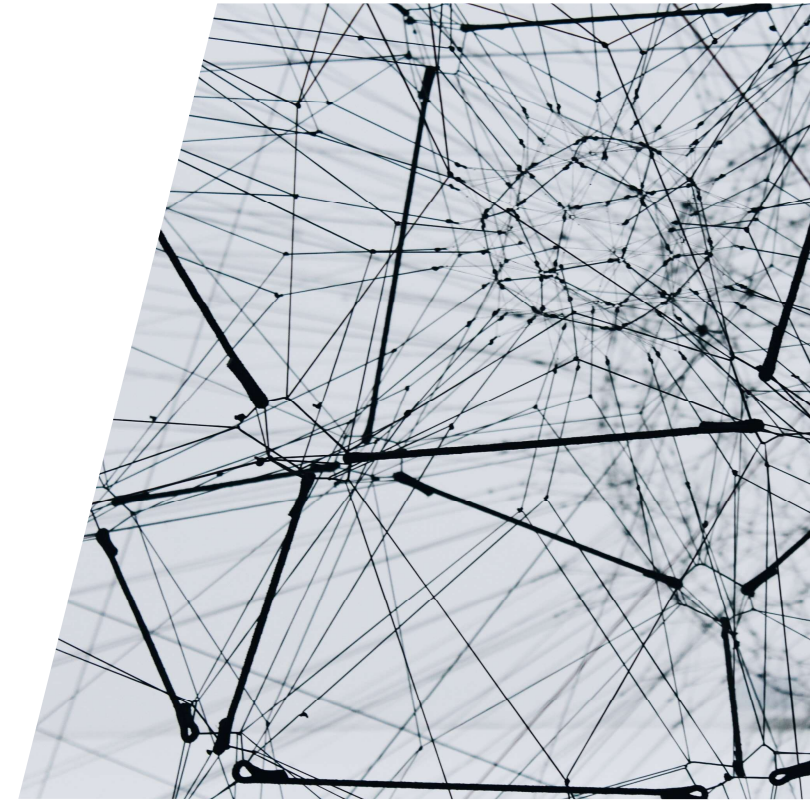
Network:

- Group of three or more organizations connected in ways that facilitate repetitive achievement of a common goal [1]
- Characterized by
 - Long-term, re-occurring collaborations [2],
 - Continuously evolving and redesigning themselves [3]
 - Made up of autonomous actors, motivated by access to scarce resources, business opportunities, lower transaction costs in repetitive collaborations

Background, aims, and research questions

Aims:


- Identify the **variety of network designs** and their governance approaches for long-term interorganizational networks established for multiproject execution over time.
- Identify the **situational and contextual contingencies** in the design of these networks and their governance approaches, their strengths and weaknesses, as well as related performance implications.
- Develop a **practitioner-ready framework** of practices and theories, together with their contextual contingencies, to better understand, design, adjust, and govern these networks for the benefit of the organizations and their projects.



Background, aims, and research questions

- RQ1:** How are longer-term interorganizational networks formed and governed for joint large and megaprojects?
- RQ2:** Which theories, structural designs, and governance practices are used in different contexts?
- RQ3:** How does interorganizational governance influence project success?

Methodology and research team



Literature
review

Qualitative
study

Quantitative
study

Theory
development

Methodology: Sequential Mixed Method

Theoretical perspective: Multilevel governance theory [5]

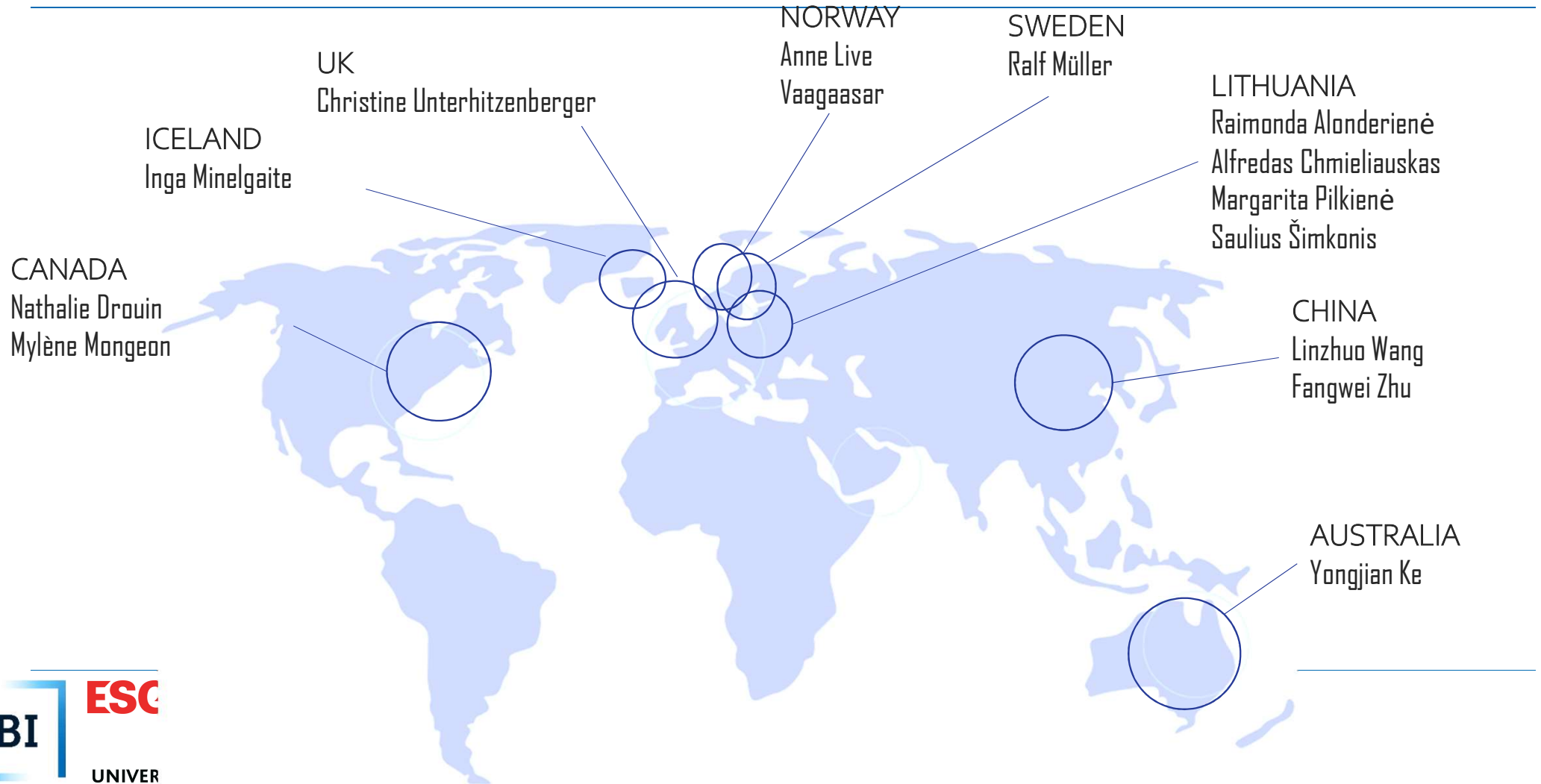
Teams and data collection:

8 country teams (13 researchers) in 10 countries

28 cases with 124 interviews

1 global survey with 225 responses

Methodology and research team



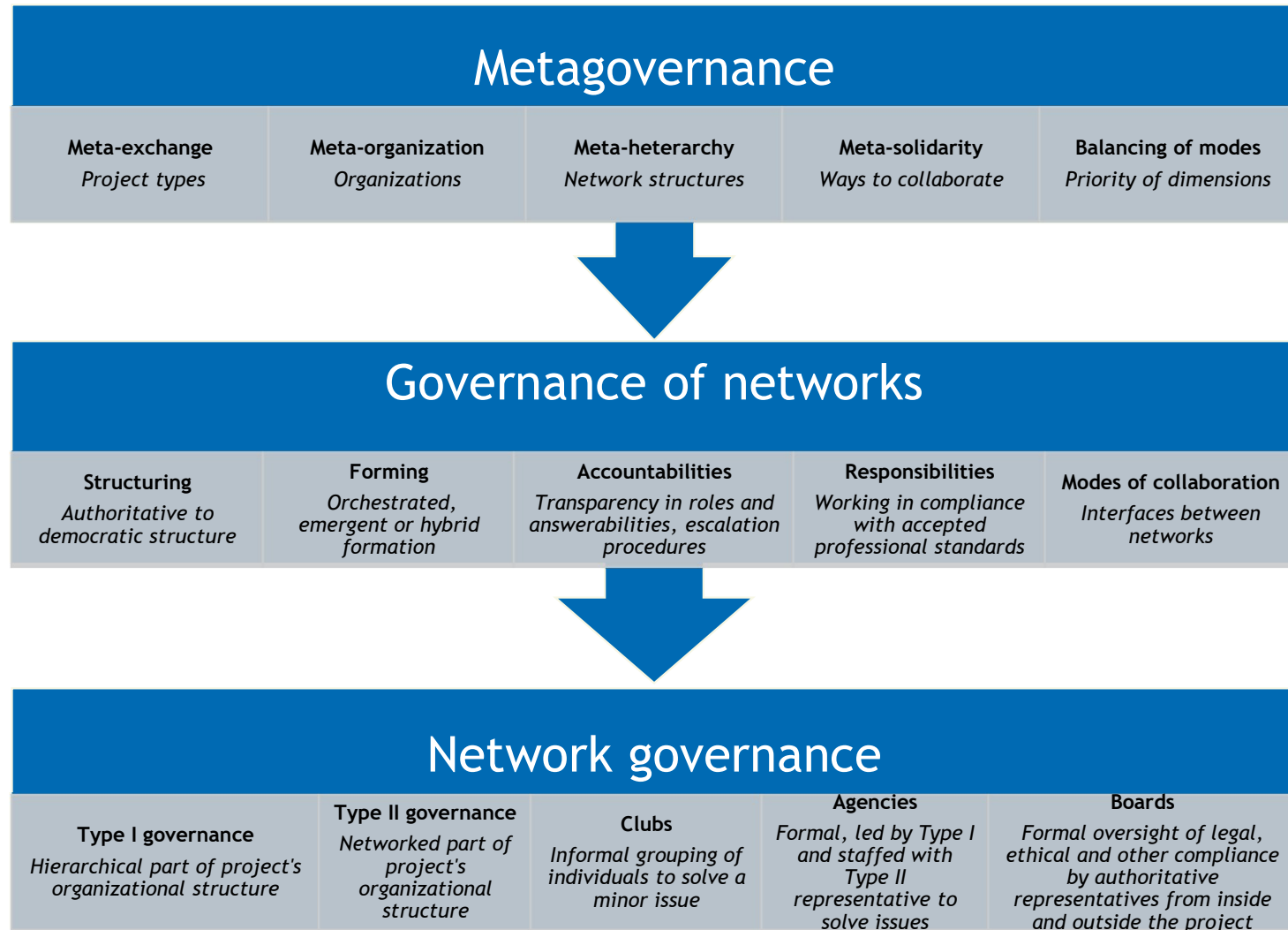


Part 2

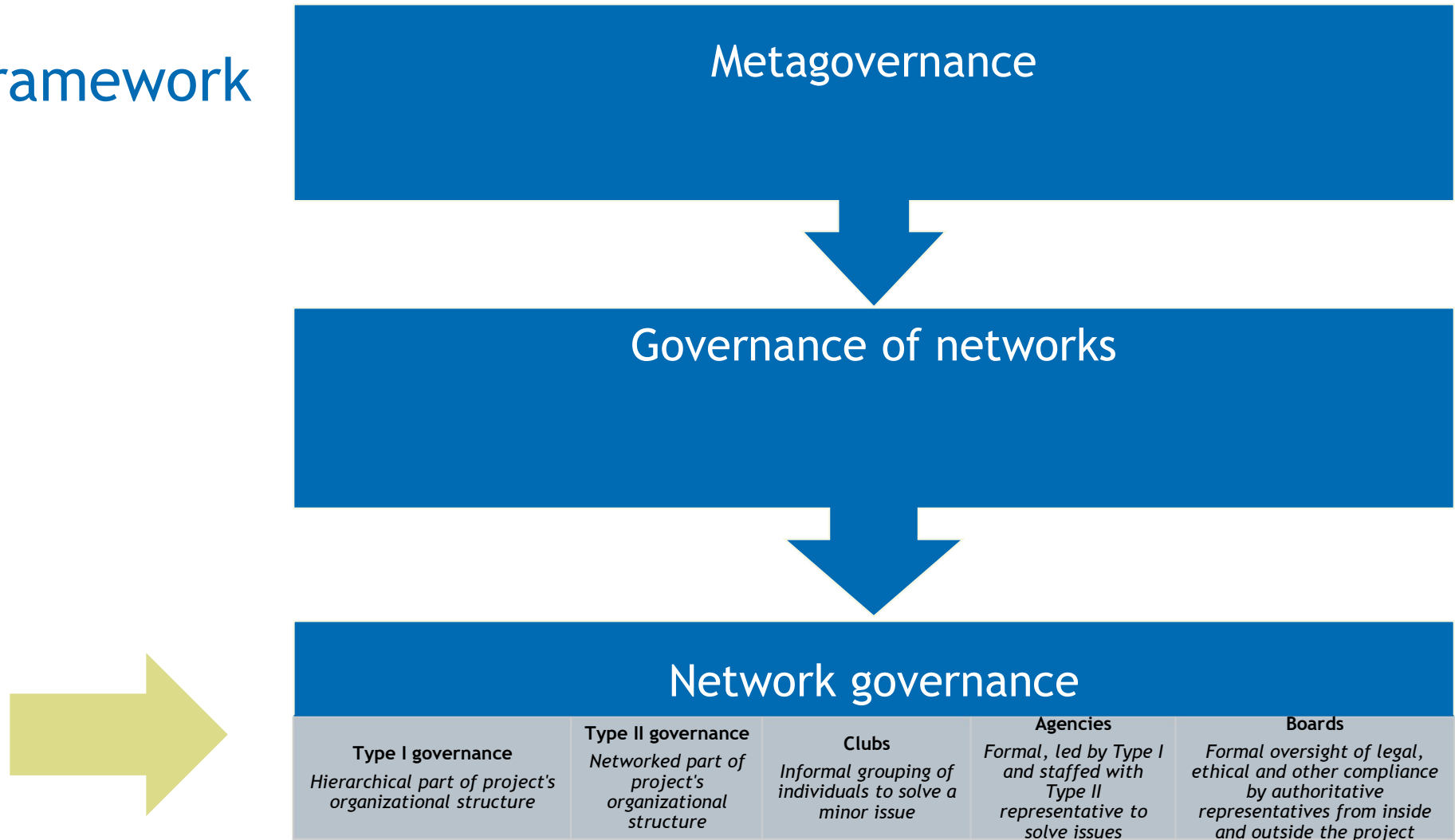
Framework

Ralf Müller

Framework



Framework

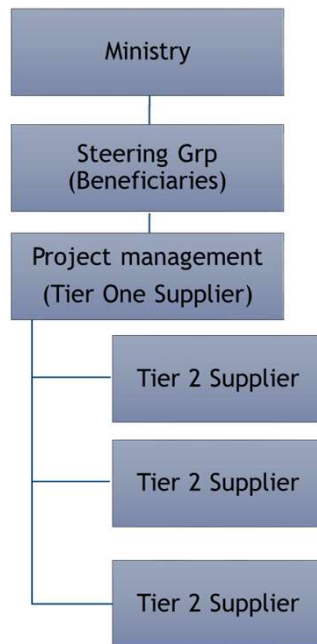


Network governance: Multi-level governance theory [10]

<i>Characteristic</i>	<i>Type I governance</i>	<i>Type II governance</i>
<i>Orientation</i>	Project-orientation and project-wide governance	Task-orientation and task-level governance for technical proficiency and knowledge application; Embedded in Type I governance
<i>Structure</i>	Clearly structured, typically hierarchical, with non-overlapping responsibilities across organizations	Fluid, sector-specific structures, often as networks with members intersecting across levels
<i>Accountability</i>	Clear lines of accountabilities, e.g. to prime-contractor	Less clear lines of accountability, as dynamics of task fulfillment and issue solving take precedence

Network governance: Multi-level governance theory [10]

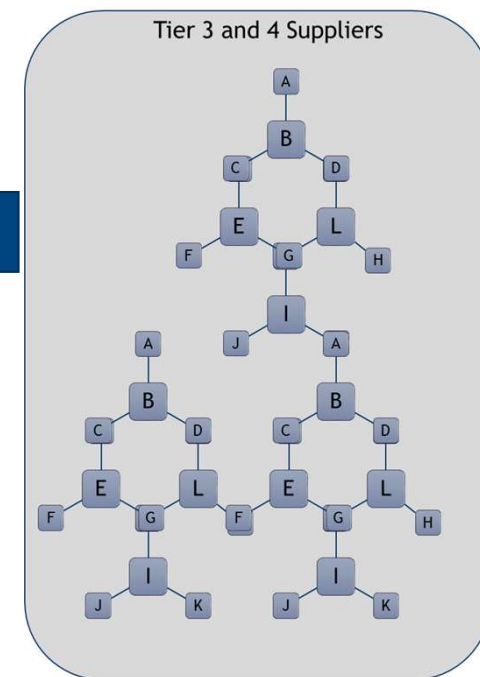
Type I governance



Interface organization(s)

- Boards
- Agencies
- Clubs

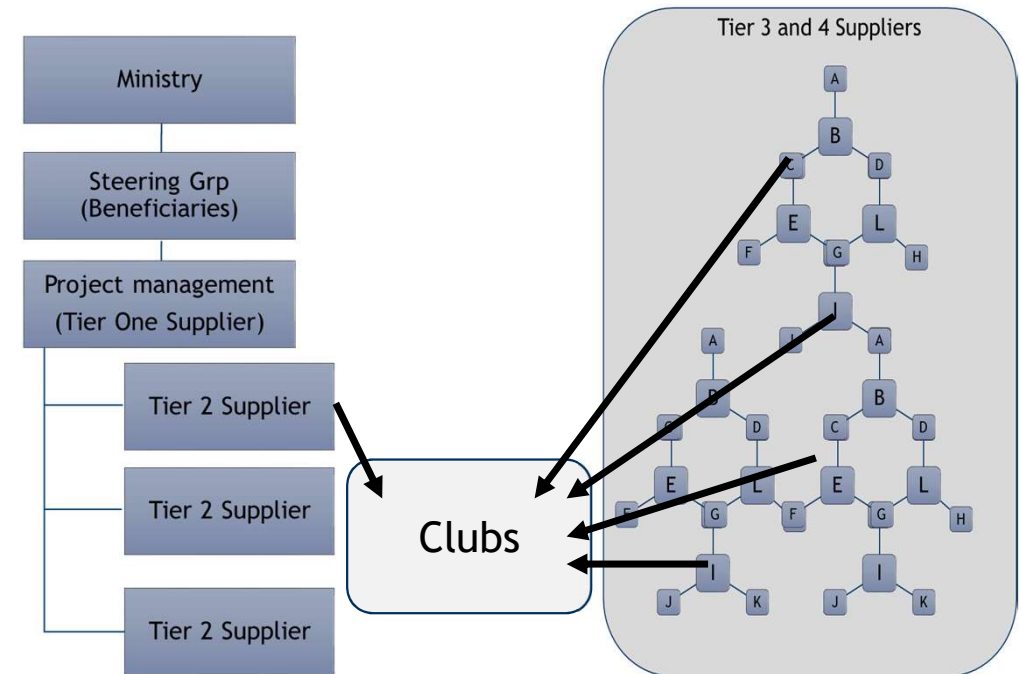
Type II governance



Network governance: Multi-level governance theory [10]

Clubs

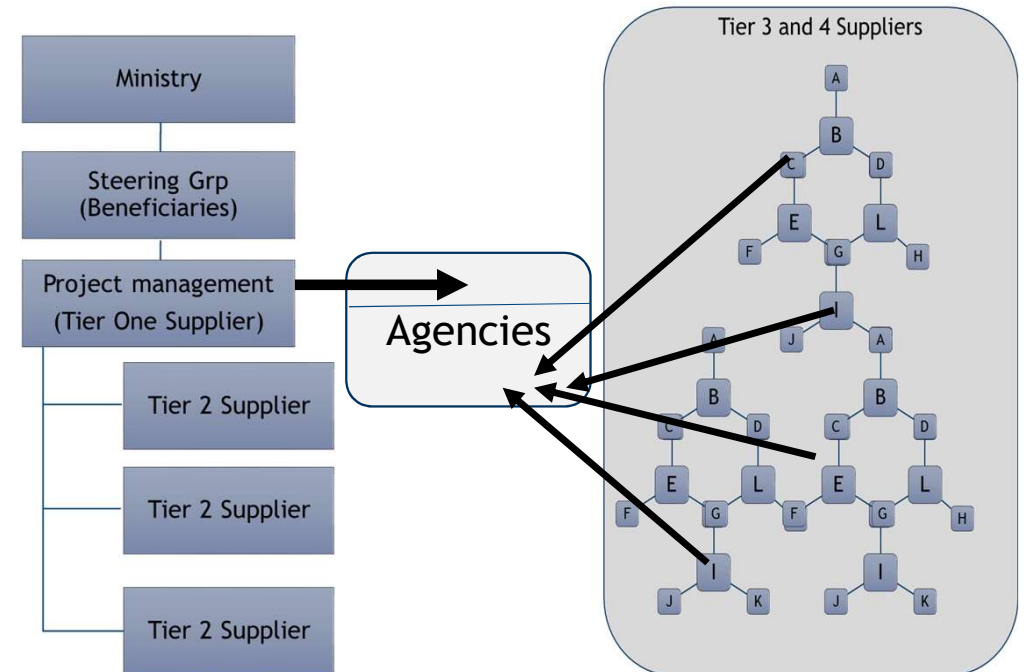
- *Emerge* as a group of volunteers from different disciplines [11]
- Aim to *jointly solve ad-hoc a shared issue*, such as being behind schedule, machinery not working, installing unplanned equipment, etc.
- Relationships characterized by *mutual trust* in capabilities and skills



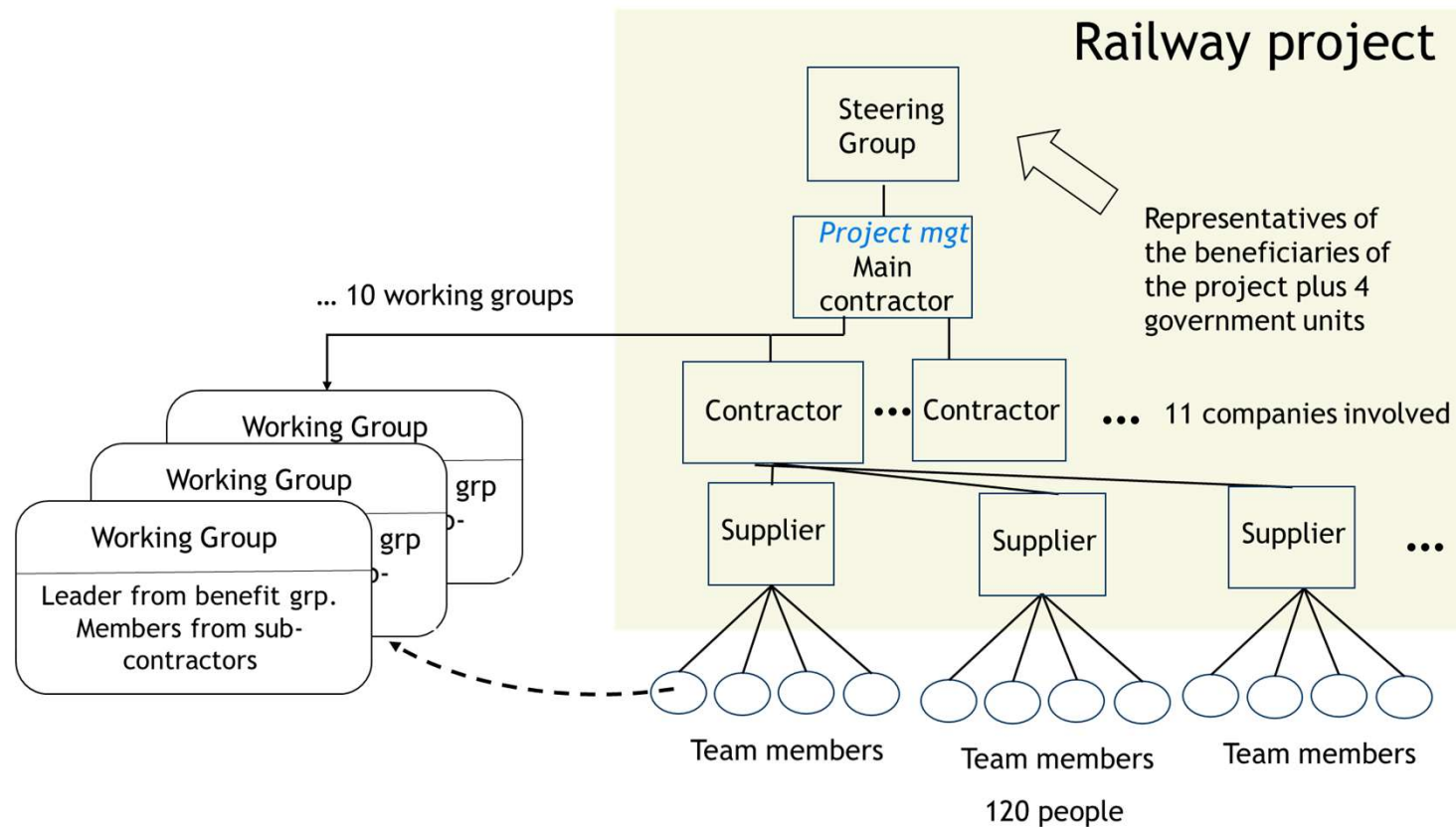
Network governance: Multi-level governance theory [10]

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



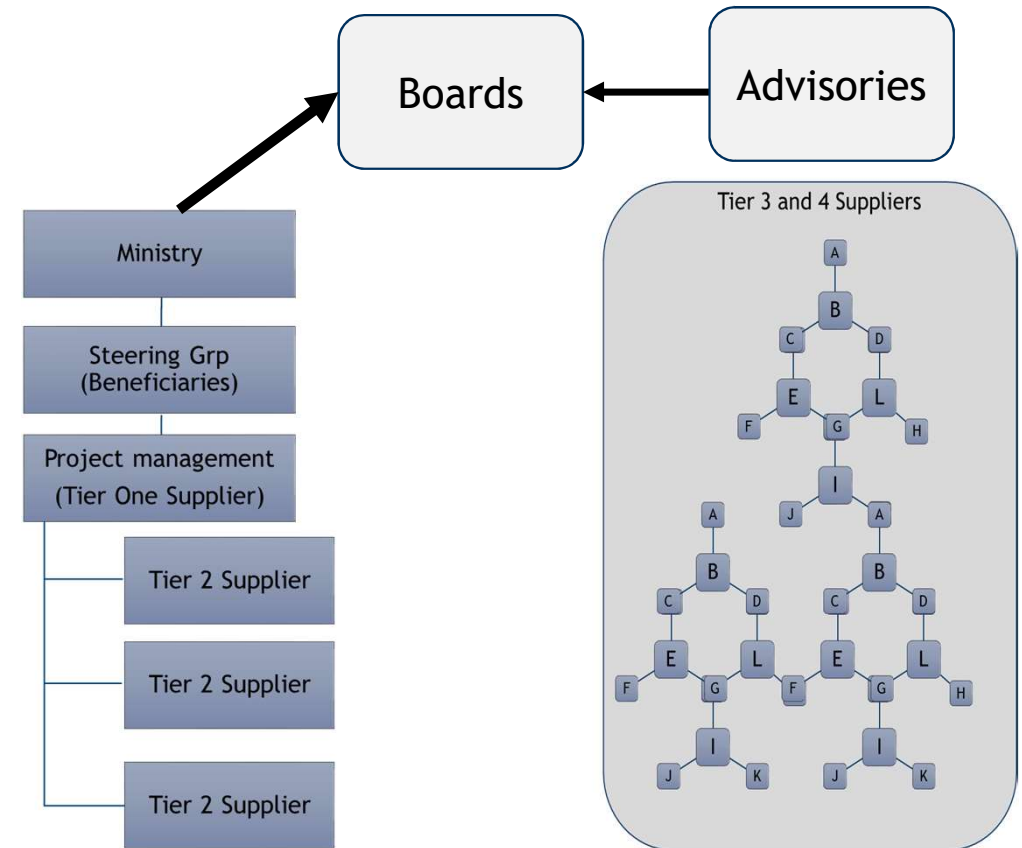
Agencies - example



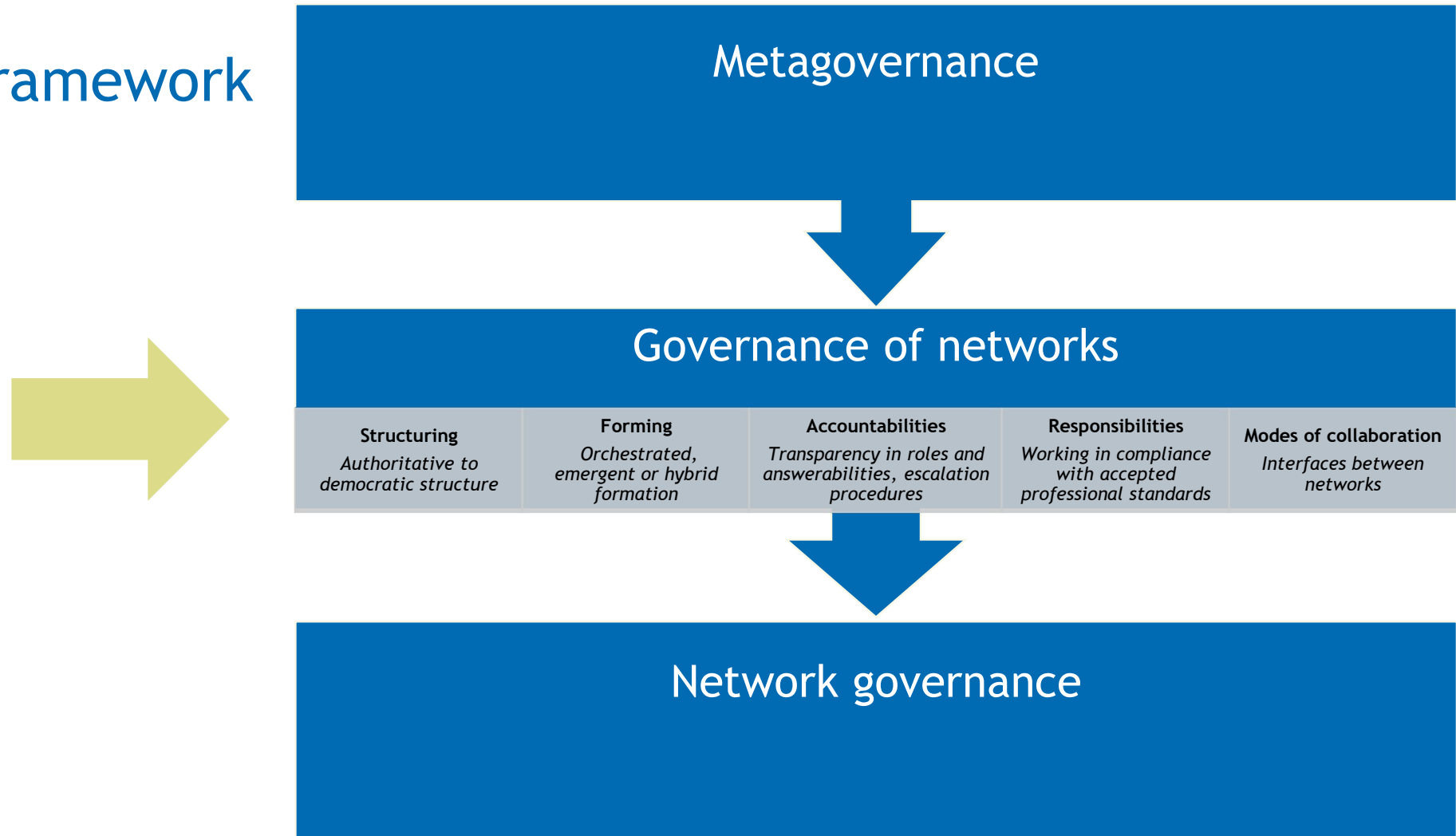
Network governance: Multi-level governance theory [10]

Boards

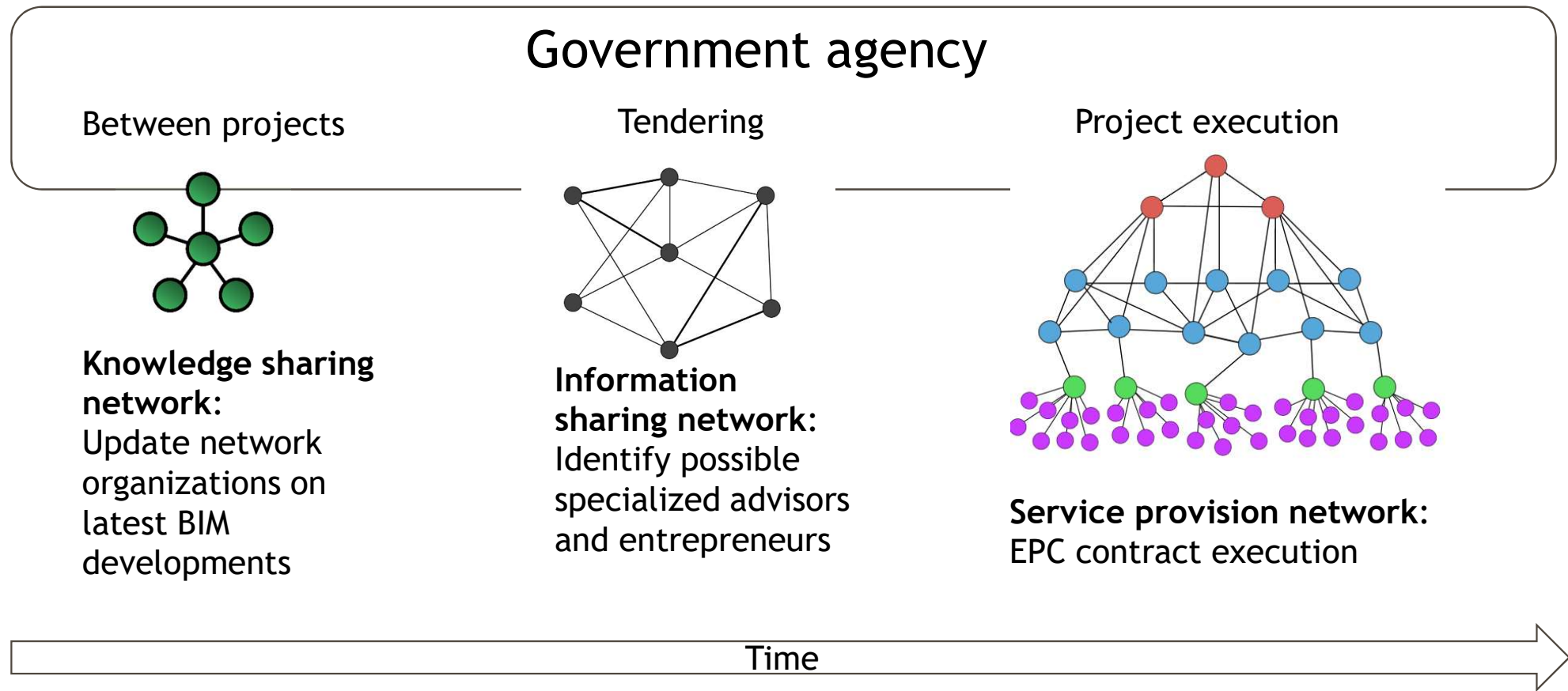
- *Formed* for handling of project internal and external governance-related issues
- Address Type I and Type II governance issues *simultaneously*
- *Align closer with the project owner* than the agencies or clubs
- Often concerned with *process compliance and overall correctness*



Framework



Governance of networks: Types of networks [11]



Governance of networks: Formation [11]

Orchestrated: by prime-contractor or investor

- Deliberate process of evaluation and selection
- Networks vary in their topology depending on players and their power base → i.e. more powerful Type I governance organizations
- Typically hierarchies at the top and networks reporting into them

Emerging: by ‘knowing someone who knows someone’

- Preferred for networks with broader power distribution
- Typically show more democratic governance regimes → i.e. more powerful Type II governance organizations
- Participation motivated through trust in the capability to jointly master the upcoming project with the partner organizations

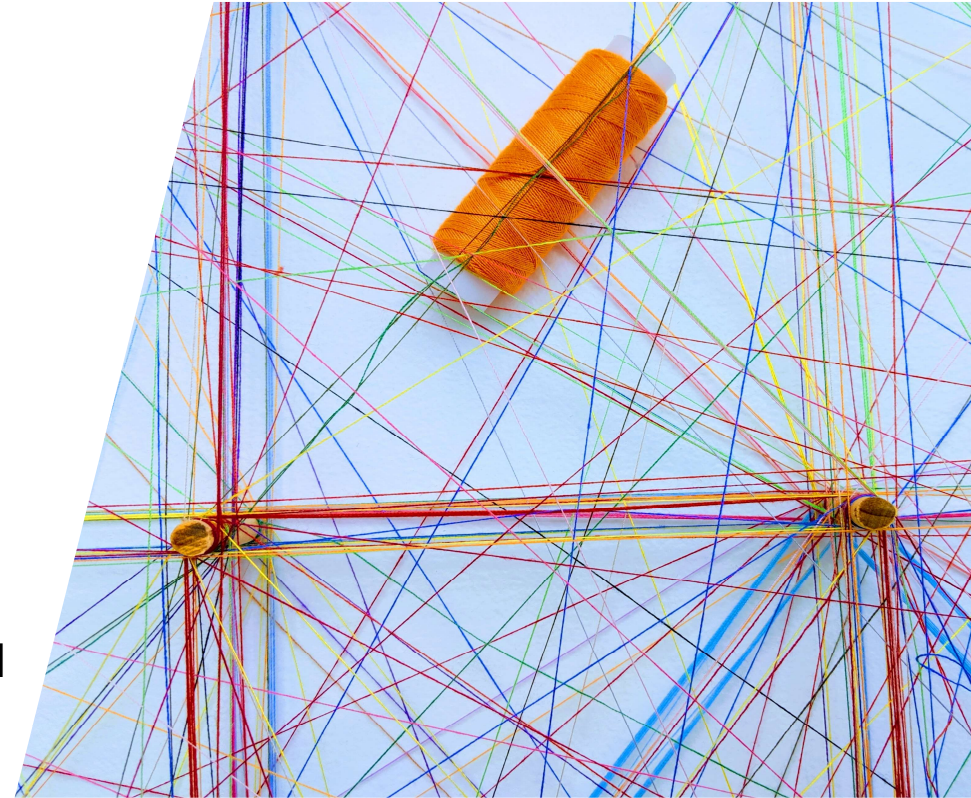
Governance of networks: Structure and modes of collaboration [11]

Structure

- Defines the relationship between actors in networks
- Ranges from authoritative to democratic
- Influenced by metagovernance
- More democratic in emerging networks
- More authoritative in orchestrated networks

Modes of collaboration

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



Governance of networks: Accountabilities and responsibilities [11]

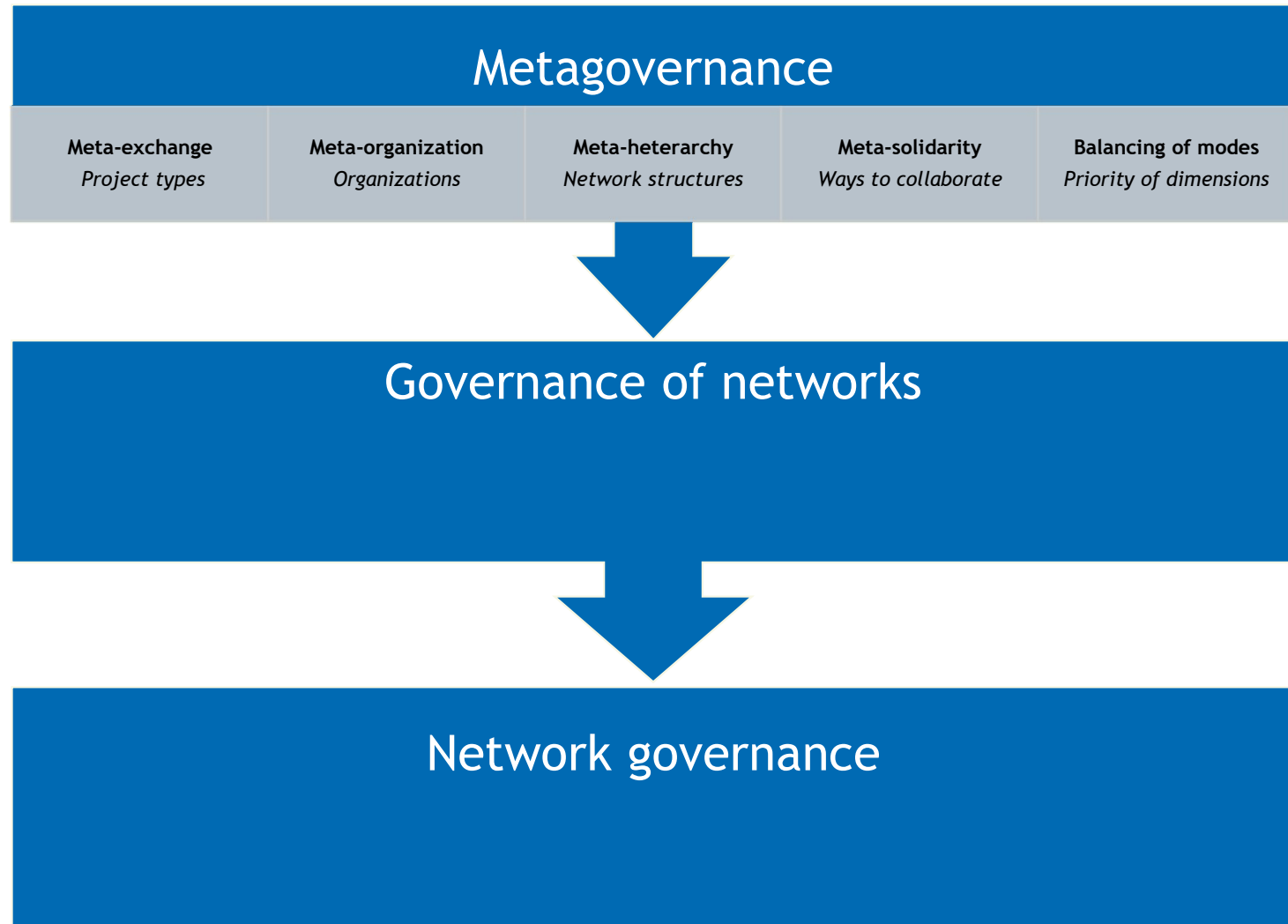
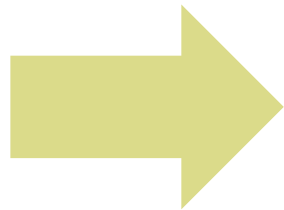
Accountabilities

- Roles, rights and responsibilities of individual networks
- Ability to achieve objectives by holding individual networks and their roles accountable for performance or results

Responsibilities

- Defines the professionalism expected from a network
- Its conformance with professional standards, laws and accepted professional practice



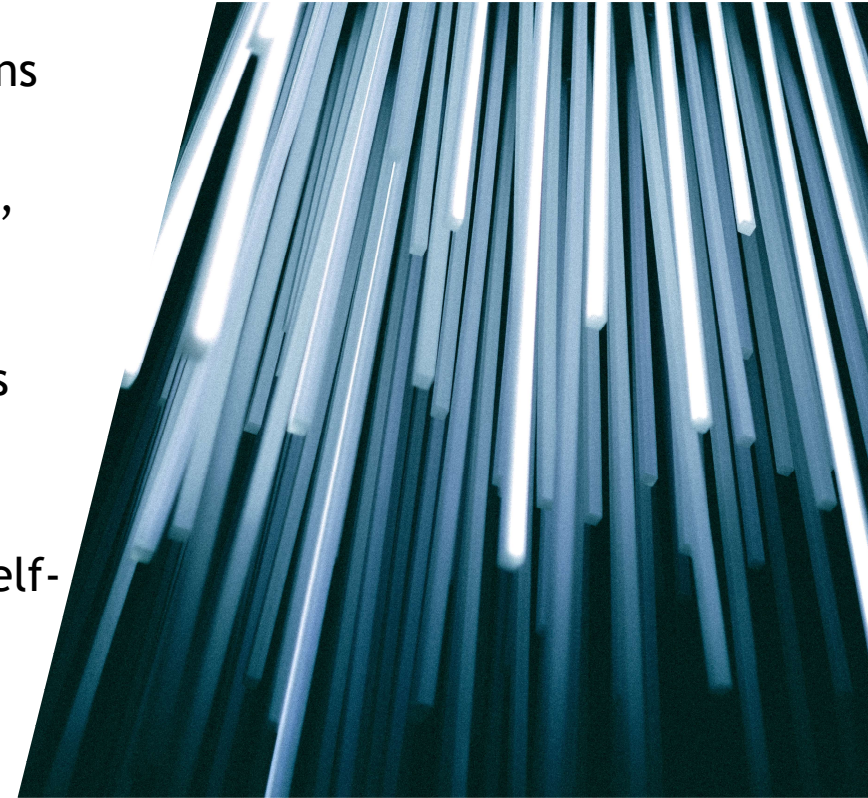


Metagovernance

- Sets the boundaries for the self-governance of governed entities like networks [12]
- Aims to avoid governance failures, e.g.[13]
 - Oversimplification of conditions of actions and/or deficient knowledge about causal connections affecting the object of governance
 - Coordination problems between interpersonal, inter-organizational, and inter-systemic level
 - Coordination problems due to inconsistent definition of the objects of governance, time and space horizons of actions and their association with different interests and power levels

Metagovernance modes [12]

- **Meta-exchange:** Reflexive design of markets or subdivisions thereof
For projects: Investment decisions, like smart cities, new power generation, etc.
- **Meta-organization:** Reflexive design of organizations, intermediating organizations, and organizational ecologies
For projects: legitimacy and accountabilities of SPVs
- **Meta-heterarchy:** Reflexive design of the conditions for self-organization
For projects: Network formation (emergent or orchestrated)



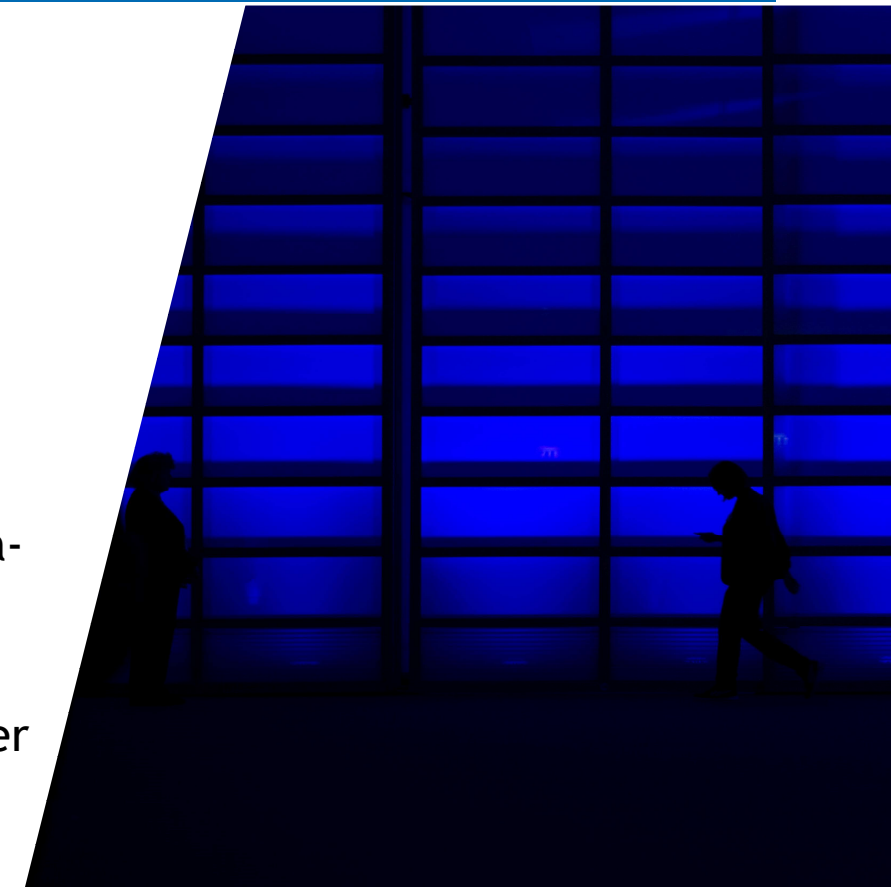
Metagovernance modes [12]

- **Meta-solidarity:** Promotion of opportunities for collaboration, creation of social capital etc.

For projects: Knowledge sharing networks, tendering events, etc.

- **Modification of the balance between the four modes**

For projects: For example, more emphasis on meta-exchange in the early stages, followed by emphasis on meta-organization, and finally emphasis on meta-heterarchy and solidarity in order to address the issues at hand





Part 3

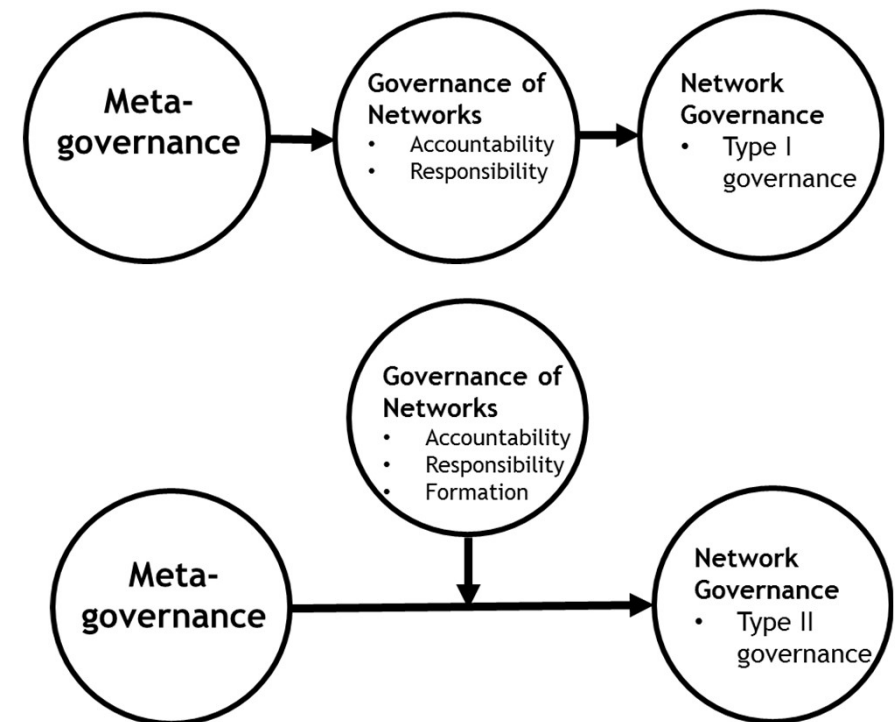
Conclusions

Christine Unterhitzenberger

Answers to research questions

RQ1: How are longer-term interorganizational networks formed and governed for joint large and megaprojects?

- The ground rules for project execution are set by governments or investors 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



Answers to research questions

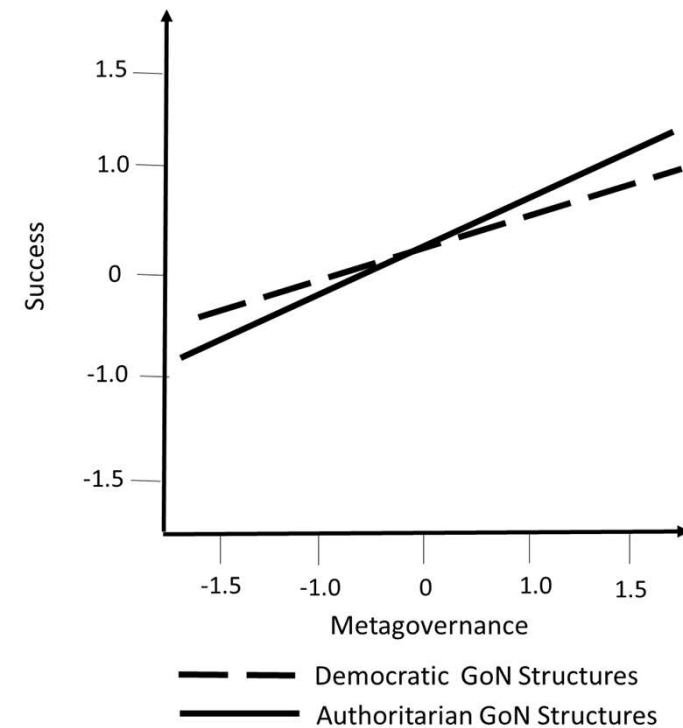
RQ2: Which theories, structural designs, and governance practices are used in different contexts?

Layer	Theories	Structural designs	Governance practices	Context
<i>Meta-governance</i>	Metagovernance theory (meta-exchange, -organization, -heterarchy, -solidarity, balancing)	Hierarchical	Authoritative investors, policies, formal processes	Public
		Democratic	More democratic practices	Private
<i>Governance of Networks</i>	Governance of networks theory (formation, structure, accountabilities, responsibilities, modes of collaboration)	Orchestrated Emerging	Set by metagovernance: Formal settings Sponsoring	Meta-governance: Authoritative Democratic
<i>Network Governance</i>	Multilevel governance theory	Hybrid	Type I and Type II governance plus clubs, agencies and/or boards	Set by meta-governance and Governance of Networks

Answers to research questions

RQ3: How does interorganizational governance influence project success?

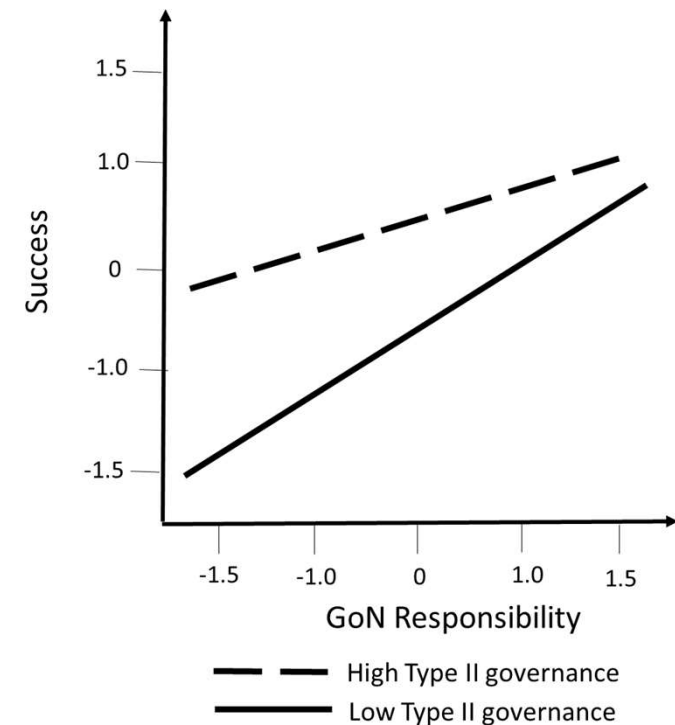
- Overall, 51% of success can be traced back to the three governance layers
- Meta-governance has a direct positive effect on success
 - Authoritarian governance of network structures amplify the meta-governance effect



Answers to research questions

RQ3: How does interorganizational governance influence 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
- Clearness of accountabilities at governance of networks level directly and positively impacts success



Implications for practice

1. Range of options in structuring interorganizational networks

- E.g. different topologies, modes of formation, conscious evaluation of metagovernance modes and their implications

2. Proactive management of dependencies between the layers

- E.g. awareness that authoritarian metagovernance leads to stricter process compliance, more hierarchical structures, which might not be appropriate for a given project

3. Clear Accountabilities

- E.g. awareness that it is the responsibility of governance of networks to ensure a balance between formal and informal governance structures, clear definition of roles and responsibilities, accountabilities at all levels, and the modalities of collaboration between networks.

Implications for practice

4. Avoid an “Iron Cage”

- E.g. by avoiding being trapped in either Type I or Type II structures. Emphasize the freedom for Type II networks to self-organize, establish flexible and resilient working environments, including democratic structures

5. Define standards

- E.g. coordinate networks (at the governance of network level) by defining “standards”, such as for the network to use only firms that provide fully trained employees, as opposed to the network training the employees

Most important take-away's

- Interorganizational networks for projects are governed at three levels
- Most impactful is Metagovernance, as it provides the rules for setting up all subsequent layers
- The impact of Metagovernance on Network Governance (and with it project success) can be balanced through strong Governance of Networks
- Network governance requires a good balance of Type I and II governance and its appropriate interface units.
- Type II governance is especially important for flexibility and resilience, paving the way for trust-based governance



Thank you

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