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Spare a thought for governance
Prof Darren Dalcher
Series Article

Advances in Project Management Series [1]

Spare a thought for governance: Curating a better future[2]

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It seems that governance and effective decision making have never been more important and critical to sustaining human endeavours. The aftermath of the Covid-19 pandemic has served as a cruel reminder of the need for effective and rational decision-making capability within leadership at all levels. Many a citizen have glanced at their appointed leaders in their major time of need, and found them wanting, bereft of inspiration, authority or insightful reflection; incapable of making the really important life-sustaining decisions in a timely fashion.

In years to come, as people reflect on the events of 2020, it might well be that we come to recognise them as the beginning of major changes in how people and organisations work, behave and prioritise their needs. MBA students and researchers may marvel at the opportunity to glance and walk through a real-life lived experience; an experiment in collective transformation conducted at breakneck speed. For in 2020, operational necessities have forced society as a whole to pivot in real time, to abandon the office, work from home, suspend education, rethink health priorities, reconfigure our high streets and shopping habits, forego holidays, abandon cinemas and the arts, and generally rethink how society, life and organisations operate.

Most of us recognise that the pandemic will inevitably reshape our world and require a significant reset to life as we know it. The biggest tragedy would be if we learned nothing from our intense experiences and remain equally unprepared to face future hardships. Leadership has failed us again. As we oscillate in and out of indeterminate lockdowns and restrictions, we survey the state of a fragile economy and a deeply fractured society that need rethinking and re-nurturing. The fast unravelling events have also exposed the fragility of our systems of governance and the incapability of our elected leaders to protect our interests and to balance long term considerations and immediate needs. Consequently, our significant reset, must begin with the very systems that are meant to support, endure and sustain society, its citizens and the organisations that endeavour to co-exist with it.

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[1]The PMWJ Advances in Project Management series includes articles by authors of program and project management books published by Routledge publishers worldwide. Each month an introduction to the current article is provided by series editor **Prof Darren Dalcher**, who is also the editor of the Routledge Advances in Project Management series of books on new and emerging concepts in PM. Prof Dalcher's article is an introduction to the invited paper this month in the PMWJ. See Darren's background and qualifications at the end of this article.

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Now we know: When our leaders fail again, we will require anti-fragile governance systems that will allow us to survive, thrive and make up for shortcomings in leadership… The need for improved governance, in society, in organisations, as well as in projects and strategic initiatives, is broadcast loud and clear.

So, what is governance?

There is a rich discourse surrounding governance and its role. Dalcher (2017: 2) summarises governance as the way of steering, organising, amplifying and constraining both power and actions. In other words, it is how the rules, guidelines, norms, practices and actions that underpin an area, are developed, justified, sustained and regulated. Stoker further abridges governance to '*creating the conditions for ordered rule and collective action*'. (Stoker, 1998; p. 17)

Governance is ubiquitous, particularly since the financial failures of 2008. It is often portrayed as the 'conduct of conduct'. The Governance Institute of Australia refers to four key components of governance as transparency, accountability, stewardship and integrity (GIA, 2017: 2). At a most general level it refers to the theories and issues of social coordination and the nature of all patterns of rule (Bevir, 2011: 2). Yet, it has also been described as a buzz-word, a fad, a framing device, a bridging concept, an umbrella concept, a descriptive concept, a slippery concept, an empty signifier, a weasel word, a fetish, a field, an approach, a theory and a perspective (Levi-Faur, 2012: 3). Governance is often invoked in discussions related to order, disorder, power, control, compliance, accountability, efficiency and legitimacy. However, it is also increasingly employed to signal new theories, as well as new practices and resulting dilemmas that emerge from people's actions and concrete activity (Bevir, 2011).

To an extent, the growing interest in governance represents an opening up of the black box of government and traditional control to develop a plurality of refined forms of driving and enabling policy and its execution in an age of growing transparency, mobilisation and increased collaboration and co-operation across levels, groups and structures. Stoker surfaces five prominent propositions related to governance (1998: 18), which are paraphrased and re- positioned below:

1. Complex network: Governance extends beyond the set of institutions and structures that are drawn from government; reflecting the complex reality of contemporary decision making. This allows for the increased involvement of the private and voluntary sectors.
2. Blurred boundaries: Governance spans existing boundaries and responsibilities; it also recognises the mixing of social, and economic issues, and more recently, the further addition of environmental, sustainable and ethical perspectives.
3. Power dependence: Governance acknowledges the power dependence involved in relationships between institutions involved in collective action and the potential for resulting unintended consequences.

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4. Autonomous networks: The emergence of self-governing networks and partnerships places a greater emphasis on the need for the accountability of such arrangements.
5. Enabler: Governance is able to utilise new capabilities, tools and flexibility to steer, guide and deliver in increasingly demanding contexts.

More recently, Bevir reflects on the newer forms of governance discourse, identifying a number of distinctive features (2011: 2):

Hybridisation: Combining established administrative arrangements and systems, with market mechanisms and non-profit organisations, thereby enabling novel forms of mixed public-private arrangements in order to offer greater choice, expertise or flexibility.

Multijurisdictional: Current patterns increasingly combine people and institutions across different policy sectors and different levels of government (encompassing local, regional, national and international).

Stakeholders: Increasing range and diversity of stakeholders, relevant interest groups, advocacy groups and philanthropic organisations, often requiring the development and operation of novel forms of partnerships and collaborations.

Networks: If governing is increasingly hybrid, multijurisdictional and plural phenomena, it is also increasingly linked through networks to provide appropriate institutional designs in order to grapple with the new needs for governance.

Not surprisingly, many of the identified trends are increasingly reflected in project settings and project-based firms where innovative options are being extensively explored. Complicated organisational arrangements are often needed as many legally independent heterogenous organisations temporarily pool their resources, capabilities and knowledge together to jointly achieve project objectives (Ahola et al., 2014). Meanwhile, public-private partnerships (Cui, et al., 2018) and other forms of joint working agreements are extensively utilised, allowing hybrid forms of collaboration, partnering and alliances. Multiple levels of stakeholders are often identified, especially in large and complex projects (Di Maddaloni & David, 2018; Derakhshan et al., 2019), whilst projects networks are increasingly adopted to share knowledge and expertise and support global delivery through outsourcing and co-creation and co-development schemes (Di Marco et al., 2010; Mele, 2011). Given the shift in perspective and the growing importance of governance, there is a need to similarly revisit the role and impact of governance in projects.

Integrating project, programme and portfolio governance

The first out of the four chapters that make up the 7th edition of the APM Body of Knowledge (APM 2019) is entitled *setting up for success*. The chapter is written for leaders within organisations who have decisions to make about the role of projects, programmes and portfolios in implementing strategy. The main focus of that first

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chapter is on the choices and decisions made by senior leaders. The chapter is accordingly divided into three main sections: *Implementing strategy*; *Life cycle options and choices*; and, *Establishing governance and oversight*.

The prominent positioning of the section reflects the enlarged purview of governance in organisations as well as in project work. The ten topics in this section cover the range of areas essential for creating effective governance, assurance and oversight.

Governance is defined as '*the framework of authority and accountability that defines and controls the outputs, outcomes and benefits from projects, programmes and portfolios*' (APM, 2019: 32). It therefore provides the means for the investing organisation to exert financial and technical control over the deployment of the work and the realisation of value (i.e. the initiative and the resulting outcome).

This perspective acknowledges that governance for project-based working informs corporate governance and, when effective, provides confidence to the board of directors or the trustees that investments in projects, programmes and portfolios are both meaningful and being well managed. When governance works well it provides sufficient reporting and control activities to ensure that the sponsor, other senior leaders and key stakeholder are kept informed of relevant progress and are provided with the information they need to make intelligent decisions about future investments.

Governance applies in the context of portfolios, programmes and projects and therefore requires a better understanding of how they all relate to their context as well as to the wider organisation. The guest article this month attempts to make sense of the relationships and interactions across different levels of governance. Written by Robert Buttrick, it draws on his recently released book, *The Programme and Portfolio Workout: Directing Business-Led Programmes and Portfolios,* published by Routledge.

Buttrick's work integrates important thinking around projects, programmes and portfolios as means of implementing change in business. Buttrick offers ideas, tools and approaches for directing and managing project work, thereby extending his previous work on projects to encompass programmes and portfolios. His approach typically incorporates a series of workouts, incorporating exercises, checklists and other practical devices that are easily applicable in real project contexts.

Rather than adopt a simplistic structural or process-centric approach to governance in project work, Buttrick builds a number of characteristics that need to be considered as alternative lenses or perspectives. This enables a mix of perspectives encompassing purpose, knowledge and behaviour characteristics in addition to the more familiar emphasis on process or structure that typify some governance settings. The result is in encouraging a more comprehensive understanding of the role and value of governance. The position adopted is both pragmatic and practical enabling sponsors and managers to develop a refined understanding of governance and to maximise the value and potential that they can derive from applying the approach.

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The perspective offered through this work allows informed decision making in the context of programmes and portfolios as well as projects. Buttrick also links governance to assurance to provide leaders and sponsors with added confidence regarding the management, expected results and the usefulness of the investment. More crucially, the frameworks offered through this work provide an integrated approach to connect governance thinking and practice across the realms of operations, projects, programmes and portfolios, thereby adding a further layer for reflecting on governance within the enterprise and the effective integration of different levels and perspectives.

Where next for governance?

Traditional governance thinking is predicated on the notion of agency theory, a shareholder-centric perspective that focuses on relationship between shareholders as business principals and company executives acting as their agents. However, the Covid-19 pandemic has reminded organisations that they are part of a more intricate network of relationships and stakeholders, implying a need for a more nuanced emphasis on the health and well-being of the organisation, and the people within and around it.

More broadly, there is a need to consider a much wider canvas surrounding interests and new priorities as the impact of corporations on society is growing. Paine (2020) maintains that in light of the Covid-19 pandemic, the shareholder-centric model is giving way to a richer form of governance that puts the health and resilience of the company at its core. Indeed, if companies are essential to the continued functioning of society and its institutions as had been proven countless times during the pandemic, and some are able to pivot and reposition to address societal and existential needs, there is an imperative to also review governance arrangements and expectations. The recent crisis may have reminded some organisations that they do not exist for the sole purpose of maximising returns to shareholders. It follows therefore that governance considerations in many organisations should similarly extend beyond returns to shareholders (Dalcher, 2020) in order to encompass a more comprehensive range of factors that enable the company to create value, identify new opportunities and mitigate harm.

Kaplan (2019) notes that greater demands around organisations come from numerous different directions leading to many new trade-offs: Consumers expect socially responsible products; investors screen on environmental, social and governance criteria; employees want meaningful work; and, 'clicktivists' can create social media storms surrounding the behaviour of organisations. The growing set of decisions, concerns and interests continues to expand. Shifting societal expectations and intense social pressure can refocus attention in both government and business, making them more ecologically and socially responsible. However, accommodating social responsibility can also be beneficial when management decisions are able to encompass a more diverse range of interests (Kaplan, 2020), or when a longer-term perspective is adopted.

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Paine (2020) pinpoints a number of significant new challenges to the core premises of governance in light of the experience of the Covid-19 pandemic (these challenges are relabelled, rephrased, repositioned and expanded upon):

More structured attention to stakeholders: Wider concerns require overhauling the dominancy of shareholder primacy in governance considerations: Regardless of whether the concerns revolve around the safety of employees, the continuity of supply chains, or the well-being of customers, new considerations regarding different stakeholder groups have permeated governance, resilience and continuity discussions for many organisations. The implication is that governance in the future would require a more active role in monitoring essential relationships, and balancing concerns and trade-offs that would enable further (and more strategic) relationship building. Incorporating stakeholders' interests and voices into oversight and decision processes may prove an important lesson.

More attention to how business and society intersect: Business and society have tight connections, making it nearly impossible for companies to disassociate themselves from the wider concerns. When governments struggled, many companies stepped into new roles to support, enhance, innovate, create, or just use spaces and capabilities to underpin relief operations and address supply and capability shortfalls. Recovery should enable new opportunities to step forward and carry out a wider set of roles, address systemic concerns and draw on existing expertise in tackling new opportunities through connected joint action.

More comprehensive approach to compensation: The pandemic has uncovered systemic disparities in many aspects of society. Returns focused exclusively on shareholders needs are unlikely to suffice. The relative collapse of certain parts of society and the requirement to make certain sectors and activities moribund requires significant rethinking of compensation and organisational priorities. Performance-based compensation may also look very different following the pandemic, especially as incentives are devised to accommodate a much wider set of concerns and priorities.

More deliberative decision making: Post-pandemic decision making is more complex, requiring further trade-offs and considerations. Widening considerations beyond shareholder interest maximisation, requires cautious deliberation and debates regarding relationships, impacts and influences. The pandemic has changed the context of many decisions and disrupted strategic plans and operating assumptions, necessitating a careful rethink around priorities and the wider responsibilities of organisations. The pandemic has also brought to the fore the need to balance the short-term financial gains with longer term strategic choices and environmental and societal obligations, thus repositioning many conversations around long term value and the role of business.

More attention to board composition: The need for fresh thinking and the greater involvement from alternative groups of stakeholders necessitate greater diversity in membership and ways of perceiving, deliberating and considering the new options open to organisations. As organisations explore new channels, relationships,

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opportunities, geographies and sets of expertise, the need for intelligent deliberation and careful repositioning offers an opportunity to reconfigure governance systems to become more creative and diverse.

Ultimately, governance work in challenging times is more complex and more demanding, requiring more frequent updates as well as faster governance, deliberative decision making and response cycles, with more adjustments following discoveries, and emerging opportunities. The links between operations, projects, and corporate objectives under turbulent conditions become ever more important as decisions and circumstances change and there is a pervading need to adapt more rapidly. Indeed, in difficult times governance pivots towards shaping and influencing strategy. Governance can therefore become more intimately linked to strategic direction setting with new activities focused on frequently reconfiguring strategy, making sense of greater uncertainty, determining the organisational appetite for risk, planning for enhanced resilience and repositioning the organisation in response to emerging cues from the environment.

Governance as a way forward: Curating the journey to the future…

Whilst many leaders may have spectacularly failed to excel during exceptionally trying circumstances in the wake of the pandemic, governance offers a way of enhancing the constituency, fine tuning our understanding and responding to adversity. Perhaps, now is the time for governance to come of age. The decline of trust in heroic leaders leaves the door ajar for governance to mature into a critically important direction setting and shaping role for corporations, society and ultimately for the greater good (and long-term prosperity) of humanity.

According to Levi-Faur (2012: 7), the reason that governance has become such an important concept in social sciences is because it carries significant images and meanings of change. His main point is that governance implies an inevitable move from the fixed and well-understood, particularly in periods of excessive turbulence, change and transformation. For Levi-Faur the attractiveness of governance is in providing a response and a way forward to deal with change. Governance is thus bound with the newness and novelty that result from change.

The rise of governance is closely aligned to a widespread consensus required to deal with change, shifts, transformation and paradigm change. Levi-Faur recognises three main shifts as authority is institutionalised in different spheres, including (ibid.):

- Upwards: to the regional, transnational, intergovernmental and global
- Downwards: to the local, regional and the metropolitan
- Horizontally: to private and civil spheres of authority

Levi-Faur recognises a number of dominant shifts in governance, including, from politics to markets; from community to markets; from politicians to experts; from political, economic and social hierarchies to decentred markets, partnerships and

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networks; from bureaucracy to regulocracy; from service provision to regulation; from the national to the regional; from the national to the global; from hard power to soft power; and from public authority to private authority.

The shifts emphasise the omnipresence of change in both contexts and within the arrangements that we develop. Various configurations are possible, especially in turbulent times, when different options are explored by creative participants. Partnerships, alliances and collaborations offer potential new coalitions for embracing change and transformation.

Many of our problems, may be described as wicked, fundamental and transformative. They require new ways of thinking, new coalitions and fundamentally new approaches. Yet, the Covid-19 pandemic has proved that fundamental change, often considered an impossible proposition, may be attainable.

The abject failure of dated leadership dogmas, may prove a blessing in encouraging upwards, downwards, horizontal, and perhaps even vertical or diagonal shifts. New coalitions focused on common concerns and joint needs can be established and developed. Governance can play a part in encouraging, fostering, and executing common goals and addressing fundamental human concerns. The mixing of hybridisation, multijurisdictional concerns, stakeholder interests and networks offer exciting new forms of organisation, featuring new coalitions that defy more traditionally limited leaders and enable societal, environmental and long-term concerns to feature. Perhaps the lessons from recent events are that shift happens, that new possibilities and coalitions abound and that governance can be used to enable better and more directed future shift…

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Professor Dalcher has written over 300 papers and book chapters on project management and software engineering. He is Editor-in-Chief of *Journal of Software: Evolution and Process,* a leading international software engineering journal. He is the editor of the book series, *Advances in Project Management*, published by Routledge and of the companion series *Fundamentals of Project Management*. Heavily involved in a variety of research projects and subjects, Professor Dalcher has built a reputation as leader and innovator in the areas of practice-based education and reflection in project management. He works with many major industrial and commercial organisations and government bodies.

Darren is an Honorary Fellow of the APM, a Chartered Fellow of the British Computer Society, a Fellow of the Chartered Management Institute, and the Royal Society of Arts, a Senior Member of the Institute of Electrical and Electronic Engineers, a Senior Fellow of the Higher Education Academy and a Member of the Project Management Institute (PMI), the British Academy of Management and the International Council on Systems Engineering. He is a Chartered IT Practitioner. He sits on numerous senior research and professional boards, including The PMI Academic Insight Team, the CMI Academic Council and the APM Group Ethics and Standards Governance Board as well as the British Library Management Book of the Year Panel. He is the Academic Advisor, author and co-Editor of the highly influential 7th edition of the APM Body of Knowledge. Prof Dalcher is an academic advisor for the *PM World Journal*. He can be contacted at d.dalcher@lancaster.ac.uk.