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How public projects differ from other projects, Pt 1
Let's talk about public projects
Series Article   by Stanslaw Gasik, PhD

Let's talk about public projects[1]

How public projects differ from other projects, Part 1[2]

Stanisław Gasik, PhD

Introduction

Public projects are executed within a distinct context compared to those in other sectors, particularly the private sector. This raises a significant question: are public sector projects inherently distinct, more intricate, and more challenging to oversee than those in other sectors? Is this attributed to the unique characteristics of public sector organizations and their projects? This article delves into these inquiries.[3]

Relative complexity of projects

Gasik (2023) conducted a survey on the differences in complexity between public projects and projects in other sectors. As part of this study, project management experts worldwide were queried about the comparative complexity of projects across various sectors. A total of 512 respondents from around the globe participated in the survey. All management domains outlined in the PMBOK Guide (PMI, 2017) were evaluated. Each participant could assess the relative complexity using a scale ranging from 0 (private projects being more complex than public projects) to 1 (no discernible differences in complexity) to 2 (public projects being more complex). The survey findings are presented in the table below.

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[1] Editor's note: This article is the latest in a series related to the management of public programs and projects, those organized, financed and managed by governments and public officials. The author, Dr. Stanisław Gasik, is the author of the book "*Projects, Government, and Public Policy*", recently published by CRC Press / Taylor and Francis Group. That book and these articles are based on Dr. Gasik's research into governmental project management around the world over the last decade. Stanisław is well-known and respected by PMWJ editors; we welcome and support his efforts to share knowledge that can help governments worldwide achieve their most important initiatives.

[2] How to cite this paper: Gasik, S. (2024). How public projects differ from other projects, Part 1, Let's talk about public projects, series article, PM World Journal, Volume XIII, Issue IV, April.

[3] This article is based on the content of chapter, Differences between Public Projects and Projects of Other Sectors" (Gasik, 2023).

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Table The Relative Complexity of Public Sector Project Management Areas (source Gasik, 2023)

	As a whole	Stakeholder management	Procurement management	Communications management	Personnel management	Scope management	Integration management	Cost management	Schedule management	Risk management	Quality management
Mean	1,58	1,77	1,74	1,59	1,44	1,41	1,41	1,36	1,35	1,35	1,15
Median	2	2	2	2	2	1	1	2	1	1	1
Dominant	2	2	2	2	2	2	2	2	2	2	1
Standard deviation	,588	,511	,534	,587	,666	,614	,607	,734	,667	,706	,696

The survey results indicate that respondents view project management in the public sector as generally more complex compared to project management in other sectors. Additionally, respondents perceive that managing public sector projects across all domains is more complex than managing private projects. The management areas using the criterion of relative complexity may be divided into three groups:

1. The group with the most significant differences encompasses areas with relative complexity ranging from 1.77 to 1.59. This group comprises stakeholder management, procurement management, and communication management.

2. The group with average differences comprises areas with relative complexity ranging from 1.44 to 1.35. This group includes people management, scope management, integration management, cost management, schedule management, and risk management.

3. A group with minimal differences solely covers the area of quality management. Its index of relative complexity for public sector projects is 1.15.

In the following sections, we'll delve into the areas exhibiting the most significant differences.

Public projects are executed within the framework of public organizations. As such, their unique characteristics and differences of complexity are influenced by the attributes of these entire public organizations. We will explore these characteristics as necessary to comprehend the differences in the projects they implement.

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Stakeholder management

Because of their societal function, public sector organizations face more extensive involvement from external authorities and interest groups (Rainey, 2014) and are subjected to greater external pressures compared to private companies (Torres and Pina, 2004). Public organizations undergo constant external evaluation (Fottler, 1981).

Public sector organizations are bound by formal constraints stemming from oversight by legislators, a hierarchy of executives, regulators, and courts. These constraints extend to matters such as salaries, promotions, and disciplinary actions within public sector organizations (Rainey, 2014). Moreover, public organizations are significantly influenced by a distinct set of stakeholders—political factors intertwined with their management processes (Rainey, 2014; Spicker, 2009). Beyond formal influences, public entities contend with a broad array of informal political pressures, lobbying efforts, public interests, the sway of diverse interest groups, clientele, and founding institutions. Striking a balance in external political relations poses substantial challenges (Rainey, 2014). Political influence on public organizations surpasses that on private ones, primarily due to the necessity to secure funds and mandates for non-market operations. The prevalence of external interventions and disruptions imposed by interest groups and political factors is anticipated to be higher in public organizations than in private enterprises (Rainey, ibid). Conversely, the range of options for mitigating environmental impact is broader in the public sector compared to the private sector. Bureaucratic mechanisms, for instance, can be employed for this purpose. The use of the environment factors is more effective in the private sector because private managers have more opportunities to act (Meier and O'Toole, 2011); for instance, they can tailor purchasing policies with greater flexibility.

Researchers working at the project level broadly confirm the findings observed at the general organizational level. Public projects involve a larger array of stakeholders compared to private projects (e.g. Mihăescu and Ţapardel, 2013). In practice, simply identifying the stakeholders of a public project can prove challenging. Public projects are more susceptible to external influences than private ones (Gomes et al., 2012). Among the most significant stakeholders of public projects are taxpayers and the communities they serve (Wirick, 2009), the environments in which they are executed (Shiferaw, 2013), and those to whom they are answerable and accountable (e.g., Pūlmanis, 2015). These factors should be taken into consideration when making decisions regarding public sector projects (Shiferaw, 2013). Legislators, whose mandates must be adhered to, are other crucial stakeholders in public projects (Kassel, 2010), though their requirements should be aligned with the interests of the aforementioned groups. Business communities often serve as stakeholders in public sector projects (Kwak et al., 2014), such as industry trade associations or professional organizations. In public infrastructure projects, ecologists alter their management strategies, influenced by their own research (Smith, D., 2015). Another category of external stakeholders in public projects includes other public agencies with which interagency agreements are established (Kwak et al., 2014). Public projects are subject to intense media scrutiny (Wirick, 2009). Moreover, oversight mechanisms within the public sector, operating at various levels and potentially harboring conflicting interests, further expand the roster of project stakeholders (Wirick, ibid).

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The implementation of public sector projects, particularly their criticism, often influences the government's image in the eyes of society. Consequently, public projects must also consider the interests of politicians (Kwak et al., 2014) affiliated with various political parties (Kassel, 2010). It's not uncommon for these politicians to lack familiarity with project management (Pūlmanis, 2015). The political landscape, including opposition parties, can be antagonistic towards projects (Kassel, 2010). Public projects are vulnerable to shifts in political dynamics (Kwak et al., 2014). Elected officials and executives within the public sector wield enough authority to initiate, halt, or modify projects (Dilts and Pence, 2006).

Sustained stakeholder engagement is a pivotal element in the success of a public project (PMI 2014). In the public sector, the management of external stakeholders needs to be meticulously planned compared to the private sector (Bretschneider, 1990). From project initiation, strategies to garner their support should be taken into account (Gomes et al., 2012).

According to Ng et al.'s (2012) approach, communities should have a hand in crafting the project strategy and determining their involvement in the project. They should also be involved in the project planning process and in making decisions regarding its execution (Jänicke et al., 2001). Throughout the planning phase, communities should contribute to drafting, adjusting, and finalizing the overall project plan. For public participation to be effective, it must be perceived as genuinely influencing the project, rather than everything being predetermined (El-Gohary et al., 2006). Public involvement in social and environmental impact assessments should be transparent and open to the public.

Community involvement should be sustained throughout entire project's duration. The ideal characteristics of a community representation team include a comprehensive understanding of stakeholders' needs, requirements, and interests, knowledge pertaining to the project's product, and effective collaboration with the project developer, government, and other stakeholders (Peled and Dvir, 2012). The advantages of incorporating community representatives into the project implementation process include: fostering psychological engagement with other stakeholders, refining requirement specifications (Markus and Mao, 2004), staying informed about project progress, ensuring better product quality and utilization—thus averting future rejection (Gallivan and Keil, 2003).

Procurement management

Public sector projects heavily depend on procurement, underscoring the need for seamless collaboration with procurement personnel and an efficient procurement process (Kwak et al., 2014).

The primary distinction between procurement in public sector organizations and procurement in private sector organizations is their level of formalization. Public sector purchases tend to be excessively formalized compared to those in the private sector. Public procurement is governed by legal regulations, whereas in the private sector, purchases can be based on the discretionary decisions of managers or owners. The government wields significant legal authority over procurement procedures in public

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sector organizations (Rainey and Bozeman, 2000). Consequently, the flexibility of the procurement process is more limited in public projects than in projects in other sectors (Drew and Skitmore, 1997; Shen et al., 2004).

Bid evaluation procedures differ between public and private projects (Bretschneider, 1990). In public projects, the price criterion often holds significant sway, primarily because input parameters are more manageable than output parameters in the public sector (Fottler, 1981).

Due to a risk-averse approach prevalent in public organizations (Fottler, 1981), "off-the-shelf" solutions are preferred for public projects over highly risky new product development whenever feasible (Kwak et al., 2014).

Parties involved in public projects often face constraints in implementing relational contracting due to regulations prohibiting certain behaviors among public officials that could hinder relationship-building (Ling et al., 2013). Public sector regulations frequently forbid the consideration of past contract history in bid evaluation processes, which could otherwise promote relational contracting, a common practice in the private sector (Rahman and Kumaraswamy, 2004).

Communication management

Communication management can be viewed as a component of stakeholder management. Communication involves interactions with all the stakeholders mentioned in the preceding chapter. Numerous distinctions between public projects and projects in other sectors regarding communication stem from the variety of stakeholders involved in public projects.

Public organizations are more transparent than private ones; they furnish more information about their processes and decisions to the public (Meier and O'Toole, 2011). Information concerning public projects must be accessible to numerous stakeholders, particularly the public, and cannot be kept confidential, as is a standard practice in the private sector (Rosacker and Rosacker, 2010). Unlike in the private sector, information regarding the execution of public projects must be accessible to external stakeholders, in accordance with Freedom of Information (FoI) regulations (e.g., US Congress, 1966) or project implementation regulations (e.g., Argentina Congreso de la Nacion, 1994). Given the large number of stakeholders involved in public projects, effective communication, both internally and externally, is crucial to their success. Disseminating information about public projects encourages stakeholder engagement. Publishing key project documents—such as its charter, plan, and periodic reports—allows stakeholders to contribute insights that can be utilized in subsequent project phases. Publishing reliable documents helps bolster stakeholder confidence in the purposefulness and correctness of project implementation. This, in turn, reduces uncertainty and mitigates corruption (Van der Waldt, 2011).

The heightened level of bureaucracy synonymous with the public sector is linked to less efficient communication. Bureaucracy rigidly outlines the scope and procedures of communication, particularly constraining the exchange of informal information (Ning, 2014). Studies conducted in the public sector have revealed that the clarity of

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goals correlates positively with the effectiveness of communication, both internally and externally. Therefore, the impact of bureaucracy on communication can be mitigated through clear goals and appropriate organizational culture (Pandey and Garnett, 2006).

Summary

Managing public projects significantly differs from managing projects in other sectors. The greatest differences occur in the areas of stakeholder management, procurement management, and communication management. These areas engage in the most intensive interactions with the external environment of projects.

Relationships with stakeholders in the public sector have a different nature compared to other sectors. Effective stakeholder management makes it one of the most important areas of public project management

The multitude of stakeholders with diverse interests affects the complexity of stakeholder management processes and communication management. Stakeholders of public projects must be much more intensively engaged in the project implementation process. Stakeholder representatives, especially project beneficiaries, should form consultative bodies with full access to information about project implementation. It is particularly important to involve stakeholders in the process of defining the project and assessing its effects (Peled and Dvir, 2012). The general stakeholders, meaning the public, should be informed, for instance through internet portals, about the most significant events in the project implementation.

Since direct owners (taxpayers are the true but indirect owners) don't use their own funds, which could lead to temptations for irregularities, procurement processes in the public sector are more rigorously defined. Hence, the procurement process is different and more complex in public projects than in private projects.

Differences in management between sectors suggest the collection, systematization, and publication of special guides for public sector project management.

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Dr. Stanisław Gasik, PMP is a project management expert. He graduated from the University of Warsaw, Poland, with M. Sc. in mathematics and Ph. D. in organization sciences (with a specialty in project management). Stanisław has over 30 years of experience in project management, consulting, teaching, and implementing PM organizational solutions. His professional and research interests include project knowledge management, portfolio management, and project management maturity. He is the author of the only holistic model of project knowledge management spanning from the individual to the global level.

Since 2013, his main professional focus has been on public projects. He was an expert in project management at the Governmental Accountability Office, an institution of the US Congress. He is the author of "Projects, Government, and Public Policy," a book that systematizes knowledge about government activities in the area of project management.

He was a significant contributor to PMI's PMBOK® Guide and PMI Standard for Program Management and contributed to other PMI standards. He has lectured at global PMI and IPMA congresses and other international conferences.

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