

Let's talk about public projects¹

Politics, managerial knowledge, and public organization portfolios²

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Introduction

The whole public administration can be considered a single organization, managed by the government (legislative and executive branches). Subordinate to the government are public agencies or institutions, with a degree of autonomy resulting from relevant regulations (e.g., constitutions, laws, or lower-level regulations). They also should be treated as (lower level) public organizations. These organizations implement projects grouped into portfolios.

In this article, we will discuss the shaping of public organizations' portfolios. The artifacts that influence public project portfolios are the state strategy, public policies, public programs, and organizational strategy. We will consider the influence of politics and managerial knowledge on shaping organizational portfolios.

State strategies

A **state strategy** is a set of goals and actions planned for the state to achieve over a specific, long-term period—ten, twenty, or sometimes longer. These are the most important documents shaping the state's actions in this period. State strategies in democratic countries are built on the basis of public expectations, which are materialized in the programs of political parties. Due to their long-term perspective, in democratic states, state strategies should contain goals acceptable to the majority of society and political forces. In addition to social expectations, the content of a state strategy is influenced by the socio-economic conditions of a given country. State

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.

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strategies may consist of or be further detailed by domain strategies—for example, a defense strategy, a healthcare strategy, or a human capital development strategy.

The adoption of the state strategy and possibly domain strategies is a political decision and depends on the distribution of political forces in the parliament and/or other authorities in a given country.

Organizational and managerial factors are not decisive when defining strategies. Overemphasizing them at the expense of political factors rooted in the democratic process of electing leaders may be met with accusations of disregard for democracy. The influence of such factors on state strategies may be limited to eliminating goals and actions that are clearly unfeasible.

A set of high-level actions to implement a strategy is sometimes called **a plan**.

Public policies and programs

State strategies (both general and domain) are implemented through **public policies**. The concept of public policy is understood in many ways. "Public" means that public institutions are involved in its definition or implementation. Public policy can concern any area of the functioning of the state, society (e.g., organizing associations), or the economy (e.g., taxing or rules for establishing and registering economic entities). Policy is the result of a political decision (e.g., Cochran and Malone, 1995). Policy represents the attitude of the groups responsible for the state (Hill and Varone, 2017). Public policy is an intention and the actions that implement it in a specific area (e.g., Dye, 2013).

Policies may be of a general nature – e.g. shaping the education system, basing the nature conservation system on the creation of reserves or national parks, or deregulating a specific area of activity previously under state control.

Policy is implemented through **public programs**, consisting of **instruments** (e.g., Van Nispen, 2011; Canada TBoCS, 2007). Policy instruments may take the form of, among others, legal acts, projects, or ongoing operations (e.g., tax collection). Every action of the government and public administration results from (one or more) public policies (e.g., Dye, 2013). In a well-managed state, public policies should be documented and publicly available (with specificity to areas of activity that, by their nature, remain secret).

Instruments may take the form of specific projects or collections of projects – for example, implementing a policy to improve communication between major cities, where one instrument is the construction of high-speed rail sections connecting major cities (together forming a national network). A policy instrument to improve safety systems may be the construction of a radar station monitoring national airspace. Projects for which independent organizations are established may also be elements of public programs.

When defining public policies and the programs that implement them, organizational and management knowledge should be taken into account to a greater extent than when defining strategies. If a state's strategy is to achieve energy independence, it is

necessary to consider whether the state has the capacity to build a nuclear power plant, or should it rely on easier-to-build coal-fired or wind-fired power plants. Budgetary factors must, of course, be taken into account when deciding how to implement the policy.

When defining public policies and the methods of their implementation, political entities play a decisive role, and to a certain extent, as described above, they should take into account organizational and managerial knowledge.

Public organization strategy

Government administration is a set of hierarchically ordered organizations. Flinders (2006) compares the state to hierarchical, self-contained circles, increasingly distant from the center: the cabinet. Organizations have a certain degree of **autonomy**, always defined by the legal system—the constitution or lower-level legislation. Public institutions are primarily responsible for implementing public policies that concern them (Johansson, 2009). Organizations develop their strategies based upon and operate within the framework of authorizations received from higher hierarchical units, at the apex of which is the government.

Some types of public organizations have greater **autonomy** in implementing their strategies – these include organizations responsible for culture, for example, while organizations are responsible for security, they often have strategies virtually entirely defined by higher-level units. When it comes to domain strategies, the strategy for implementing IT solutions can be autonomous or can be part of the strategy of a superior unit that plans to provide uniform support to all institutions for which it is responsible.

When defining an organization's strategy, in addition to the public policies it receives, its capabilities are crucial. An organization responsible for nature conservation should, among other things, have the appropriate specialists and the skills to implement projects designating protected areas. An agency responsible for road construction and maintenance must have the capacity to implement road construction projects.

Strategies (both state and lower-level organizations') and policies, by their nature long-term, cannot be static. Changing economic, social, and political realities require their review and appropriate modification.

Portfolio

According to the Project Management Institute Standard for Portfolio Management (PMI, 2017), a “**portfolio** is a collection of projects, programs, subsidiary portfolios and operations managed together to achieve strategic objectives.”

Managerial knowledge should play a decisive role in shaping a portfolio – primarily related to portfolio management. However, knowledge of lower hierarchical levels of management, such as projects and operations, is also essential. The influence of politics on decisions made at these levels should be minimized, but it cannot be completely ruled out. For example, if significant changes occur in the country's external

environment, it may be necessary to increase efforts and expenditures on national defense. In an ideal model, this would require redefining all hierarchically higher artifacts affecting portfolio management, but due to the unexpected emergence of external threats, this is not always possible.

Portfolio management of a public organization may be, at least in part, determined by the actions of higher-level entities. This may be the case when decisions about project implementation are made at the central level during the definition of strategies or policies at that level. An agency responsible for the construction of expressways may be required to include specific road sections in its project portfolio. This way such projects “bypass” the level of defining public agency strategy forming.

When private organizations build their portfolios, shareholder profit is essentially the primary criterion. In public organizations, profit is not the decisive factor. The criteria used there can be divided into several groups (Gasik, 2023):

- **Strategies and policies**

Implementation of relevant strategies and policies

- **Social criteria**

They refer to public values (Moore, 1995), e.g., improving the provision of health services, improving the local education system, and improving local transport.

- **Public support**

Positive or negative community attitudes towards the project under consideration.

- **Business criteria**

Concerning the improvement of the activities of a given organization, e.g. improving the efficiency of implemented processes

- **Operational criteria**

E.g. available resources, risk level, budget availability.

- **Organizational criteria**

For example, results of external assessment of the organization's capability to implement projects.

- **Political criteria**

Influence exerted by political entities outside of defined policies, aimed at furthering their political interests. For example, building a health center in a specific town, even though operating in a neighboring town is sufficient.

For the common assessment of all these types of factors, sometimes complex assessment systems are created, where individual types of criteria are assigned their weights.

The structure of entities influencing the shaping of the portfolio of public organizations is shown in the figure below.

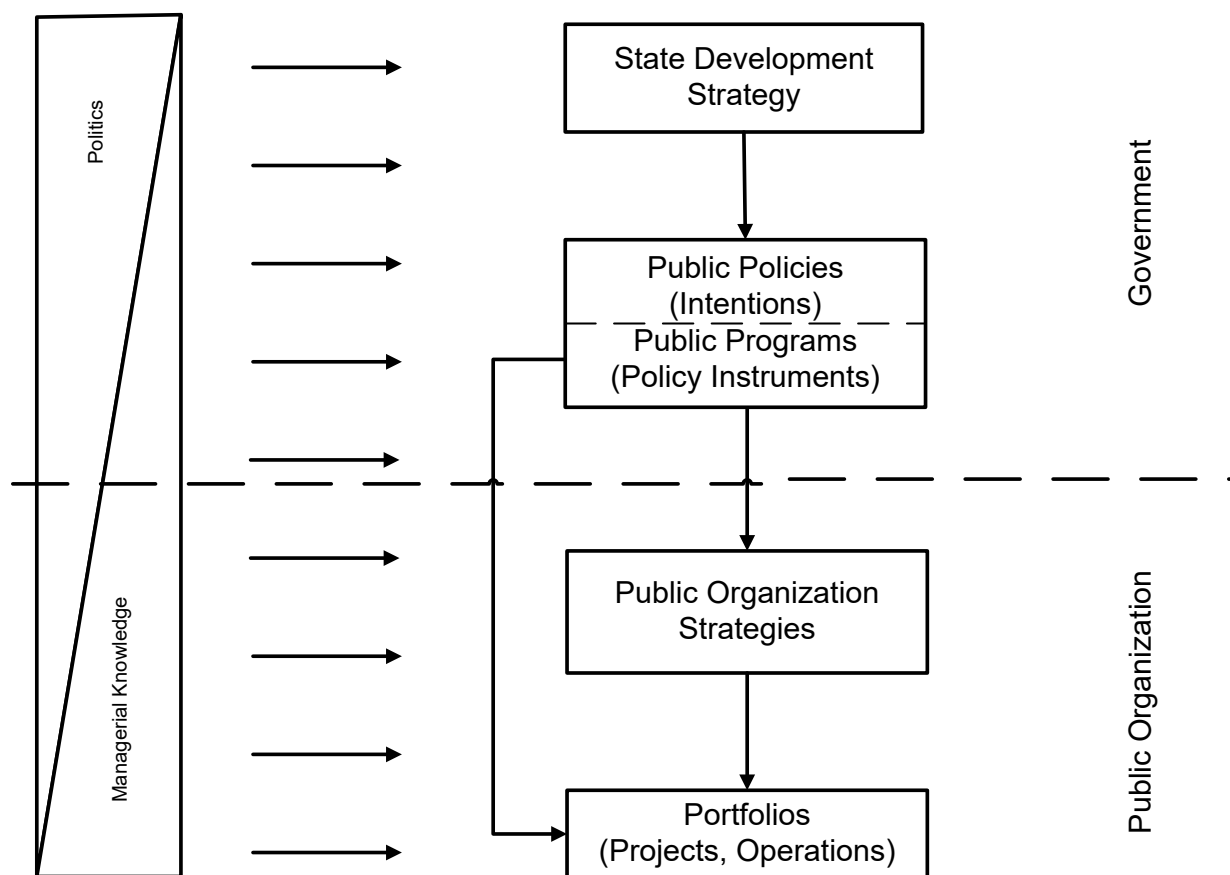


Figure 1 Structure of defining public organization portfolio

A sequential top-down model, in which the state strategy is defined first, followed by public policies, organizational strategies, and finally project portfolios, is the ideal conceptual model. In practice, these levels of definition intertwine, particularly in the top-down direction. Elements of public policies can be components of a strategy. Sometimes, a set of high-level public policies is considered a strategy. Public policies (and even strategies) can indicate the most important planned projects.

Lower-level elements can also influence – and do influence – the shaping of higher-level hierarchical entities. This applies primarily to operations. The way existing institutions operate determines their course of action during the period covered by strategic or policy planning. Their capacity to implement change determines any modifications to their methods of operation. This can also apply to projects – the continuation of multi-year work initiated earlier, during the implementation of the strategy of the previous period.

Knowledge influencing the shaping of portfolios

Politics and managerial knowledge appear as categories of factors ultimately shaping the portfolios of public organizations.

Politics is the desire of people or their groups to gain or maintain power (Weber, 1994). McConnell (2010) defines the success of a policy, and therefore also of the projects implementing it, as helping the implementing group to remain in power. In democratic states, these may be projects aimed at increasing support for the ruling group among a specific social group or society as a whole. In non-democratic states, this may involve the implementation of projects that increase public control or compel public obedience to the ruling group. The criteria for this category, particularly in a well-educated, informed society, may overlap with other substantive criteria.

Managerial knowledge describes the ways in which organizations are created and operated. Elements of this knowledge describe effective ways of structuring the organization, its governance, and the resulting implementation of processes, both projects and ongoing operations. Examples of management knowledge include knowledge related to portfolio management, program management, and project management. For the purposes of this paper, we also consider technical knowledge to be a component of managerial knowledge.

Summary

Public organizations are components of hierarchies that collectively constitute public administration, governed by governments. Consequently, they have limited autonomy in defining their portfolios. These must incorporate decisions made at the government level, which are documented in government strategies and policies. Public organizations' portfolios are defined within the strategies of the organizations implementing them.

The process of defining the organization's portfolios is of a political and managerial nature. Its higher levels take into account the arrangement of political forces, and therefore, to understand and shape them, political sciences are needed above all. The lower the hierarchical level, the more important managerial knowledge is. These areas interpenetrate and complement each other.

Political factors also accumulate across levels: political decisions shaping state strategies are incorporated into the policies and programs that implement them. Organizational strategies, in turn, are shaped by, among other things, the political content of policies and programs, while portfolios consume political decisions made at all higher levels.

Portfolio management is implemented in many public administration institutions, but it is rarely the subject of interest for researchers in this sector (Roberts and Edwards, 2023). There are also few publications by project management researchers devoted to the specifics of project portfolio management in public organizations.

Without the application of political science and project management knowledge, it is impossible to understand and effectively shape public organizations' portfolios and their management processes.

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About the Author



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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.

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