



Polycentric Governance

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Purpose

- Advance the discourse on project governance by taking into account the multiplicity of governance centers in large, inter-organizational projects
- Advance the current understanding of project governance from one-level governance to multi-level governance
- Extend the multi-level perspective to a polycentric perspective in governance of large projects.



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Agenda

- **Background – definitions**
- Multi-level governance models
- Multi-level governance theory
- From multi-level to polycentric governance
- Implications
- Conclusions



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Governance

Corporate governance:

- The framework set by governance institutions for managers to execute their task
- The structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Governance of portfolios, programs and projects:

- Coexists within the corporate governance framework.
- Comprises the value system, responsibilities, processes and policies that allow projects to achieve organizational objectives and foster implementation that is in the best interests of all the stakeholders, internal and external, and the corporation itself (Müller, 2009)



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Multi-level governance

Multi-level governance:

- The way governance is ‘spread’ horizontally between organizations and their entities, and vertically among hierarchical or networked levels and actors.



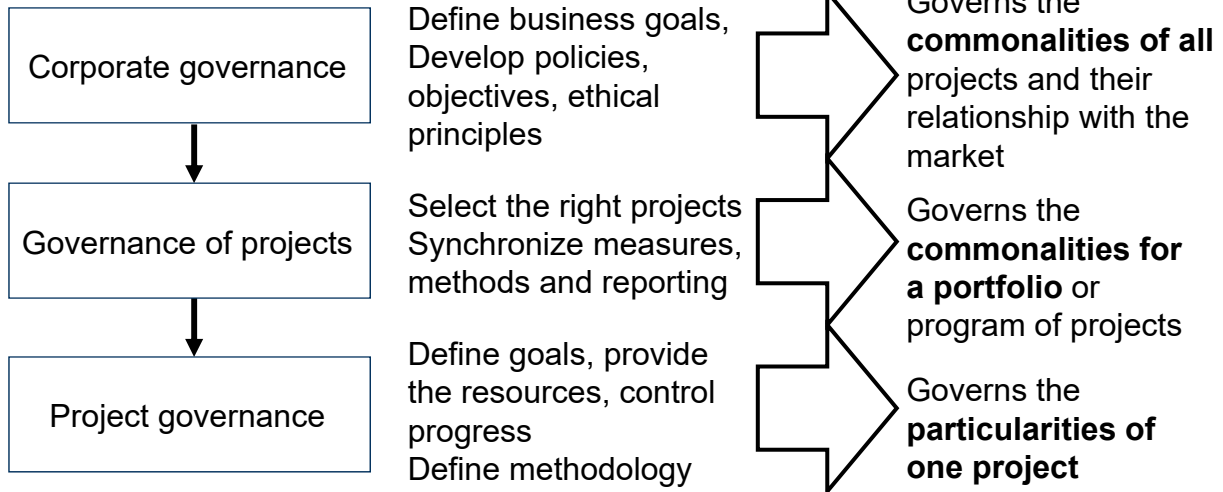
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Intra-organizational governance layers



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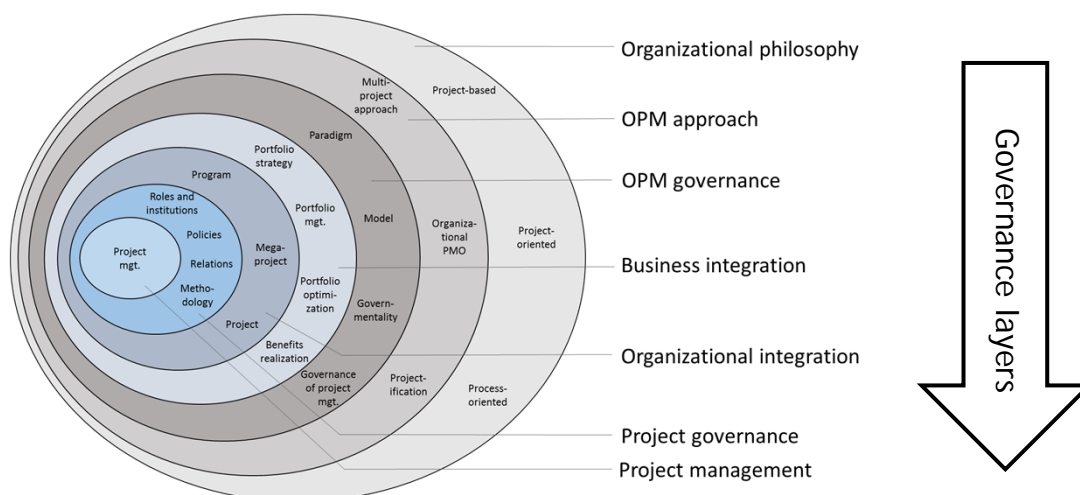
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(Müller 2017)

Governance of organizational project management



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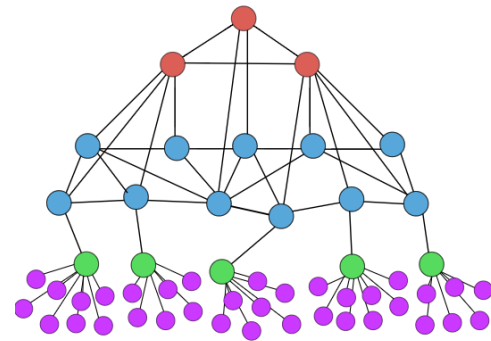
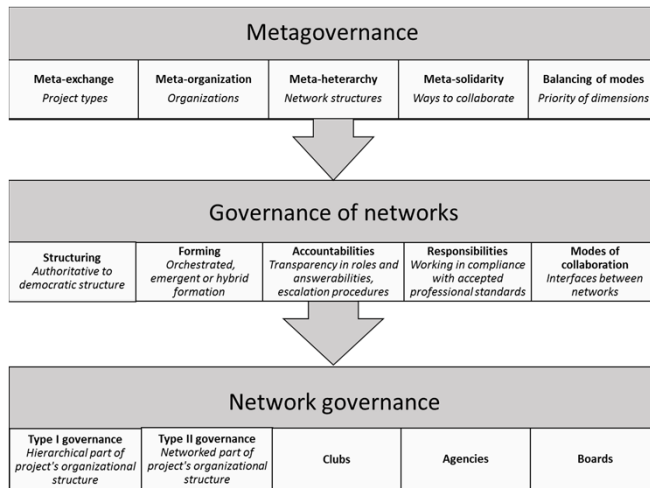
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Müller et al., 2019

Multi-level governance of inter-organizational networks for projects



Müller et al., 2022



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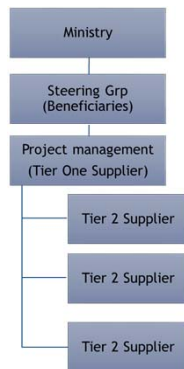
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Multi-level governance

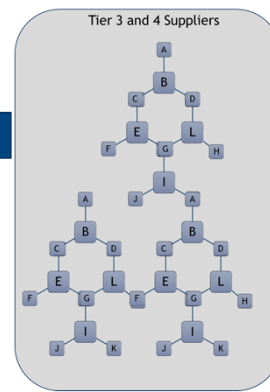
Type I governance



Interface organization(s)

- Boards
- Agencies
- Clubs

Type II governance



Müller et al., 2022



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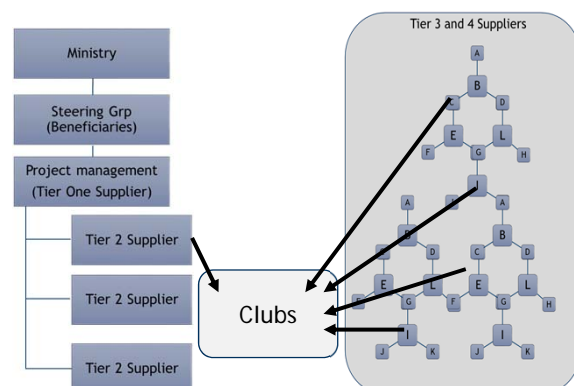
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Multi-level governance theory

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
- Clubs tend to occur in stewardship-types of governance context



Müller et al., 2022



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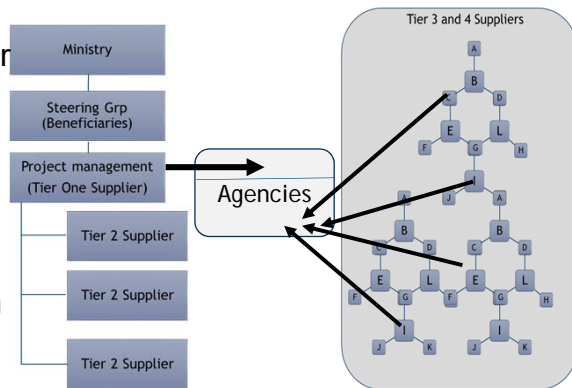
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Multi-level governance theory

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



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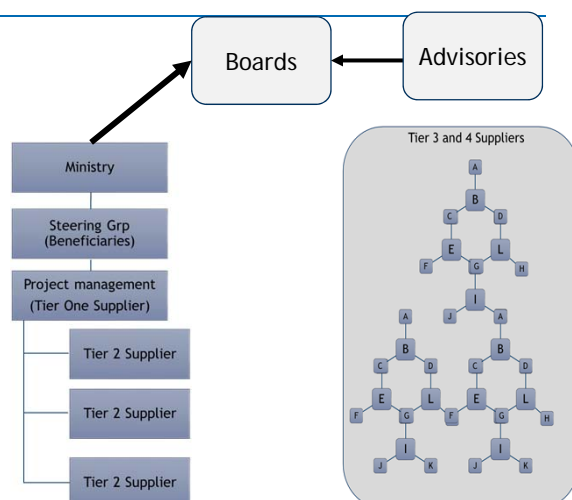


Müller et al., 2022

Multi-level governance

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



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Müller et al., 2022

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Polycentric governance

- A complex form of governance with multiple centers of decision making, each of which operates with some degree of autonomy (Carlisle & Gruby, 2019)
- An organizational design choice to create collaborative structures to achieve system goals in a pluralistic setting (Gil & Pinto, 2018, p. 730)
- Composed of:
 - (1) many autonomous units formally independent of one another,
 - (2) choosing to act in ways that take account of others,
 - (3) through processes of cooperation, competition, conflict, and conflict resolution



(Ostrom, 1991, p. 225, cited by Carlisle & Gruby, 2019)



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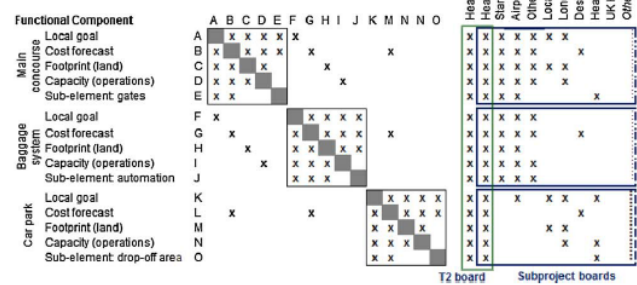
Example for polycentric governance - Heathrow Terminal 2

- A 'polycentric' architecture is central to the design of capital-intensive project organizations
- Characterized by the diffusion of decision making authority through a hierarchy of authorities.
- Higher-level authorities share local decision-making rights, and thus continue to participate in local decision-making
- Requires extensive communication and negotiations
- Dispute resolution through an 'umpire'

Which decision impacts which other decision?

Which actor has decision rights over which decision?

Case: Heathrow Terminal 2



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Gil & Pinto, 2018, p. 724



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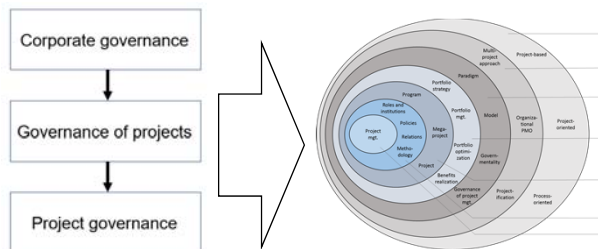
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Multi-level governance (MLG)

Intra-organizational



Project perspective:

From monopolistic to multi-layered

- Type I and II governance
- Interface organizations

OPM perspective:

7 layer, 22 elements
multi-level model with
potential for
polycentricity

In MLG, governance authority is distributed among a small number of layers of stable, multifunctional bodies with mutually exclusive domains

(after Skelcher, 2005)



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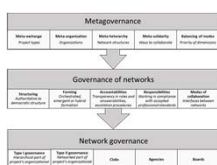
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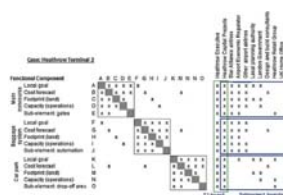
Polycentric governance

Inter-organizational



Inter-organizational network perspective:

3 layer, 15 elements
multi-level model



Inter-organizational decision-making perspective:

n-layer, unlimited
elements polycentric
model

Polycentric governance is a combination of uniform/differential and hierarchical/heterarchical forms of governance. It is also an environment of organisational multiplication, of new multi-organisational forms arising from collaborative endeavor and of inter-organisational relationships being undertaken through a wide range of means (hierarchy, networking, contractual relationships, joint action etc.) (Skelcher, p.95)



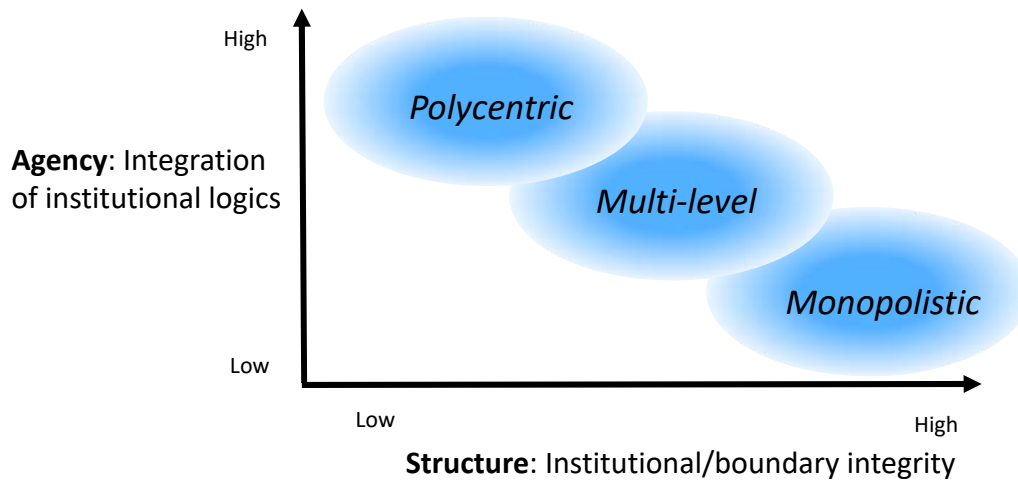
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Relationship of monopolistic, multi-level, and polycentric governance



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Conclusions

- Various governance perspectives with different levels of granularity exist
- Characteristics of multi-level governance can be identified in perspective
 - 2-layers in the simpler models, and 7 layers in OPM models
- Characteristics of polycentric governance can be identified, for example:
 - As traces in the more complex smaller projects
 - Clearly in large infrastructure projects with many stakeholder groups and decision hierarchies
- Understanding the variety of perspectives allows to see governance issues from various angles, which helps to understand governance issues and develop mitigation strategies for them



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Thank you



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