Projects as Governance Resources at Project-Based Organizations

The case of Umeå2014 European Capital of Culture

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Abstract
This thesis discusses the challenges of modern organizations in their efforts of designing relevant project governance systems. To address the challenge the paper proposes using resource-based view on project-based organizations in order to evaluate and identify key governance resources. Given that prevailing rational and standardized models in project-related literature provide organizations with homogeneous resource-base, this paper invites attention to those resources, which have the potential to deliver unique character to the organizations. The thesis first discusses the relevance of exploring projects as governance resources at project-based organizations, next screens the projects through VRIO framework of resource-based theory. Derived intangible resources and organizational resources are further explored at a case study organization. The findings are analysed through complex adaptive systems theory, where intrinsic motivations appear as sources for emerging project governance systems, while principal trust serves as a resource for self-organization of projects and project governance unit.

Keywords
Projects as resources; Project-based organizations; Resource-based theory; Complex adaptive systems
# Table of Contents

Abstract \hspace{1cm} i  
Keywords \hspace{1cm} i  

1 Introduction \hspace{1cm} 1  
1.1 The purpose and research questions of the study \hspace{1cm} 2  

2 Theoretical Framework \hspace{1cm} 4  
2.1 Design and governance issues at Project-based organizations \hspace{1cm} 4  
2.2 Project Governance in Project-Based Organizations \hspace{1cm} 5  
2.3 The Resource-Based theory and Project-Based Organizations \hspace{1cm} 6  
2.4 Projects through resource-based theory \hspace{1cm} 7  
\hspace{1cm} 2.4.1 The definition and classification of the resources \hspace{1cm} 7  
\hspace{1cm} 2.4.2 Variables for valuable resources \hspace{1cm} 9  
\hspace{1cm} 2.4.3 Disclosing projects as resources \hspace{1cm} 9  
\hspace{1cm} 2.4.3.1 Human resources \hspace{1cm} 9  
\hspace{1cm} 2.4.3.2 Physical resources \hspace{1cm} 10  
\hspace{1cm} 2.4.4 Project Governance bundling the resources \hspace{1cm} 12  

3 Methodology \hspace{1cm} 14  
3.1 Research perspective, strategy and method \hspace{1cm} 14  
3.2 Research design and analysis \hspace{1cm} 15  
3.3 Research Limitations \hspace{1cm} 16  

4 The case organization \hspace{1cm} 18  
4.1 Context \hspace{1cm} 18  
4.2 The co-creation strategy \hspace{1cm} 18  
4.3 Governance Logic \hspace{1cm} 20  
4.4 Emergent governance system \hspace{1cm} 22  
\hspace{1cm} 4.4.1 Planned emergence \hspace{1cm} 22  
\hspace{1cm} 4.4.2 Unplanned emergence \hspace{1cm} 22  
4.5 Umeå2014 ECoC organization through RBT \hspace{1cm} 23  
\hspace{1cm} 4.5.1 Project Human Resources \hspace{1cm} 23  
\hspace{1cm} 4.5.1.1 The professional competence \hspace{1cm} 23  
\hspace{1cm} 4.5.1.2 Relationships \hspace{1cm} 24  
\hspace{1cm} 4.5.2 Project governance to bundle the resources \hspace{1cm} 25  
\hspace{1cm} 4.5.3 Organizational structure and roles \hspace{1cm} 25  
\hspace{1cm} 4.5.4 Control process and reporting lines \hspace{1cm} 27  
\hspace{1cm} 4.5.4.1 Control and reporting within the Team \hspace{1cm} 28  
\hspace{1cm} 4.5.4.2 Control and reporting between the Team and the projects \hspace{1cm} 28  
\hspace{1cm} 4.5.5 Decision-making process \hspace{1cm} 30  
\hspace{1cm} 4.5.6 Reward system \hspace{1cm} 31  
\hspace{1cm} 4.5.6.1 Tangible rewards \hspace{1cm} 32  
\hspace{1cm} 4.5.6.2 Intangible rewards \hspace{1cm} 32  
\hspace{1cm} 4.5.7 Organizational value-system \hspace{1cm} 32  
\hspace{1cm} 4.5.7.1 Values in the course of action \hspace{1cm} 33  
\hspace{1cm} 4.5.7.2 Values in the course outcome \hspace{1cm} 34  
\hspace{1cm} 4.5.8 Summary \hspace{1cm} 35  

5 Analysis \hspace{1cm} 36  
5.1 Features of Project resources as CAS \hspace{1cm} 37  
\hspace{1cm} 5.1.1 Paradoxicality as a source \hspace{1cm} 37  
\hspace{1cm} 5.1.2 Bounded instability as a source \hspace{1cm} 38
5.1.3 Adaptation through double-loop learning 39
5.1.4 Adaptation through regeneration 39
5.2 Features of Organizational resources as CAS 40
5.2.1 Planned emergence 40
5.2.2 Dissipative self-organized structures 40
5.2.3 Room for spontaneity in processes 41
5.2.4 Balance in dissipative self-organization 41
5.3 Sources of emergence and self-organization at Umeå2014 ECoC 42
5.3.1 Intrinsic motivations 43
5.3.2 Trust on competence and value internalization or principled trust 43
6 Summary and Conclusions 46
6.1 Implications and suggestion for further research 47
7 References 49
8 Appendix 1 – Generic Interview Guide 56

List of Figures and Tables
Figure 1: Projects as a resource for corporate governance................................. 6
Figure 2: Project governance framework of resource bundling ......................... 13
Figure 3: Umea2014 ECoC Governance System .............................................. 26
Figure 4: The structure of Communications Department of Umea2014 ECoC ....... 26
Figure 5: Project lifecycle at Umea2014 ECoC ................................................. 29
Figure 6: Development of Trust at Umea2014 ECoC ....................................... 44

Table 1: VRIO resource evaluation framework .................................................. 9
Table 2: Projects through lenses of resource-based theory .................................. 12
Table 3: Features of Complex adaptive Systems (summarized from Smith & Stacey (1997)) ........................................................................................................ 37
1 Introduction

Projects have become principal characteristics of the contemporary organizations (Engwall, 2003, p. 789). Many modern industries and firms adopt projects as building blocks of their businesses (Söderlund, 2005, pp. 375, 385), the extent of which has sailed from traditional construction and information technology organizations to almost all types of industries, including public services (e.g. (Engwall, 2003, p. 789) (Thiry, 2007, p. 113)). Consequently, several authors talk about ‘projectified’ economies, where projects are initiated not only for developing and introducing new initiatives, but also for implementing routine organizational operations (Engwall, 2003, p. 789). Here project-based organizations as new types of organizational design have emerged since last century (Turner & Keegan, 2000, p. 131).

This ‘projectification’ of the organizations has been triggered by certain benefits that projects are believed to deliver. To name just few of them, first, they are to sustain competition through flexible structures given the challenges of globalization, environmental complexity and uncertainty (Srivannaboon & Milosevic, 2006; Cicmil, 2003, p. 3). Modern environments are described as hypercompetitive and highly turbulent, where the high-speed technology developments transform the trends repeatedly (Pertusa-Ortega & Molina-Azorin, 2010, p. 1283). Next, projects are believed to create unique product/services for their customer’s specific requirements and volatile preferences. Turner and Keegan (2000) mention about the new patterns of work in modern organizations, where each product developed needs to meet the bespoke requirements of design and technology (Turner & Keegan, 2000, p. 132). These approaches of ‘projectification’ advantages are inclined to look at the externally focused side of project benefits, i.e. how they support meeting the market needs and customer preferences. On the contrary, other authors focus on internal perspective of the projects, particularly pointing out to their benefits of creating and delivering the corporate strategy.

Within this stream, projects are seen as key players to implement, reinvent and refine corporate strategy efficiently (Haniff & Fernie, 2008; Srivannaboon & Milosevic, 2006; Reich & Wee, 2006, p. 11). Reich and Wee (2006) mention that the innovation of corporate strategy has become a survival imperative for the organization, in which projects play a significant role (Reich & Wee, 2006, p. 11). They serve as the primary tools for reinventing business processes, designing, supporting and implementing those innovations (Reich & Wee, 2006, p. 11) and in general, delivering strategic objectives of the organizations (Aubry et al., 2006, p. 2). Moreover, there is a belief that projects are to become “the engines that drive strategy into new directions” (Shenhar, Dvir, Levy, & Maltz, 2001, p. 703).

Consequently, basing their business and operations largely on projects, project-based organizations become highly dependent on good project results (Müller, 2009, p. 3). The success of an individual project and the creation of organizational project competency, is often critical to organizational success (Reich & Wee, 2006, p. 11). This leads placing project-structures in the core of organizational competitive advantage (Söderlund, 2005, pp. 371, 385) and adopt projects as a strategic choice for organizational design (Gareis, 2007, p. 251).

All these studies adhere to a basic assumption underneath of project-structures and project management, referring it as an efficient and effective enablement of
organizational governance/management to achieve organizational strategic objectives. Conversely, created to deliver organizational strategy, large number of projects seems still failing in their mission (Thiry, 2007, p. 113), thus endangering corporate objectives. Still there is a high rate of project and project management failures, and/or dissatisfaction of project final outcomes (Thiry, 2007; Van Der Merwe, 2002; Ciemil, 2003). This leads to the strong research interest on understanding how projects can be managed efficiently and effectively, how project results can be improved (Lampel & Jha, 2007, p. 80), as well as creating governance mechanisms, such as program and portfolio management units, for choosing the right projects to implement (Artto & Dietrich, 2007, p. 1). The vigorous strive of refining of project structure designs, project management and program/portfolio management practices leads to the search for ‘best practices’ to address the challenges of project failures (Lampel & Jha, 2007, p. 80). In this search, some authors warn about the ‘lost relevance’ between the project management practice and research, education and accreditation (Hällgren et al., 2012).

This paper adheres to the above-mentioned internal-view stream of research of project-based organizations and studies the internal potential of projects as a mean of supporting the innovation and delivery of organizational strategy. However, within this stream, this study targets to challenge one of the basic assumptions underneath of current project-based structures referring it as an effective way of organizational governance design. By doing it, this study calls to look at the nature of the projects to understand their potential of innovating and implementing the corporate strategy.

1.1 The purpose and research questions of the study

Taking the internal perspective of organizational need for projects and given the management challenges that projects face, this paper argues for a need to investigate the potential of projects as a tool of reinvention and implementation of organizational strategy. Within this need, this paper aims to explore what projects, as organizational structures, constitute in project-based organizations and how this constituent parts are governed effectively.

To meet this goal, first, this study offers exploring projects, as governance structures through the lenses of resource-based theory, developed by Jay Barney (2009). Resource-based theory also rests on the internal perspective of the organizations and analyses it and its strategy inception, innovation and implementation from the side of internal organizational capabilities (Barney, 1991; Barney & Clark, 2009; Wernerfelt, 1984).

One of the seminal authors of resource-based theory, Wernerfelt (1984) suggests that it allows a ‘distinct view on organizational growth and effectiveness’ (Wernerfelt, 1984, p. 178). Moreover, this theory is considered well-suited to the discussions in strategic management and has proved to be encouraging dialogue between researchers from various disciplines of organization studies (Mahoney & Pandian, 1992, p. 363). Hereby, this paper looks at projects as a resource for the organizational efforts of meeting strategic objectives, and thus effectiveness. It should be emphasized that it does not look at the questions of strategic fit between the organizational strategy and the resources, rather solely analyzes the projects and project governance in theory and in practice. This analyses hopes to later contribute in the discussions of strategic management of project-based organizations and attainment of strategic fit.
To further the purpose of the paper, the following research questions are targeted to be investigated:

*Research Question 1:* Which are the valuable governance resources in project-based organizations?

*Research Question 2:* How are governance resources bundled in project-based organizations?

Further literature review, first, discusses all concepts and analyses the valuability of resources based on Resource-based theory, next it investigates the resource bundling practices of project governance at a selected project-based case organization.
2 Theoretical Framework
To investigate the research questions, first a theoretical framework is developed. Aligned with the suggestion of Sribannaboon and Milosevic (2006), this theoretical framework aims to discuss the interrelated concepts and develop an integrated framework, which will set the boundaries of the phenomena to describe and analyse (Srivannaboon & Milosevic, 2006, p. 495). The theoretical framework starts with defining the notion of project-based organization, then introduces project governance, followed by a reference to resource-based theory, in order to identify the variables of valuable governance resources at project-based organizations.

2.1 Design and governance issues at Project-based organizations
There are various definitions of project-based organizations (thereafter referred as PBO). Turner and Keegan (2000) define PBO as ‘an organization in which the majority of products/services are against bespoke designs for external and internal customers’ (Turner & Keegan, 2000, p. 132). While Lampel and Jha (2007) define PBOs as organizations where main operations are transformed to support projects (Lampel & Jha, 2007, p. 81). Along with Gareis (2009), they consider project-based organizations those, which have specific permanent project/portfolio management organizational units (Lampel & Jha, 2007, p. 81; Gareis, 2007, p. 251). Deriving from these approaches, it can be concluded that project-based organizations are those organizations, which, firstly, are challenged to deliver tailored products/services, and secondly, where main operations are based on projects and which have strategized projects through establishment of governance units.

The transformation of functional organizations to PBOs, as well as introduction of new governance units (e.g. Project/Program/Portfolio management offices) has been credited to the transformation of modern work requirements from mass production to bespoke design (Turner & Keegan, 2000, pp. 131-132). Despite the fact of this transformation Turner and Keegan claim that project-based organizations do not have solid theoretical base for their design, as here classical management theories are not relevant (Turner & Keegan, 2000, p. 132).

Given this, PBOs are in continuous search for designing/redesigning relevant governance systems to be able to set organizational objectives and define the means of attaining the objectives and monitoring the organizational performance (Müller, 2009, p. 3). The design of a proper structure, with relevant information systems and relationships, are an imperative of successful implementation of the organizational objectives (Artto & Dietrich, 2007, p. 7). Ahola et al. (2013) mention that PBOs especially seek to find efficient governance system in managing trade-offs, resource allocation, prioritization and other activities, as well as to govern the collating interests of the individual and organizational goals (Ahola et al., 2013, p. 1).

Within this knowledge gap of design and governance in project-based organizations, professional and educational organizations, as well as consultants have enthusiastically promoted project management as a body of knowledge to fill the gap. It has become a popular tool ‘with its own procedures and principles’ (Hällgren et al., 2012, p. 460), which supports the implementation of organization’s competitive strategy (Srivannaboon & Milosevic, 2006, p. 494). However, project management is mainly focused on managing single projects, while Artto and Dietrich (2007) state that successful management of particular projects is not a guarantee of a successful
organization (Artto & Dietrich, 2007, p. 1). The authors call for the need of solid management processes above projects, which link the projects with organizational strategy (Artto & Dietrich, 2007, p. 1). Clearly, these processes are not supposed to be the classical management processes. As Turner and Keegan (2000) argue, a single model of organizational classical structures with clear job roles and responsibilities, direct operational control, knowledge and people management is irrelevant to project-based organizations (Turner & Keegan, 2000, p. 132). In their practical research, they found out that PBOs adopt other various models for their governance and control, depending on the size of the project and number of customers (Turner & Keegan, 2000, p. 134). These discussions of adjusting projects within corporate governance systems has led to searching solutions in the project governance concept. Project governance is viewed as a component of corporate governance in the organizations (Ahola et al., 2013, p. 2) and is discussed further in the next section.

2.2 Project Governance in Project-Based Organizations

After having analysed the main literature on project governance, Ahola et al. (2013) have identified two streams of perspectives: the first one considers project governance as an external activity to projects, while the second stream refers to project governance as internal to a specific (mainly inter-organizational) project. This paper adheres to the first stream of the project governance literature, where project governance is viewed as an activity driven from the top of the project-based organization unidirectional onwards all projects within the organization (Ahola et al., 2013, p. 5). In addition, their analysis shows that the view on project governance external to the project is relevant for studying intra-organizational governance issues (Ahola et al., 2013, p. 10), which is aligned with the purpose of this paper to understand the internal resource base of the organizations.

Within this stream of project governance literature, several significant research and publications have been published, such as the Wiley and Gower Program and portfolio management publications dedicated to the management of projects at PBOs (Morris & Pinto, 2007; Reiss et al., 2006). However, these authors mainly look at project governance design as top-down selection, resource allocation and management of the projects based on their fit with the strategy (Näsholm & Blomquist, 2013, p. 3). While, other authors point out the complexity of projects and ignorance to project emergent processes (Kapsali & Blomquist, 2013, p. 3). Kapsali and Blomquist (2013) call for attention to pressures of emergent activities in complex projects, which eventually modify the rational project structures (Kapsali & Blomquist, 2013, pp. 2-3). The authors claim that there are not many studies on project complex properties, as those properties are not consistent with existing analytical and modelling tools and rules (Kapsali & Blomquist, 2013, p. 4).

There are various definitions of project governance in the existing literature, featuring with just slight differences. According to the definition suggested by Crawford and Cooke-Davies (2009, cited in Ahola et al., 2013, p.4) project governance is a set of principles, structures and processes aimed to handle the management of the projects in the organization. In his definition of project governance, Müller (2009) adds the value system, along with the responsibilities, processes/policies, all that allow projects to achieve organizational objectives (Müller, 2009, p. 4). Aligned with these definitions, those systems, processes and structures are the created governance mechanisms to align the interests of the project-based organization with the goals of the projects (Ahola et
al., 2013, p. 8). In other words, they are to serve as governance resources for the organization to support corporate strategy in its formulation and implementation. If juxtaposed with the definition of ‘resource’ identified in resource-based theory, project governance structures, processes and value systems appear as a ‘resource’ for project governance. As such, a resource is any asset that enables to conceive of the corporate strategy and implement it efficiently and effectively (Barney, 1991, p. 101).

Similar to project governance, this paper defines projects also, as governance structures, as resources for which project governance is in charge. This claim is aligned with various definitions of project, one of which suggested by Turner (2000). Here, projects are defined as “unique and transient endeavours’, which serve as a resource for delivering “novel business development objectives” (Turner R., 2000, p. 66). This discussions are depicted in Figure1 below.

**Figure 1: Projects as a resource for corporate governance**

Given this, the resource-based theory appears a relevant one to analyse project-based structures and discuss project governance issues. This consideration is elaborated further in the next section by introducing resource-based theory of the organization.

### 2.3 The Resource-Based theory and Project-Based Organizations

Resource-based theory has been first introduced as resource-based view elaborated by Birger Wernerfelt (1984), where he suggested analysing organizations not from the output side, but from the input side. He argued that it provides a different outlook to the organization for building its strategy and identifying its strategic options (Wernerfelt, 1984). Some authors mention that defining business in terms of internal resources of what it can do/offer, may stand as a more ‘durable basis’ for the strategy than a definition based on the needs that the organization will need to satisfy (Pertusa-Ortega & Molina-Azorin, 2010, p. 1283). In other words, RBV aims to identify the corporate strategy based on its available resource capabilities (Mahoney & Pandian, 1992, p. 364). Later, Jay Barney (2009) developed resource-based view into a whole theory initially targeting to industrial organizations. He introduced various constructs and identified the relationship of resource base of the firm and the corporate strategy (Barney & Clark, 2009).

There are several considerations that resource-based theory introduces to organizational design and strategic management, two of which are particularly interesting for this study. First, is the need of resource heterogeneity, and the second, the enablement of identifying key resources in the organization. These two are discussed below.
Barney (1991) starts his paper by challenging previous assumptions of homogenous resources in organizational analysis. Instead he suggests that in general organizational resources are heterogeneous and imperfectly immobile within organizations (Barney, 1991, p. 105). He claims that it is the heterogeneous resources that make possible to generate distinctiveness of organizational products/services. This is based on Penrose’s (1968) approach, who proposes that heterogeneity of resources is the main source for a unique character of a firm. Here, resources and capabilities are considered as the underlying competitive drivers and the source of significant firm heterogeneity (Peteraf & Bergen, 2003, p. 1030). As discussed above, organizations strive to achieve unique strategy in the market through the heterogeneity of the products that project-based structures are supposed to deliver. Given that the projects are entitled to deliver novel, that is heterogeneous, business development opportunities (Turner R. , 2000, p. 66), hence heterogeneity needs to be sought also in the projects as the resource-base of the project-based organizations.

Resource-based theory also provides a possibility to identify the key organizational resources, the ones that are strategically important (Akingbola, 2013, p. 67). Barney (1991) mentions that not all resources are relevant resources for strategy, as there are some which may prevent or reduce the effectiveness of strategy implementation and others which will have no impact on it. This is why Barney (1991) provides a framework for evaluating and identifying those resources, which can serve as a source for formulating and implementing the strategy (Barney, 1991, p. 102). Within this perspective, screening project governance resources through these lenses may explain the organizational choices of project-based structures.

In other words, resource-based theory may be able to disclose the nature of project-structures in its supporting function of formulating and implementing corporate strategy, as well as to identify the key resources that provide organizational resource heterogeneity. Aligned with this, next it is attempted to identify the characteristics of governance resources at PBOs using the framework provided by resource-based theory. Before this, first, the concept of resource is explored in the context of project environments.

2.4 Projects through resource-based theory
According to Cleland (2007) projects are a bundle of resources, combined to deliver something new, which once delivered, will support organizational strategic management activities (Cleland, 2007, p. 64). To understand what kind of resources are involved in the bundle, first, the concept of resource is discussed, followed by the evaluation of projects through the resource-based theory framework.

2.4.1 The definition and classification of the resources
The dictionary definition of the resource looks at its tangible aspect – the asset - and is defined as: ‘any asset utilized by a person or organization to function effectively/to achieve an end/to increase their wealth’ (Hornby, 2005, p. 1293). The business literature has a similar approach to the concept of the resource. The definition provided by one of the seminal authors or resource-based view, Barney (1991) has adopted the definition by Richard Daft and defines organizational resources as all assets, capabilities, organizational processes, firm attributes, information, knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991, p. 101). Opposed to dictionary definition, in his
definition, Barney (1991) adds another aspect of the resource – the intangibles, such as capabilities, information and knowledge. In his definitions, Caves (1980) additionally mentions about the human skills and experience, as well as the assets, which are ‘shared collectively by the managerial hierarchy’ (Caves, 1980, p. 65), referring to the organizational structure. A more general definition is provided by another seminal author of resource-based theory, Wernerfelt, who defines resources as ‘anything, which could be thought of as a strength or weakness of a given firm’ (Wernerfelt, 1984, s. 172), referring to the significant role of resources in defining the organization itself. In other words, it is the resources that define and evaluate the firm in its capabilities to adopt choice of a strategy (Mahoney & Pandian, 1992, p. 364). Two aspects of the concept ‘resource’ can be derived from these definitions, firstly, it is the enabling function of the concept, secondly, they allow classifying the types of resources.

To start with, an enabling function is observable inherent to the concept. As it can be seen in the dictionary definition of the resource (Hornby, 2005, p. 1293), there is an apparent enabling function of achieving an end. In the definition provided by Barney (1991), the idea of ‘achievement of an end’ becomes clearer and is embodied in the enabling function of the resource to formulate and implement firm’s strategy. There are other functions entitled to the concept. Such as Penrose (1959) suggests that organizational resources may become a growth motivation for the organization, deriving from the excess capacity of a resource (cited in Mahoney & Pandian, 1992, p. 366). Another function is the multifaceted nature of the resources, which is initially introduced again by Penrose (1968). She introduces the idea resource deployment referring that the same resource will produce different results depending on its deployment differences (Penrose, 1968, p. 78).

Lastly, these definitions lead to classifications of resources, as they define the concept through the typology of the resources. Caves (1980) adds intangible resources to the tangible resources, thus giving a typology of resources as tangible and intangible (Caves, 1980, p. 64). A more comprehensive list of the resource types is summarized by Barney (1991) classifying them as physical resources (technology used, plant and equipment, raw materials and access to raw materials, as well as geographical location), human (experience, relationships, judgments, intelligence, training and insight of individual managers and workers in a firm) and organizational capital resources (reporting lines, formal and informal planning practices, control systems, informal relations among groups inside the firm, as well as between the firm and its environment) (Barney, 1991, p. 101).

The enabling functions found in the definition and classification of resources support further discussion of resources in the context of projects and project governance. First the enabling function is consistent with the purpose of the projects and project governance to deliver a final end, which is the formulation and delivery of corporate strategy. This supports the consideration of the projects as resources and disclosure of their nature through the resource assessment lenses. Next, resource classification enables to dismantle the projects and project governance into their constituent resources, followed by their observation and analysis. This is discussed in the next section.
2.4.2 Variables for valuable resources

Barney (1991) has developed four main attributes of resources, which ensure delivering successful strategy. According to him the resources need to be valuable, rare, difficult to imitate deriving either from its background (e.g. history) or from complexity, and finally non-substitutable easily (Barney, 1991), which later the author included in the criteria of difficult to imitate (Barney & Clark, 2009, p. 65). In his later publications, Barney replaces the forth attribute of the resources, which is the organization of the resources in a way where it is possible to exploit the advantages of the resources (Barney & Wright, 1998, p. 35). Irrespective the valuability, rarity and inimitability of the given resources, an improper organization of those resources will fail the organizational objectives (Barney & Clark, 2009, p. 59). Accordingly, resource-based theory offers the VRIO framework for evaluation of the resources in an organization (Barney & Wright, 1998). The details of the description are summarized in Table 1, based on the following main sources of resource-based theory: Barney (1991), Barney and Clark (2009) and Barney and Wright (1998).

<table>
<thead>
<tr>
<th>Attributes of resources</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuable resources</td>
<td>Enable the firm to conceive of or implement such strategies, which improve organizational efficiency and effectiveness</td>
</tr>
<tr>
<td></td>
<td>Enable to exploit the opportunites or neutralize threats</td>
</tr>
<tr>
<td>Rare resources</td>
<td>Not possessed by large number of competitors (the measure of the rarity is not well-defined)</td>
</tr>
<tr>
<td>Imperfectly imitable resources</td>
<td>Other organizations are not able to obtain them, as those resources are:</td>
</tr>
<tr>
<td></td>
<td>- Embedded in organizational unique historical conditions</td>
</tr>
<tr>
<td></td>
<td>- The link between the competitive strategy and the resources is causally ambiguous</td>
</tr>
<tr>
<td></td>
<td>- The resource is socially complex, beyond the systematic management and influence</td>
</tr>
<tr>
<td>Organization of resources</td>
<td>Designed such organizational systems and practices that allow to exploit the potential advantages of the resources.</td>
</tr>
</tbody>
</table>

Table 1: VRIO resource evaluation framework

2.4.3 Disclosing projects as resources

Kerzner & Belack (2010) mention that there are two types of resources within projects – human and non-human resources (Kerzner & Belack, 2010, s. 9). Non-human resources refer to physical resources as identified by Barney (1991). Hence, human and physical resources are analysed further in projects. The organizational type of resource is excluded at this point, as it appears not relevant while analysing the resources on project level. It will be looked on project governance level of the organization, when the organization of the resources through VRIO framework is discussed.

2.4.3.1 Human resources

Argyris (1966) mentions that human energy is the major resource for the organization (Argyris, 1966, p. 273). Mahoney and Pandian (1992) suggest that organizational heterogeneity derives from especially intangible resources and contributes in the unique character of the organization (Mahoney & Pandian, 1992, pp. 365,370). In general, socially complex resources are most likely to be the drivers of the firm heterogeneity.
especially in those organizational settings, where human capabilities are the main paradigm of the organizational activities (Akingbola, 2013, p. 67). Barney and Wright (1998) analyse human resources of the organization through VRIO to point out their role in generating competitive advantage for the organizations. In their analysis, they refer to human resources as the ‘knowledge, experience, skill and commitment of the firm’s employees and their relationships with each other and with those outside the firm’ (Barney & Wright, 1998, p. 32).

While looking at project human resource with this perspective, knowledge, experience and skills seem to be significantly emphasized in project teams. The two main professional project management organizations – the Project Management Institute (PMI) and the International Project Management Association (IPMA) have introduced standardized body of knowledge that is benchmarked as qualification criteria for project managers and project-related employees (Hällgren et al., 2012, p. 462). Hällgren et al (2012) express a concern on lost relevance while studying the impact of project management standardization in practice, research, education and certification. They claim that through their certification and education programs, as well as the created environment, professional associations perform as ‘normative agents, who indirectly exert control over people working with projects’ (Hällgren et al., 2012, p. 462). Though they cannot induce restrictions in the employment of project managers, but they create role-models for ‘good project managers’, setting grounds for employers to demand certifications from the candidates or employees(Hällgren et al., 2012, p. 462, 479).

On the contrary, social aspects of project human resources, such as commitment and relationships are less observable. Several authors express a concern that there is a “law-like predictions in knowledge” and “value-free decision-making” in current project management (Hodgson & Cicmil, 2006, p. 7). Cicmil (2003) mentions project managers are believed to work in an objective reality, where rationality can be used in social-relational practices, such as conflict and problem solutions and decision-making (Cicmil, 2003, p. 9). This creates an atmosphere, where the role of project managers is viewed as professional and skilful “technicians” (Cicmil et al., 2006, p. 679). They are expected to deliver standardized type of behaviours, knowledge, control in terms of time and costs, contingency reactions, as well as planned and pre-identified content (Cicmil et al., 2006, p. 679).

Hällgren et al (2012) mention that these are evidently efforts to establish a professional field to take over a certain educational/entry requirements and monopoly over certain body of knowledge and interrelated skills (Hällgren et al., 2012, p. 461). While these efforts are still in place, many authors argue about the inconsideration of social, political and ethical roles of project managers (Cicmil et al., 2006, p. 679).

### 2.4.3.2 Physical resources

Physical capital resources in project context are especially concerned with organizational physical assets, such as plants, equipment, technology and finance (Barney & Wright, 1998, p. 32). In terms of governance, the project structure and processes, particularly project management processes and tools are referred here.
Here multiple technology-based tools and analytical techniques are applied (Cicmil et al., 2006, p. 677). CPM-supported resource and cost-plans, risk management and other resources (Gareis, 2007, p. 251) are so proliferated, that often they are being associated as the project management itself (Cicmil, 2003, p. 6). Projects have specified lifecycle: planning, start-up, implementation and closing, with the project work breakdown structure, environmental analysis, resource allocation, scheduling and other coordinating and controlling tools (Gareis, 2007, p. 251). These tools span throughout industries and cultures, as they are adapted to all various settings through transnational processes (Hällgren et al., 2012, p. 461). In this way, project management physical resources do not provide heterogeneity, but widely feature of homogeneity, where only most common elements are existent and specific and unique aspects are not captured (Hällgren et al., 2012, p. 461).

Recognizing that the rigidity may drift projects from the organizational goals, discussions on project strategy have become very popular in the literature (Haniff & Fernie, 2008). However, still they are more static plans of objectives and actions, causing Artto et al. (2008) to highlight the need of having/understanding dynamic and responsive project strategies (Artto et al., 2008).

The resource-based evaluation reveals certain problems and limitations in project resources. As a resource, projects as such look to be valuable, as they are known for their quality of improving organizational efficiency and effectiveness (Cicmil, 2003, p. 3), both as a consolidation of human resources and as a bundle of physical resource. As mentioned in Table 1, enablement of strategy efficiency and effectiveness is the main measure of resources to be valuable (Barney & Clark, 2009, p. 57). However, in terms of the other two criteria, projects greatly fail to provide heterogeneity and thus meet the criteria of strategy contribution. Such as, being mostly standardized and formalized they are available to all firms, which means it is a not a rare resource. As such, it appears not contributing in the formulation and implementation of a competitive strategy (Barney & Clark, 2009, p. 58). This is not to say that resources involved in the projects are not important. As Barney and Clark (2009) mention, those resources that are valuable but not rare may be able to sustain the survival of the firm, however, they will not provide the firm with competitive advantage (Barney & Clark, 2009, p. 58).

Lastly, projects as a resource appear largely imitable while assessing them through the three measures of resource imitability of resource-based theory – whether they are embedded in unique historical conditions; whether the link between the strategy contribution and the bundle of the resources is causally ambiguous; whether the resource is socially complex (Barney & Clark, 2009, p. 58). If not rooted in any of these criteria, the resource will be considered as imitable. In terms of physical resources, none of these criteria seems holding. The standardized technologies and tools are not embedded in the organizational practices rather in the professional literature of project management. In addition, they are not socially complex. In opposite, human resources involved in projects are largely inimitable especially due to their embeddedness in social context. Despite the standardized efforts of knowledge, skills and experience requirements, the commitment and relational aspects make them causally ambiguous, as it may not be easy to understand which particular relationship or motivation contributes to the strategy. This discussion of human and physical resources in projects is summarized in Table 2.
<table>
<thead>
<tr>
<th>Type of Resource/Resource Criteria</th>
<th>Valuable</th>
<th>Rare</th>
<th>Inimitable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Yes</td>
<td>No</td>
<td>Mostly yes</td>
</tr>
<tr>
<td>Physical Resources</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 2: Projects through lenses of resource-based theory

This analysis of projects through resource-based theory allows making an initial implication about the nature of projects, as a governance resource. Overall, projects seem standardized and generalized resources, highly influenced by the positivistic approach of social sciences. This positivism is observed both in physical resources and in the knowledge-side of human resources. The social and relational side of human resources are highly socially complex resources and distinct from organization to organization. As such human resources appear valuable resources, which add to the heterogeneity of the organizational resource base. Such as Artto and Dietrich note the individuals within projects are the essential resources to nurture strategy both for the present and in the future (Artto & Dietrich, 2007, p. 4). Other resources seem contributing more to the homogeneity of the organization, rather than to its heterogeneous resource base.

However, yet the organization attribute of resources evaluation needs to discussed. As noted in Table 1, according to Barney and Clarks (2009), irrespective to the value of the resources, they also need to be bundled within proper organizational systems and practices, in order to allow the exploitation of their potential (Barney & Clark, 2009, p. 69). As discussed in the beginning of this section, the emergence of project governance is to provide the framework for bundling project resources. Hereby, the paper draws on resource organization/bundling mission of project governance next.

### 2.4.4 Project Governance bundling the resources

Organization of resources has been an extension of the resource-based theory in later years of its development. Though in his early seminal article of resource-based theory Barney (1991) had introduced organizational resources, he treated those resources with other human and physical resources on the same dimension. On the contrary, many other authors were claiming about the specific role of the organizational resources. Warnier and Weppe (2013) argued that the value from resources may come from their particular combinations rather from their intrinsic value (Warnier & Weppe, 2013, p. 1364). Caves (1980) refers to this aspect as finding ‘the best suiting bundle of the resources’ (Caves, 1980, p. 65). Here, the competence of finding and using the proper bundle is emphasized (Mahoney & Pandian, 1992, p. 365). Certain authors refer to this competence as bricolage of resources (Akingbola, 2013). These arguments rest primarily on Penrose’s approach of organizational growth (1959), who suggested that various combinations of resources render various services (cited in Warnier & Weppe, 2013, p. 1366).

Later in 2000s, Barney and Clark (2007) have included those resources as a criterion for the resource assessment VRIO framework. Here the authors argue that organizational resources are the forth important attribute for resource evaluation, without which it would not be possible to exploit the full potential of the valuable, rare and inimitable resources and capabilities (Barney & Clark, 2009, p. 67). Due to their limited ability to generate value in isolation, these components are considered as complementary...
resources and capabilities, which actually bundle the resources and create grounds for the delivery of the firm’s strategy (Barney & Clark, 2009, p. 67).

Within the typology of organizational resources, Barney (1991) introduces it as organizational culture, its reporting structure, its formal and informal planning, controlling system, its reputation in the marketplace, as well as informal relations among groups within a firm and between a firm, and those in its environment (Barney & Clark, 2009, p. 24). Here it is possible to identify several groups of resources, such as organizational processes (formal and informal planning, controlling system), relations between the actors, and such intangibles as are the organizational culture and reputation. Caves (1980) talks about it as a whole consolidation in the concept of organizational structure, which is to motivate, coordinate and reward the organizational assets (Caves, 1980, p. 66). The chosen way of arrangement is to ‘maximize the value of the firm’s chosen strategy’ where the fixed assets stand as the warrants of the strategic choice (Caves, 1980, p. 66). This is aligned with the concept of project governance mentioned above, which considers the creation of certain structures and processes, as well as value system to organize the resources in the way of achieving the organizational objectives. Based on this, the paper argues that one tool for bundling resources in project-based organizations is project governance. It actually appears as the (complementary) resource, which bundles all resources and enables the delivery of the organizational strategy.

To explore the mentioned characteristics of project governance in project-based organizations, this study will look at the practice. First, it will target to understand the social and relational aspects of project human resources. Next, it will aim to study a practice of project governance to uncover the main characteristics of organizational design and exploitation of the projects through control, reporting, decision-making and rewarding processes and value systems, as it is presented in Figure 2.

Figure 2: Project governance framework of resource bundling
3 Methodology

This study takes its motivation from the identified need of exploring projects as organizational governance structures. The need is problematized through an initial questioning of basic assumptions underneath project management studies, which condition project success with efficient and effective tools, structures and certain certified knowledge of managers (Cicmil, 2003, p. 6). Hence, opposed to common gap-spotting practices of research question formulation, this paper is problematized by questioning one of the basic assumptions (Sandberg & Alvesson, 2011) of current project management literature. This way of problematization allows exploration of the nature and potential of projects as governance structures. At the same time, it is recognized that this paper is not the only one questioning those basic assumptions, rather has respectively built on the publications of many authors who have challenged basic assumptions of project management. To name a few, the paper was built mainly on the research of Häggren et al (2012), Jacobsson and Söderholm (2011) and several publications authored or co-authored by S. Cicmil.

It also needs to be mentioned, that in no way this study aims to diminish the role of project management and projects as a valuable way of governance. On the contrary, drawing on firm economy studies the paper attempts to contribute (Sandberg & Alvesson, 2011) to their efforts of understanding project and their governance peculiarities and then draw attention accordingly.

To meet the aim of the paper, the study proposes a novel approach of using resource-based theory in order to evaluate governance resources at project-based organizations. To do this the paper builds a theoretical framework to define and explain the interrelationships of the related concepts (Srivannaboon & Milosevic, 2006, p. 495). Accordingly, the paper first introduces the characteristics of project-based organizations, followed by introduction of projects as a resource to achieve organizational strategy. Next, resource-based theory and its resource evaluation criteria are discussed, through which projects, as a resource, are screened further. Later project governance is identified as a complementary resource (Barney & Clark, 2009, p. 67), which bundles the projects. Lastly, a framework of resource study is designed in order to investigate project governance further through empirical study at a case organization.

3.1 Research perspective, strategy and method

This paper takes critical realism perspective, as it aims to uncover certain structures of social world in order to understand the patterns and trends underlying social behaviours and beliefs (May, 2011, p. 11). It is believed that there are features of social reality (e.g. social and relational aspects of project human resources) in project environments that need to be explored, as aligned with the realism perspective of research (Bryman & Bell, 2011, p. 17). At the same time, the paper questions the focus of the current project management literature and points out to alternatives. This approach is consistent with critical type of realism in terms of a step for change in the status quo (Bryman & Bell, 2011, p. 17). This step of change is suggested through resource-based theory, as discussed in the theoretical framework.

Aligned with the taken research perspective, qualitative approach was chosen for collecting data. Qualitative approach is best suited to this study, since it emphasizes power, relational and normative aspects, opposed to the quantitative research (Bryman & Bell, 2011, p. 58). For instance, the literature review displays that the matter is not in
the tangible resources (i.e. tools, technology and organizational structure), but rather in intangibles, which primarily deal with the social-relational dimension of reality (Bryman & Bell, 2011). Here, the significant presence of intangibles confirms the relevance of the qualitative approach, as it gives the possibility to observe the created social reality, the meanings that people inscribe to it and their resulting behaviours (Denzim & Lincoln, 2000, pp. 3, 10).

Accordingly, semi-structured in-depth and in-person interviews have been chosen as research technique. Six interviews of 40-90min length with five people at the case organization has been conducted. All interviews have been conducted in English, though all of the interviewees were native Swedish speakers. Sometimes, they had to think a while to find the relevant word/expression in English, but in general they all felt relatively comfortable with the language. The study targeted to interview at least two persons from each department in order to enable cross-checking of the information. Accordingly, two persons from Communications department, two persons from Program department and one person from Finance department have been interviewed. There is only one formal employee at the Finance department. It worth noting that almost all interviewees were open to provide interviews, as well as expressed no tension of revealing information and being recorded.

Semi-structured interview technique gave an opportunity to adjust to the flow of the interview, as well as discern patterns of behaviours and informal relational processes (Bryman & Bell, 2011). The questionnaire of the interviews has been composed based on the theoretical framework, aimed to discover the characteristics of human resources and project governance resources in the given project-based environment. Not to confuse the interviewees with the terminology, certain terms have not been used in the interview questions, such as terms as resource, project governance, value system, etc. The interviews have been recorded, transcribed and coded accordingly. Afterwards, an additional interview has been re-conducted with one of the interviewees to verify the data.

As the primary selected method were interviews, it was recognized that people’s knowledge and interpretations may be limited or biased, as it is implied by critical realism theory as well (May, 2011, p. 12). The method was slightly adjusted to neutralize this limitation of the selected method. First, a limited screening of public documents and visual materials (e.g. organizational official website and documents) has been conducted for identifying the relevant employees to interview, as well as to juxtapose the derived information with the interview results. Next, the findings are explained and analyzed through theories, which enable to understand the underlying mechanisms that condition people’s decisions, understandings and behaviours. This design is aligned with the critical realism perspective (May, 2011, p. 12).

3.2 Research design and analysis

The study is designed based on a case study at an organization selected on certain criteria defined in theoretical framework, as well as optimized according to the time and resource limits of this research project. The principal criteria were the following for the selection of a case study PBO organization:

- Main processes are run through projects;
- Each of the projects creates a differentiated outcome;
- It has strategized projects through creating a project governance unit.

Based on these selection criteria, Umea2014 European Capital of Culture has been selected as a case organization.

The case study design has been chosen based on a few characteristics of this study. First, governance models have been proved to be significantly different at project-based organizations based on the type, quantity and other variables of the projects at an organization (Turner & Keegan, 2000, p. 132). Thus, with a case study design, it is possible to investigate the human resource and governance practices profoundly (Bryman & Bell, 2011). Moreover, this study is relatively novel with its proposition of studying projects as a governance resource, as well as applying resource-based theory on governance at project-based organizations. The case study aims to understand more about the project-based organizations and suggest new implications for further theory development (Sekaran, 2000, p. 200). As such, the case study is instrumental, as the chosen case helps to optimize a profound insight about the issue (Stake, 2000, p. 445) of evaluating projects and project governance, as a resource for PBOs.

The paper takes primarily a deductive approach. It starts with the development of a theoretical framework of governance resources at project-based organizations and evaluates the identified project resources. Later it analyses the idiosyncratic characteristics of governance resources at a case organization. Aligned with the deductive approach, deductions were made from the coded and illustrated data (Sekaran, 2000, p. 210).

Aligned with the case study methodology, the examination of single case in this paper is followed by a theoretical analysis of the data (Bryman & Bell, 2011, s. 62). After coding the data, characteristics of complex adaptive systems has been identified in the case company. Accordingly complex adaptive systems theory has been used as a tool to analyse the data. The final findings are presented in the conclusions, followed by academic and practical implications.

### 3.3 Research Limitations

Aligned with the qualitative research limitations, several validity and credibility issues have been recognized and efforts designed to address them.

Validity of the research paper can be questioned first by the choice of the case study method, as the case study method is criticized for its delivery of anecdotal and not-generalizable evidence (Lukka & Kasanen, 1995), (Bryman & Bell, 2011). However, the paper does not target to deliver generalizable contribution. Instead, it aims to understand what we can learn from this particular application of resource-based theory to a case project-based organization. Aligned with Stake’s (2000) approach, this paper considers an epistemological question of what we can learn from a particular case, rather than how we can generalize beyond the case (Stake, 2000, s. 443). Moreover, many other authors also consider that generalizability is not a concern for case studies, rather it is the quality of the theory generation based on the findings (Bryman & Bell, 2011, p. 62).

Another concern, which may be raised in the method of the paper, is the selection of the case organization. Resource-base theory is initially created to explain competition and
firm economy, while the chosen case is a public non-for-profit organization. However, there has been other studies applying resource-base theory to other settings, such as Akingbola (2013) has applied it to study social economy organizations. The author claims that social purpose organizations are also dependent of their ability to acquire and effectively bundle resources to be able to grow and obtain sustainability (Akingbola, 2013, p. 67).

This study also can be questioned for its credibility. Given the several aspects of social reality, first, credibility is attempted to achieve by cross-interviewing technique mentioned above. However, there are certain aspects, the credibility of which are only superficially addressed in this paper, due to time and resource limitations. Such as the collective interpretation of the project owners’ motivations and relationships are derived only from the employees of the project governance unit. It was believed that the collective interpretation will be relevant data, though it is also recognized that this data can be biased as well.

The next aspect of credibility of seeking the acceptance of research subjects of the reality had been recognized as important (Bryman & Bell, 2011, p. 396). Partial verification has been conducted at a second meeting with one of the interviewees. However, due to time limitations, it is considered impossible to verify all data before the submission of the final paper. However, the researcher has promised the case organisation to provide them with the final study, thus accepting the responsibility of processing credible data.
4 The case organization

4.1 Context
As a case organization for the study Umeå2014 European Capital of Culture organization (hereafter referred as Umeå2014 ECoC) is selected. European Capital of Culture is established by the European Council of European Union with the aim to highlight the European cultures and promote mutual understanding between European citizens (European Commission, 2006). Besides the European goals of the event, it is also an opportunity for the cities to regenerate themselves and raise their international profile both in the eyes of the other Europeans and in the eyes of their own citizens. It is also to revive the cultural life in the city and boost the tourism (European Capitals of Culture, 2013).

Sweden (and also Latvia) had been appointed for the year of 2014 to nominate and select a Swedish city to be a European Capital of Culture in 2014. In general, the selection process starts around 6 years in advance and goes through two stages of application process (European Capitals of Culture, 2013). After two years of application and selection process, Umeå city has been selected as such in September 2009 (Umeå2014 ECoC Official webpage, 2013).

In general, the selection is not based only for what the city is, but mainly for what it plans for the year of being a capital of culture (European Capitals of Culture, 2013). In this sense, both the program of the event and other criteria are considered as well for the selection, such as: how the program addresses the participation of the citizens living in the city and the long-term cultural/ social development perspectives. In other words, one of the criteria is the governance system of the event which is able to deliver a sustainable ECoC (Selection Criteria, 2013).

4.2 The co-creation strategy
To address the above-mentioned criteria, the municipality has chosen an open-source platform with a co-creation strategy, meaning that everyone in the city can participate and contribute to the program. Co-creation is not only the strategy, but also the main idea on which the event rests. The official website of the event states:

“Co-creation” is the key word in Umeå2014’s capital of culture initiative (Umeå2014 ECoC Official webpage, 2013).

With this strategy, Umeå2014 ECoC is designed to meet the three main selection criteria of the ECoC – the richness of the program, the participation of the citizens and cultural operators, as well as the sustainability dimension of the event. Here, projects are initiated, planned and produced by the cultural operators and other interested citizens themselves (Umeå2014 ECoC Official webpage, 2013). This prompts an environment of cultural diversity and creativity, where everyone has a chance to express him/herself, take a responsibility for the year and be a producer of the program.

At the same time, motivating cultural operators to implement those projects is believed to boost the culture in the city and in the region, thus contributing to the sustainable long-term perspective of the event (Umeå2014 ECoC Official webpage, 2013). Three main mechanisms are identified for strengthening the cultural institutional base of the city through co-creation strategy.
First, the process of project initiation, planning and execution is seen as an important learning process for the cultural operators. Especially the creation of sponsorship network and developed fundraising skills of cultural operators is seen one of the main sustainability factors. One of the employees interviewed mentions:

‘When the project owners learn to find money from different funds and they get know this company, that is a long-term investment. Some of them is not used to that at all, some of them are very used to work with EU applications but never worked with private sponsorship. So that’s different for them’.

Next, the network of the cultural operators is believed to be enlarged through a mechanism of collaboration projects. Collaboration is instigated through creation of both local collaborations and international and European partnerships. The co-creation strategy implies only local operators are able to contribute in the program. Hence, any foreign artist or a production company, which wants to be exposed in the city, needs to seek cooperation with a local operator. Otherwise it will not have the chance to be included in the program of Umeå2014 ECoC. As one of the interviewees said,

‘Any project that wants to come here, they need partners here’.

This way, Umeå2014 creates a chance for the local organizations to be linked with the international cultural networks.

The third mean of cultural sustainable development is the emergence of new organizations. There appeared individuals who had ideas proposing, however, they did not have a legal entity to apply and receive funds, as well as to sell their project products and present themselves. Hence, around 20 new organizations emerged on the cultural arena of Umeå.

In general, to ensure the open source co-creation, there are mainly three type of projects coming from the community to build the program of the ECoC year:

- Big projects implemented by the main cultural operators of the city and co-funded by Umeå2014 ECoC
- Small projects which go through feasibility tests within Umeå2014 ECoC ‘Cultural boost’ program and then are expanded for the ECoC year, or are small initiations by small organizations or individuals co-funded by Umeå2014 ECoC
- Individual projects, which are run by diverse operators in the city and in neighboring cities which are not funded by Umeå2014 ECoC, but are included in the program.

This binding of the projects are designed to deliver a creative variety of the Umeå2014 ECoC program, trigger participation of the citizens and to ensure the sustainability of the event through learning. This alignment of the strategy with the overall goals of Umeå2014 ECoC implies also alignment of the governance system with the strategy and the organizational goals. Hence, next the governance logic of the organization design is presented.
4.3 Governance Logic

The official governing body that is entitled for the event is Umeå2014 ECoC organization within the Municipality of Umeå (Umeå2014 ECoC Official webpage, 2013). It is considered as one specific project headed by the municipality’s capital of culture committee (Umeå2014 ECoC Official webpage, 2013). The latter is a political body under the municipal executive board and is the main responsible body for implementing Umeå2014 ECoC year (Umeå2014 ECoC Official webpage, 2013). It’s main mission is to ensure the main goals of the Umeå2014 ECoC are met and make decisions on financing and the overall organizing of the event. It consists of a board of 7 politicians.

The central body administrating the event is the Umeå2014 ECoC team, which consists of 17 members based in Umeå and another 10 members based in different cities in Sweden and in Europe, at the time of this study. It has two main functions:

- To render project initiations from the citizens and cultural organizations of the city by providing support services, advising on project idea development and funding process, marketing the approved projects and providing a platform for collaboration and advancement of ideas;
- To conduct the branding and marketing of the event, present the capital of culture in Europe and to maintain the cooperation with the main stakeholders (Umeå2014 ECoC Official webpage, 2013).

The team is also divided mainly into three working groups – the Program group, which works directly with all the projects and provides guidance and consultancy services, and the Sami artistic council, which develops Sami programme of the Umeå2014 ECoC and delivers consultancy for the Sami-related projects (Umeå2014 ECoC Official webpage, 2013). It should be noted, that this study has focused on the activities of the section of the Team located in Umeå city and on the Program working group within the Team. To avoid any confusion, that unit is referred as ‘The team’ further in this paper.

Overall, a small organization is created to administer the Umeå2014 ECoC year. To meet the strategy needs of co-creation the governance logic is designed in a way to capture the following missions:

- To empower citizens and cultural operators as the main producers of the Umeå2014 ECoC year programme. Accordingly, the Team is designed to have an administrative role rather than a production role. It provides support to the cultural operators, collects suggestions and proposals, coordinates and consolidates the program as one whole, as well as allocates and distributes funds. As it is stated in the official website, the Team is to be a ‘hub and an interchange node’ for the citizens of the city who have ideas of projects to realize within Umeå2014 ECoC theme (Umeå2014 ECoC Official webpage, 2013). It does not produce or manage almost any projects. As an interviewee mentions, the only project that they produce is the opening ceremony (and probably also the closing ceremony). This way the governance system was designed to enable diversity of the Umeå2014 ECoC program and meet the criteria of European ECoC selection panel - the participation of the citizens and the development of the local cultural and social capacity.
To enable citizens to learn new skills and enhance their networks. There were institutionalized efforts to ensure the learning process for the cultural operators. First, there is an allocated person – the financial director, who is responsible for supporting the project owners with funding issues. Initially, it was an outsourced organization, but later they created an internal role of the financial director. The role of the financial director is to guide the project owners in their applications to various donors and sponsors, to help with crowdsourcing techniques, as well as to direct them in their search for funding. As the financial director mentions:

‘I helped a big production to hire a special private agency to work with finding private funding {...}. I have small NGOs {...} that I have said: have you thought about working with external funding, you could do this that. and then I have projects working with external funding all by themselves and calling me, saying – we got this offer, is this a good offer, can you help us and be part of this meeting {...} etc.’

Other institutionalized bodies are the communication and program staff, which delivers many support services, as well as public communication fairs, where everyone is invited to discuss their ideas, find solutions and support. A staff member from the program department says:

‘{...}, we have people coming here who write the applications, who has lots of questions, so we have lots lots of meetings with this people who come here, they have an idea, they want to discuss and write an application’

The role of the Team is not only to help with the applications and funding, but also to build a relationship and a sustainable network with the sponsors or with other relevant partners.

‘Because we do not the own the projects, which means we don’t own the material right of the projects, so we can just build a relationship’ – says the Financial Director.

A member of the program team mentions about identifying and directing a project initiator to a potential partner, to someone who already has a similar idea, or has the interest and capacity to implement the idea, or someone with whom synergies may be created in implementing their different ideas:

‘{...} For example, we have put all festivals project owners together so that they can share the artists, the sound systems. But they need to figure out among themselves, we just offer the space and the meeting time and help them to coordinate within each other’.

Enable emergence of cultural creativity and innovations and of new players in the cultural arena of Umeå city. A specific structure within the governance system was created in order to ensure there is advancement in the cultural arena of the city – both in terms of the quantity of cultural producers, as well as in
terms of new and innovative ideas. An initiative called ‘Cultural boost’ was established, the aim of which has been to support the feasibility research of the ideas. Many innovative ideas have come out of this initiative, as stated by one of the interviewees:

‘It enabled to get also a lot of ideas, that has not been known before’.

He brought an example of an innovative idea, the UxU Festival as a crowdfunded festival, where the length and the program is decided by the number of the tickets to be sold (UxU Festival, 2012). It has been an idea suggested by an individual, which has later grown as a non-profit organization to handle all administrative and management matters of the festival. The Festival is designed to be an annual event, meaning that a sustainable cultural initiative is created in the cultural bouquet of Umeå city:

‘He started as him, he applied as a person first, but to do the idea, he started a {...} non-profit organization with a board etc. That is also a good thing – a part of sustainability of cultural boost, that a project turned into an organization. That this project was supposed to leave afterwards’.

4.4 Emergent governance system
Current governance structure and roles are being formulated over time. In some cases they are a result of planned emergence and in some cases, they are unplanned on-the-go emergence practices.

4.4.1 Planned emergence

Planned emergence is largely dealing with the emergence of the projects and the emergence of the ECoC program itself. Having adopted the open source platform, the projects are expected to rise over time. There is a general deadline, the year of 2014, up to when they can rise. Within this deadline, they can rise anytime. This emergence of the projects can in no way be planned or controlled, though it can be instigated through inspiration and encouragement in Social Media, as the Team does. Given this structure, the Team finds it impossible to count the exact number of the projects, while the approximations are around 250 projects.

As the governance system is designed as emerging, there are some natural mechanisms established to tame the chaos. These mechanisms appear in given physical resource limitations, such as space (e.g. stages) and time (e.g. overbooked calendar), the limited number of cultural operators in the city, as well as the scarcity of financial resources.

4.4.2 Unplanned emergence

In cases of unplanned emergence, changes and modifications have been based mainly on two sources: the trial-error learning and the new emerging need for that. A structural learning example is the establishment of a private structure within the Umeå2014 ECoC organization, after having learned that they will not be able to co-fund individual project owners otherwise. Another trial-error example is the change of the financial director’s role from a networker to fundraiser (mentioned above), which has been based on the learning that the initial role is irrelevant for the organization. While, the delays in
application processions has created a need for certain positions in the program department. Accordingly, the applications front-desk team of two members has been established. Currently, when the opening of Umeå2014 ECoC opening ceremony is approaching, two new members of the staff have been hired to manage it.

In addition to roles and structures, certain functional activities have been emerged as well. For example, as the cultural year is approaching, the ‘Cultural Boost’ initiative has been modified from a ‘feasibility test’ project to an imitative of funding small projects. Closer to the completion of several projects, the need of project results measurement has emerged. Currently the Team is working on the development of the reporting and evaluation templates.

4.5 Umeå2014 ECoC organization through RBT

Having this governance logic, the paper next looks at the resources that the Team uses to implement the governance logic and to deliver co-creation strategy and the above-mentioned organizational goals. To do that, first the projects, as the basic resources for the Umeå2014 ECoC, are analysed through the resource theory lenses, particularly the human resources and organization of resources in project governance practices as derived from the theoretical framework of the study.

Whereas human resources have exhibited a potential to contribute to the heterogeneity of the organization (the program in this case), which are accordingly searched for in this case study. The exploration of project human resources is followed by the study of organizational resources within Umeå2014 ECoC team, which appears as the governing body of those resources, i.e. projects.

4.5.1 Project Human Resources

Human capital resources are identified as the training, experience, judgment, intelligence, relationships and insights of individual managers and workers in a firm (Barney & Clark, 2009, p. 24). Practically, data on insights and judgments were not possible to attain in this study. Instead the study has looked at training/experience and relationships to characterize the human resources of the Umeå2014 ECoC projects.

4.5.1.1 The professional competence

Here the experience/competencies have been observed, particularly the ones of project owners. Project owners are either individual persons or legal units (organizations) of diverse types, such as non-governmental organizations, public organizations, or even private organizations/businesses. Given the presence of many organizations as project owners, their input and outcome competencies have been considered, while personal competencies have been excluded (Müller & Turner, 2010, p. 7). Here, input competencies are considered the knowledge, skills to deliver cultural projects, as well as their organizational capabilities, such as team and other resources to meet the requirements of the role (Müller & Turner, 2010, p. 8).

It is also important to note, that this is a mediated collective view on their background experience collected from the interviewees in the Team. The limitations of this type of data collection are discussed in the limitations section of the methodology.
Based on the data, it is possible to identify three groups of project owners based on their professional competence. The first group is represented by the cultural operators, who have been in the arena for a very long time and have implemented cultural projects as the main part of their professional activity. This group is represented by people most of who are professionals in what they are doing:

‘They are pretty good in what they want to do’.  
They are much better producers than we are. Most of them do it every year, we know they can do that’.

Here, there is a clarity and trust in their professional capability to deliver cultural projects. The situation is much different in the other groups of project owners. The second group is represented by project owners, who has been inspired by introducing cultural projects into their activity repertoire and who are actually trying to do new things. As one of the interviewees states:

‘If you are an NGO, with a main focus maybe on integration, or maybe you focus on sports, and most of the NGOs see the culture of capital as a chance to do something different’.

They are referred here as newbie cultural operators’ group. Their competences in this group are very diverse, however, having an organization to run a project already serves as an important experience also for a delivery of a cultural project. While the third group of project owners features by individuals, who does not have an organizational structure as a project implementation competence. At the same time, these individuals can be classified in two subgroups – amateurs and professionals in arts. The latter have the professional capacity of conceiving of a relevant project and the Team is to guide and support in the other matters of the activity. Whereas, the capacity of amateurs highly varies. They can come from an entirely different field of experience:

‘In many cases, if this is an amateur, then they have another full time job in a completely different field maybe. For the professionals of course if they are working as an artist, that is what they usually do, but maybe this project is something extraordinary for them, something new’.

The team does not seem to have a mechanism to trust their competence of delivering the project, rather than trust on their motivation of running a project, evaluating their application and binding responsibilities through a contract:

‘There are many very-very new producers, that never done it before. But this is an arena for them to actually try it {…}.. You have to be very brave to make a project, and be responsible for as something may fail and it really will, but most of them will be great I believe’.

4.5.1.2 Relationships

The relationships within the projects were not targeted to trace, instead the relationships between the project owners and the Team is considered. It is believed that this relationships partly shape the activities of the project owners.
There are formal and informal relations between the Team and the project owners. Formal relationships are described through formal applications process, the contract and then the delivery of contractual obligations of both parties. Even though there is a contractual relationship between the project owners and the Team, however, still the Team performs as a supporter and a consultant for them, rather than a controller:

‘We are like a partner, we don’t make things difficult we want to make things happen’.

This attitude of the mentor-mentee relationship triggers an open environment of informal relationships, which include meetings and talks with the project owners any time needed. These talks are mainly expected to be initiated by the project owners themselves, when they have any questions or difficulties before or after the application process and while meeting their contractual obligations.

4.5.2 Project governance to bundle the resources
In order to see how these given resources are bundled in the governance system, the collection of the data has focused on the organizational structure and roles, the organizational processes and the organizational value system. This is done in accordance with the Project governance framework that has been discussed in the theoretical framework (see Figure 2). As discussed there, these are the components of project governance derived from Müller (2009) that implement its resource bundling function (Barney & Clark, 2009). Here phenomena are viewed on the dimension of the Team, which appears as the main governing body of the Umeå2014 ECoC. It should be noted that the processes within the projects are not considered, as they are not on project governance level.

4.5.3 Organizational structure and roles
The observation of organizational structure here is based on the classical organizational theory, where it is referred as the logical relationship of functions in an organization, which are arranged in a way to be able to attain organizational objectives (Scott W., 1964, p. 115).

There are three layers of hierarchy in the organization. It is headed by the top management represented by five people: the CEO, Artistic Director, Finance Director, Head of Communication and Head of Urban Development and Sustainability. The division of the roles in the top management is according to their functions, which are relatively independent of each other. See Figure 3 below:
Next is the middle management, where there are diverse roles of coordinators, Officers and assistants, grouped in their respective functional departments. However, they are not subordinated to each other, rather are independent roles with entrusted responsibilities. They report directly to the respective functional head within the top level of the hierarchy. For example, the structure of the Communication department presented below (Figure 4) shows a one-level of hierarchy, where coordinators, officers, a project manager and editors report directly to the Head of Communications.

The same structure exists in the department of Programs. The Finance Department is represented by only one person, the Finance director. She has no direct staff, however, there are certain people at the other departments of the municipality with whom she is working, as well as there are external consultants that she is cooperating with. Though the functions are independent, however, they are engaged in close and frequent interactions.

The next level of the governance structure is the projects represented by the project owners (See Figure 3). Though they are the ones programming and delivering the Umeå2014ECoC, in reality they are not part of the formal governance structure. All of them are independent actors and are either completely independent of Umeå2014 ECoC or are bound through contractual relationships. However, all projects have touch points
with all departments of the Team. On different stages of the project life-cycle they communicate with different departments. See Figure 5 in the next section.

While examining the *roles system* in the Team, flexible and changing roles have been identified. This is consistent with the idea suggested by Haga et al (1974), who argues that organizational roles change over time in contrast to fixed roles (cited in Roos & Starke, 1981, p. 296). Role making is featured by the relative freedom of the individual to determine their role behaviours without having to follow codified standards and strict job descriptions (Roos & Starke, 1981, p. 296). This practice has been largely observed in the Team, with higher clarity in top management roles, and less clarity in middle management roles. For instance the Head of communications is responsible for overall branding, marketing and communication of Umeå2014ECoC. The Artistic Director is responsible for the artistic content and final layout of the Umeå2014ECoC year. The funding side of the program is carried out be the Financial director. Despite this defined roles, some flexibility in roles is existent in terms of giving a few roles to a person. For instance, the Financial Director was later appointed to handle the contact with the university, which would have been considered a job for communication department. As well as, upon the completion of the main mission of the financial department she was excluded from the Team and was assigned a position somewhere else at the municipality.

In contrast, the roles in the middle management are less clear. They may change over time depending on the current needs of the organization. There are positions that do not even have certain titles, such as an employee from the program department does not have a defined position title, despite that his/her working area is defined in the program group.

Flexibility in this level of altering the roles of human resources is highly visible. An employee at Communication department has started as a web editor and then moved to handle with printed communication materials. An employee from the program department, who was the main responsible producer of all projects, has been moved to work on the opening ceremony as of September 2013. Another person from the program group that was dealing with the applications was also moved to work part-time for opening ceremony. Accordingly, there is even no clear-cut job responsibilities, staff is deployed given the needs of the organization at the given period of the time.

Next, governance processes are discerned. The following processes have evidently surfaced during the data collection - control and reporting processes, decision-making and reward structure. All these processes are discussed further.

### 4.5.4 Control process and reporting lines

In classical organizational theories control is seen as either an external control or self-control. The external control is defined as a set of rules of programming work flows, measuring the outputs and reinforcing desirable behaviours (Scott et al., 1981, p. 142). Conversely, self-control deals with the internalization of organizational goals by the employees and integration with their own self-control mechanisms (Scott et al., 1981, p. 142). Two-layered control and reporting system is considered in the organization, that is control within the Team and control systems present between the team and the projects.
4.5.4.1 Control and reporting within the Team

Control within the Team is highly deformalized, thus leading to conclude that is based on self-control of the employees. The main way of control is direct conversation, a meeting or a brief discussion between the supervisor and the employee, or between the employees. There is no formal or written reporting line to the supervisor:

‘Its mostly pretty open meetings and discussions. {…} this meetings are pretty informal and its mostly about discussing and getting an overview of what is right now in the program, what should be done’.

In general, reporting subordination is not highly visible or defined. Interviewees are not very sure while asked the question about the subordination structure in the organization. A member of the program department mentions, while asked to describe the subordination within the program department:

‘If there was a hierarchy, Fredrik (the artistic director-added by the author) would have been on top of it. Though depends from which angle do you look at it, but I would say here (within the program group – added by the author) the roles are pretty even’.

At the same time, there are procedural demands imposed from the municipality parent organization, which impose certain practices over the Team. Such as mentioned by the Communications department, there is a monthly communications report to be presented to the municipality and every member of the communications department contributes in the report providing their specialized parts of the report. For instance, PR compiles the PR section of the report, Printed media presents his/her accomplishment and so on. However, these are external control systems imposed on the Team from outside.

4.5.4.2 Control and reporting between the Team and the projects

Control and reporting matters appear relevant only to the projects that are co-funded by Umeå2014 organization. The ones that are not co-funded are not controlled in any way by the Team, despite that they are still part of the Umeå2014 ECoC program.

Here, external control is limited to certain touch points during the projects’ lifecycle. Other than that there is no external and formal control exercised over the projects. The main touch points are the application process and the delivery of the projects, as well as along the project implementation when the Team requests updates from the project owners. The touch points with the project owners are made by different employees of the Team at different points of the project lifecycle. (This process is presented in the Figure 5). Such as the Program Department mainly controls the initial stage of the projects and the communications Department controls the implementation stage. However, this process is not very fixed and standardized procedure for all projects to go. Given the situation the Team makes adjustments. There has been a case, when the Team has presented a project for a co-funding decision (with a positive decision) without having the entire application from the Project owner:

‘The birds project, that project needed a quick decision as they needed to buy the sensors. {…} We said we can’t do all, but we supported to get them a possibility to start the project, but then they are working now to see what can they do, and so’.
In Figure 5 though the stages are depicted in a sequence, however, it does not imply necessarily that one follows the other. For example, there can be meetings with the financial director yet in the beginning of the project application. In certain cases, there may also be communication and coaching from the application team of the Program Department before the actual application.

**Figure 6: Project lifecycle at Umeå2014 ECoC**

Control during those touch-points with the projects is expressed first by the application process and second with the contract. To initiate a project, the project owners must present a completed application form, which is available on the official website. This is a standardized process, after which a decision about co-funding is made by the political board of Umeå2014. An approval by the political board is followed by signing a contract with the project owner. All other responsibilities of the project owners are determined through the contract. Here control is established slightly on the process and mainly on the outcome. Control over the process is within two aspects:

- To provide information and ask for approval if major changes are to occur to the project;
- And to provide updates/pictures about the project to include in the year calendar and to update the website.

Control over the outcome is the obligation to deliver the promised/designed project content. Despite the contractual relationship, the Team does not exert any control over the quality of the project or on the project output. If the project is not delivered, the only leverage that the Team has is to stop paying the co-funding. Except that leverage, the Team has no other influence on the project outcomes. There are other touch-points with the projects, which are not obliging and are viewed as support services to the projects. These touch-points are framed by dashed lines in Figure 5.

Overall, the Team does not exercise direct control over the projects, rather it states responsibilities and obligations through a contract and relies on their compliance to the contractual provisions based on their own self-control. Here are also stated the reporting
obligations of the project owners, which are represented by project updates to the communication team and financial report upon the completion of the project.

4.5.5 Decision-making process

There are many definitions and functions introduced about decision-making. This study tends to adhere to the proposal of Gore & Dyson (1964), where decision-making is viewed as a mechanism and instrument, which enables achievement of the desired goals. Here it is viewed as a process of making a choice, rather than the choice itself, which affect organizational participants in their activities of achieving organizational goals (Lundberg, 1964, p. 21). This process view on decision-making is considered more relevant for understanding decision-making as an organizational process.

Lundberg (1964) refers to routine types of decisions and non-routine decisions, which are aimed to bring a change within the organization (Lundberg, 1964, p. 23). The main basis of the classification of routine and non-routine decisions is the availability of the established pattern of the decision-making process, whereas, the non-routine decisions require a conception of the pattern (Gore & Dyson, 1964, p. 3). In this study there is a large consideration of the routine decisions, due to methodological difficulties to trace non-routine decisions, which appeared in a higher levels of the Team hierarchy. Decision-making process is considered within the Team, which does not include the decisions made by the Political board, despite the recognition that those decisions also affect the activities of the Team. This exclusion is done based on the focus of the study on the Team.

Here routine decision-making appears informal and can be carried out both individually by an employee of the supervisor and as a result of a discussion. Particularly, in the programs department most of the decisions are made as an outcome of a meeting/discussion. For example, the decision on co-funding of small projects is entitled to be made by the Artistic Director. However, the final decisions are made in a meeting with the responsible of the ‘Cultural boost’ initiative and the Artistic director.

Similar to Program department, decisions at the Communications Department appear to be made at departmental meetings, followed by a performance of a work by the employees. The final accomplishments are to be later approved individually by the Head of Communications if needed. In the cases, when the task is very clear and detailed, the employees are not supposed to ask for the final approval before publication. However, operational activities are not supposed to be approved by the Head of Communications, but are upon the decision of the employees.

In general, there are almost no generic rational tools or standards to guide the decision-making. However, a few patterns and underlying values have been observed that employees follow while making their individuals decisions. The pattern at the Program department is that each employee has developed an individual tool that facilitates individual decision-making. Such as to be able to evaluate arriving applications and weigh them for a selection decision, an employee from the Program department has developed a tool, where the projects are measured against the goals of Umeå2014:

‘{…} I have made a simple excel spreadsheet where I weigh applications. There are two sorts of different criteria that has been based under Umea2014 application to EU, as like from goals and … one is more on sustainability, creativity, quality, gender’.
Whereas at the Communication department, employees are used just to consult informally with their peer colleagues if they need an advice or a second opinion.

Overall, routine decision-making appears patterned in an informality and goal-measurement, while non-routine decisions appear as open-end and floating process in the Team. Such as, certain decisions can be left open and decided without any rush and indefinitely. For example, there is no decision whether there is a limit of projects the Umeå2014 is able to co-finance, or until when the organizations will accept project application for co-financing:

‘{...} we have not talked about that. We talk a lot in terms of budget (referring that the money is the limit – added by the author)’.
‘The cultural boost will be open until October 2014, that is decided. {...}. Probably we will not fund any big ones, but it depends on the ideas as well. {...} So it has to be decided anyway.

Both routine and non-routine decisions appear value-based, or aligned with the organizational goals and the mission of Umeå2014 ECoC. As it was seen in the individualized tools used by the employees, the selection decisions are made based on the goals of the Umeå2014 ECoC. Next, the communication decisions are made based on the values of open source, where everyone is given an equal and fair chance for exposure during the ECoC year. As for the non-routine decisions, the open, case-by-case and non clear-cut decision-making reflects the commitment of the Team to keep the year open in case there is an opportunity to make the program more attractive.

‘Only now we made a decision for a new project, a big collaboration between the Northern Opera and businesses and an organization. {...} we said that we will collaborate with them, because, a big artists decide to come here {...}’.

4.5.6 Reward system
Organizational reward structure is a basic factor explaining why individuals work for the organization (Argyris, 1966, p. 249). This organizational process helps to explain why project owners are working/initiating projects for Umeå2014 ECoC. Hence, the reward system is viewed on the level of the Team-projects interactions. The dimension of the Team has not been considered first, due to ethical issues of not divulging personal employment information, secondly, it is considered that the main individuals who make the Umeå2014 ECoC happen are the project owners. Hence, their motivations of working for Umeå2014 ECoC is more important.

Here it was attempted to understand the expected and perceived rewards of the project owners from their accomplishments. Authors classify formal and informal (Mosel, 1964, p. 361), or tangible and intangible rewards (Argyris, 1966, p. 249). These classifications are largely possible to use interchangeably. This study refers to tangible and intangible classification of the rewards, both of which have been detected in the case. However, it should be noted that this is a mediated and collective opinion about the perceived rewards of the project owners, interpreted by the Team. This methodological limitation is addressed in the Methodology section of this study. Here, a particular question is asked to all interviewees: ‘In your opinion why these people are doing projects?’ Below are presented both tangible and intangible rewards that the project owners allegedly expect out of their project initiatives.
4.5.6.1 Tangible rewards

The main tangible reward that the project owners find a motivation is the availability of the funds and other resources to implement cultural projects, as interviewees mention. The financial reward is an incentive mainly for all three groups of the project owners – cultural operators and newbie cultural operators. For the first group, this type of projects is not something new. However, the availability of the funds gives an opportunity to do more activities, attain contracts with bigger artists and take the pride of it. At the same time, the availability of funds and resources encourages the newbie operators specialized in other domains to do cultural projects. As for the individuals’ group, they see the funding as a possibility to implement their ideas. However, for all these groups, funding is not to make profits, instead it looks just an instrument to achieve the intangible rewards, discussed below.

4.5.6.2 Intangible rewards

Within intangible rewards, Clark & Wilson (1961) classify the ones which are derived from identifying with others in the organization and the ones, which are derived from identification with the purposes and goals of the organization. In this case study, only the second reward class has been observed. Namely, an intangible reward observed is the perception of being part of something extraordinary, something new, interesting and big – Umeå2014 year.

‘Lots of Projects – the museum, orchestra, theatre companies, they see a chance to be a part of Umeå2014 and they have perhaps an idea that they want to have a lot of artists and so they will find it an interesting place to be’.

For other groups, such as the newbie cultural operators and individual project owners, there is a group for who it is chance to realize their ideas from long-ago and find a self-fulfilment out of that:

‘{…}some had their ideas for long time and finally they see a chance to make them happen’ - Robert 8-9.

While others have found an inspiration to initiate and contribute in ECoC year, as they value the culture in the life of the society. In addition, there is a reward of self-pride and accomplishment, where there is a chance of initiating, doing and accomplishing something from the beginning till the end.

‘(in case of individual project owners – added by author) maybe many have got the idea of, wow, maybe we should get involved as well and do something – probably for most of them’

‘They are believers that culture is good for the society, so they just want to do it’.

4.5.7 Organizational value-system

Organizational values are defined as ‘the socially shared representations of institutional goals and demands’ (Rokeach, 1979, p. 50). Beyer (1981) functionalized values,
defining them as ‘preferences’ within ‘rationalized normative system’, which enable to make a choice of a course of action and/or certain outcome over the other (Beyer, 1981, p. 166). Here the author refers how those values affect other processes within the organization, particularly in decision-making. However, here mainly the individual aspect of value system has been considered. While, Rokeach (1979) has identified a few methods by which organizational values are possible to measure through the individual values of key employees or ‘gatekeepers’, as he calls them (Rokeach, 1979, p. 53). There are certain critics about this method of generalizing individual values over the whole organization (Pinder, 2008, p. 98). However, Beyer (1981) mentions that many different individuals have same values, which creates commonalities between them and brings order to the organizational practices (Beyer, 1981, p. 167). In addition, this studied case of the organization is represented by only 17-people of staff. It is believed that the small size of the organization may allow certain understanding about the value system in the organization through individual values.

In order to identify the values guiding the Team, certain questions were asked to the interviewees. Those questions were aligned by the Beyer’s (1981) two aspects of the value definition, which are the course of action (values in their activities) and course of outcome (values they anticipate in the outcomes of their activities). Aligned with this, two aspects were examined while interviewing the Team members: firstly, the main mission they see in their job activities and secondly, the criteria with which they evaluate the success of the projects. Then those findings are compared to the Umeå2014 ECoC goals to see the consistency of the organizational values and the employee values. It should be noted that organizational values are usually discussed in terms of organizational goals (Cummings, 1981, p. 260).

4.5.7.1 Values in the course of action

The following question was asked to the interviewees ‘what is the main mission you perceive in your job activities?’ Importantly, it should be noted that the value system here is not viewed entirely with the three-layer organization. Due to methodological constraints, it was not possible to trace the value understanding on the side of the projects, rather only the Team has been considered.

In general, the Team does not have a common formal mission statement. However, there seems to be a commonality in understanding of their mission in the organization. First, there is a large alignment of Team’s perceived mission with the mission, i.e. strategy of Umeå2014 governance (discussed in the beginning of this section), that is to enable everyone to participate, to enable learning and development and to enable emergence of creativity and innovations. This alignment is first expressed in the recognition of the presence of those values in the employee activities, as one of the Team members mentions:

‘The mission of culturalised city of the Umeå2014 […] relates to our team values, of how we are going to work to make this happen. We take those values and the mission into consideration while making decisions’.

There is an evidence of internalized understanding of the general role of the Team in the Umeå2014 ECoC in general. All of the interviewees were very clear that the role of the organization is not to produce but to support, which was a guiding principle in their
decisions and prioritization. Even they refrain good ideas if there was no proper organization to take a responsibility of its implementation.

‘People worry that we will not have a classical ballet in the city in 2014, but we ask who will do that? It does not mean we don’t want to have, it just there should be an initiative to do that’ – said one of the interviewees.

Another example of the individual and organizational value alignment is the practice of assessing the project ideas against the Umeå2014 ECoC criteria, represented in the individual tools of the program department members. For example, the strong value on sustainability of the Umeå2014 ECoC is one of the main criteria of project selection:

‘I look if they apply funding only from 2014 or from somewhere as well. Since our funding will disappear after 2014, they should have some other ideas’.

4.5.7.2 Values in the course outcome

The outcome of all projects is an event, the success criteria of which is not yet very clear for the Umeå2014 ECoC organization. The general guidelines of success are the final goals of Umeå2014 ECoC, however, there is no certainty how these goals will be measured and no consensus on whether all projects need to meet the same criteria. Interviewed employees themselves recognized that there should be some differences in understanding the project success among themselves. An employee from the Program department states his ideas of a successful project and mentions about the Head of the department:

‘{…} Fredrik might have a different opinion of what is a good project’.

Most of them stated that the first factor to label a project successful is the number of the audience and attention the event receives while it is delivered:

‘I’d say if we get big audience, a lot of attention for the activities, when we have more people, new things, different things. It should be brilliant, but the value of it will be less, than the value that there will be more people involved there a lot of attention’.

On the next turn, they come to recognize the important aspect of the capacity building of the cultural operators. That is to say, that they recognize that in certain cases the audience will not be that important, as the process has involved a large number of people as well as, the operators have learned many new skills and have enlarged their networks.

‘A lot of projects, for example the Fair opera process, even if the project is not so good, it does not really matter as thousands of people were involved during the entire process’.

Here there is a slight mismatch of the desired outcomes picture and the strategy. If the goal is to enhance the learning and achieve sustainability, the desire of many visitors probably should not have been on the first place of evaluating the project success.
4.5.8 Summary

Overall, the Team operates as a project governance unit/institution, more precisely, it has features of a tactical PMO and portfolio management office, as defined by Müller (2009). As a tactical PMO it provides support to the project owners in form of consultancy and training. However, it does not control or set the methods and tools for project planning and implementation, as usually tactical PMOs are supposed to do (Müller, 2009, p. 22). As a portfolio management office it ensures that the best suitable projects are selected within the three major types of projects of Umeå2014 ECoC portfolio (co-funded big projects and ‘Cultural boost’ projects; and independent projects). Here the selection is guided by the goals of Umeå2014 ECoC. However, as a portfolio management unit it does not have prioritization functions, efficiency evaluation and performance criteria for the projects, as it would have been a case for a traditional portfolio management office (Müller, 2009, p. 24). In addition, those projects are not fully sponsored by the Umeå2014 ECoC, but are only partially co-funded. Most importantly, this project governance unit does not own the projects, which emerge as independent systems.

Aligned with the theoretical framework of this study, this case data presentation aimed to reveal, firstly, how project human resources, which were identified as contributing to organizational heterogeneity, look like within given project governance system, and secondly, how organizational resources are bundled in this system. To conclude the answers to posed research questions, the findings are analysed in the next section.
5 Analysis

The data illustrated in the case organization reveal a picture of a complex organization, where utilized governance resources are less formalized, less planned and enough flexible to allow emergence of creativity, innovation through bottom-up rising projects. There are multiple and undefined number of actors, who emerge unpredictably in a bounded timeframe. There are no limits of the number of projects and no restrictions of project types to be initiated within the cultural domain. The overall governance system consists of a three-layered organization, where the governance is based on role-making practice opposed to fixed roles, deformalized and task-specialized control process, competency-based informal and floating decision-making and dominance of values within the course of actions and outcomes in place of the procedural standards. Most importantly, the governance rests on specialized project managers, who collaborate with the organization voluntarily and are driven by intangible rewards.

Aligned with the critical realism perspective of this research study, theories are supposed to be applied to spread light on these findings. Umeå2014 ECoC governance system, as depicted in the data presentation, features as complex adaptive systems, given its abovementioned idiosyncrasies. Aspects of both instability and stability, planned and on-the-go emergence and self-organization have been detected, which places the organization on a point, where certain paradoxes cohabit comfortably (Smith & Stacey, 1997, p. 93). Accordingly, complexity theory, with its implications for complex adaptive systems are considered relevant tools to analyze and explain the interactions of the Team, as a project governance unit, and the projects. Complex adaptive systems are defined as critically interacting components, which self-organize to form evolving structures and emergent properties (Curlee & Gordon, 2011, p. 7). Emergent nature, self-organization and continuous evolvement, along with other characteristics are the key features of the complex adaptive systems summarized in Table 3. They are detected in the observed resources of the organization – within the features of project and organizational resources of Umeå2014 ECoC, to be discussed further.

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<tr>
<th>Feature of Complex Adaptive System</th>
<th>Description</th>
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<td><strong>Bounded instability</strong></td>
<td>The placement of the organization on ‘phase transition between stability and instability’ (Smith &amp; Stacey, 1997, p. 83)</td>
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<td>- Instability – ‘not to be trapped in a local optimum’ and provide the necessary heterogeneity (Smith &amp; Stacey, 1997, p. 82)</td>
</tr>
<tr>
<td></td>
<td>- Enough stability – to maintain a pattern.</td>
</tr>
<tr>
<td><strong>Self-organization and emergent order</strong></td>
<td>- Agents self-organize producing orderly patterns in disorder</td>
</tr>
<tr>
<td></td>
<td>- Bottom-up emergent process without a central design</td>
</tr>
<tr>
<td></td>
<td>- Agents engage in double-loop learning</td>
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<td>- Cause-effect links (action-outcome) are lost in the complex interactions of agents</td>
</tr>
<tr>
<td></td>
<td>- Behaviour emerges and not designed by anyone</td>
</tr>
<tr>
<td><strong>System learning</strong></td>
<td>- Double loop or single-loop learning through trial-error and feedback</td>
</tr>
<tr>
<td></td>
<td>- Double-loop learning and competition decreases the efficiency but increases the learning and thus the effectiveness</td>
</tr>
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</table>
Radical unpredictability

- Generic forms of behaviour are robust and predictable
- Specific behaviours are predictable in a stable region
- Given the organizational shift to the bounded instability region, it becomes an open-ended space, where ‘specific forms – when and what form those generic behaviours will take – are not predictable and will emerge only through experience’ (Smith & Stacey, 1997, p. 84)

Fundamentally paradoxical

- Both cooperation and competition is in place
- Both diversity and conformity is in place
- Networks are neither too richly nor too sparsely connected
- Emergent behaviours are both stable and instable

Redundancy

Spreading redundancy in behaviours in order to:
- Provide enough stability
- Make the system more flexible and viable in turbulent environment

Table 3: Features of Complex adaptive Systems (summarized from Smith & Stacey (1997))

5.1 Features of Project resources as CAS

5.1.1 Paradoxicality as a source

Aligned with the theoretical finding and data presentation chapters of this study, the analysis of project resources has been focused on competences and relationships within human resources. The latter has been delineated in the following picture. First, the competency groups of the project owners have featured with radical paradoxicality, given the two extreme groups of human resources grouped together – professionals and the amateurs. Paradoxicality in complex systems is believed to provide the system with a source of predictability and unpredictability, stability and instability (Smith & Stacey, 1997, p. 85). The Team relies on professionals’ long-years of professional experience of doing similar projects for many years, which provides the system with stability. While the contractual relationship with second and third group of project owners (the newbie cultural operators and amateurs) produce instability and unpredictability in the system. The Team states that these projects are risky, as they may succeed or may fail.

Aligned with their competencies, the motivations of the project owners, derived from the analysis of the reward system, also instigate paradoxicalities in the governance system. Larger weight of intangible rewards gives a reason for assuming of triggered intrinsic motivations of the project owners, which is highly interesting and is discussed in a separate heading in this section. The value placed on culture, self-fulfilment and identification with the Umeå2014 ECoC goals appear intrinsically motivating for many project owners. This creates predictability and unpredictability, as well as stability and instability in the system. The emergence of project initiation motivation of project owners can be predictable first based on an assumption that Umeå city is famous of its grassroots cultural initiatives. This implies that people will be willing to contribute and be part of the Umeå2014 ECoC organization (especially given the extrinsic motivation of the funding availability). This is aligned with the archetypal form of behaviours suggested by Smith and Stacey (1997) argued to be activated by certain experiences (Smith & Stacey, 1997, p. 84). At the same time, the involvement of the main cultural operators in the bidding process of ECoC, has ensured their commitment and thus, certain stability in the system. However, the timing of the emergence and the forms of the projects is highly unpredictable. Unpredictability is especially high in the cases of the other two competency groups of project owners - newbie and individual project owners. Here, the activation of archetypal behaviour to do a cultural project may arise at any time and the application can cover any unpredictable form of meeting Umeå2014
ECoC goals. Similarly, it is unpredictable, whether there will be sufficient number of initiatives fulfilling Umeå2014 ECoC program goals and variety. Consequently, it is not possible to predict the far future, both the exact picture of the Umeå2014 program, as well as the image of the city as ‘development through culture’ after Umeå2014. However, they allow a recognizable pattern in the behaviours based on the archetypal behaviours, as well as positive and negative feedback system (Smith & Stacey, 1997, p. 82).

Within the relationships of the project owners and the Team, the formal contractual relationships ensure a patterned predictability in the system, while the informal relationships, talks and conversations are the source of instability. These relationships evolve and give birth to new behaviours and new patterns (e.g. the finalization of project idea; final submission/non-submission of the application; establishment of a formal organization; changes in an on-going project; etc.). This cohabitation of stability and instability is described as bounded instability of complex adaptive systems (Edelenbos et al., 2009, p. 174). As Smith and Stacey (1997) define, bounded instability in human organizations occurs when ‘people sometimes operate within the formal structures that establish stable equilibrium and sometimes within the informal structures that lead to total instability when they are uncurbed’ (Smith & Stacey, 1997, p. 82).

5.1.2 Bounded instability as a source

These informal and formal interactions, patterns and structures between the projects and the Team (e.g. the consultations on funding, linkages with possible sponsors, support during the application process, formal application and reporting processes, etc.) prompt emergence of certain features of those agents, which exhibit their adaptive nature (Schneider & Somers, 2006, p. 352). As complex systems, these new features form both through their inner capacity to self-organize by themselves, as well as through co-evolutionary interactions with the other subsystems in the system (Teisman et al., 2009, p. 9). These two concepts, self-organization and co-evolution, are considered the building blocks of complex adaptive systems (Boons et al., 2009). Self-organization is first a reflexive and autonomous capacity of the actors to receive and transform the information within their inner interactions and form behaviours respectively (Teisman et al., 2009, p. 9). Accordingly, project owners at Umeå2014 are independent in finding and allocating funding of their projects (other than the co-funding from the Umeå2014 ECoC), they are responsible for making their teams, selecting their partners and designing the means of delivering their projects. They are autonomous in finding coping strategies suiting their own needs (Smith & Stacey, 1997, p. 83).

Next component of self-organization is the emergence of new or modified features of the subsystem (Schneider & Somers, 2006, p. 355), within the bounded instability and co-evolution in interactions between the sub-systems (Teisman et al., 2009, p. 9). In the latter case, it emerges largely in the relationships between the Team and the project owners, as there seems to be rare interactions between various project owners.

In an attempt to identify the sources of emergence of coping strategies, there seems to be two of them – self-referencing and double-loop learning. Both of them coexist in the systems, however, with different proportions. Where the project owners are active in their interactions with other project owners or in their relationships with the Team, double-loop learning way of adaptation looks more dominant. In the cases of passive
interactions with the Team, most probably adaptation goes mostly through other mechanisms, such as self-referencing.

5.1.3 Adaptation through double-loop learning
Smith and Stacey (1997) mention that even the powerful agents are not the ones who plan emerging behaviours of agents (Smith & Stacey, 1997, p. 83), instead they co-evolve autonomously (Teisman et al., 2009, p. 9). However, these relationships can be affected, such as through ‘smart interventions’ proposed by Klijn and Snellen (2009). Here the relationships are built according to the unique situation, in which parties have found themselves. This is the pattern observed in the case of Umea2014 ECoC governance system. In this environment, where the changes in projects, as well as the forms of emerging projects are unpredictable, the Team appears open to discuss the idiosyncrasies of the case and make further relations accordingly. In this interaction, and the Team’s support in capacity development and funding diversification activities, an environment may be created influencing the future fundraising patterns and activities of the project owners. In addition, social media communication of Umeå2014 is also an example of a smart intervention, where it is attempted to influence the working patterns of the project owners. As Klijn and Snellen argue, with smart interventions in complex adaptive systems, managers may be able not only establish specific interactions with the agents, but also influence on the developed patterns out of that interaction (Klijn & Snellen, 2009, p. 35).

It seems that through those smart interventions the system is able to direct the human energy towards the goals of Umeå2014 ECoC. Kuhn and Beam (1982) consider that one important propulsion of the formal organization system is to be able to direct the energy of human resources towards the organizational goals. It can be done through the established channels of relationships and thus attain commitment of the parties (Kuhn & Beam, 1982, p. 397). This commitment is based on initial interaction and learning about each other. This double loop learning consumes efficiency efforts, as prescribed by complex systems theory (Smith & Stacey, 1997, p. 83). Especially, the Team mentions about the scarce time resource. However, as the theory claims, system learning facilitates further effectiveness of the project owner-Team relations, as well as the projects themselves, by having aligned their goals with the Umeå2014 goals.

After having signed the co-funding contract, there is no direct control over the projects, who are free to self-organize and shape forms themselves. Project delivery is based on trust and credibility of the expressed and implied promises. Interestingly, this type of relationships, Kuhn and Beam (1982) had found practiced in Japanese organizations (Kuhn & Beam, 1982, s. 412). Accordingly, trust appears as an important resource here that has been indicated by Resource-based theory as well (Barney & Clark, 2009). This finding is elaborated later in this section.

5.1.4 Adaptation through regeneration
There is some evidence in the data that some project owners base their new cultural initiatives on their existing resources by adjusting and building themselves respectively. As Luhmann (1995) mentions, this type of self-organization is autopoiesis or a self-reference based self-organization (cited in Pel, 2009, p. 118). Self-referencing implies that the existing rules shape the new emerging features, thus causing a re-generation of the system (Kuhn & Beam, 1982, p. 27). This type of self-organization ensures the continuity of the system in complex situations (Pel, 2009, p. 120). In this sense, those project owners perform as both open and closed systems. While self-organization
implies a close interaction with the environment and learning, which result in coevolution of the system, however, some complex systems feature with enclosure to a certain extent (Klijn & Snellen, 2009, p. 27). During the interaction with the environment, these systems shape and regenerate their existing properties (Klijn & Snellen, 2009, p. 27).

Another observed way of possible adaptation is the regeneration of the whole system, deriving from the value-system of the Umeå2014 ECoC. This is aligned with self-similarity mechanism, which is similar to self-referencing and is proposed by (Schneider & Somers, 2006, p. 357). Here the subsystems are supposed to feature with some qualities of the whole, when the organization gives a ‘strong frame of reference’ to its parts (Schneider & Somers, 2006, p. 357). The authors refer to organizational identity as a frame of reference, which includes also the value system of the organization (Schneider & Somers, 2006, p. 357). It implies that the value system of Umeå2014 may serve as a self-referencing frame for the project owners in their adaptation processes. However, it should be noted that these are the features that are mostly concluded as a result of abductive reasoning and need further investigation.

5.2 Features of Organizational resources as CAS

5.2.1 Planned emergence

While looking at the organization of the resources established at Umeå2014 ECoC, the first eye-catching aspect is the emerging structure of the governance system. Emergence refers to the unpredictability of the long-term outcome of the actions of individual agents (Smith & Stacey, 1997, p. 83). At the same time, Kapsali & Blomquist (2013) refer to emergence as a ‘macro-level view of bottom-up originated social structures’ (Kapsali & Blomquist, 2013, p. 6), pointing that emergence comes from the lower levels of the system. As it was discussed in the case of Umeå2014, the projects, as the initial level of the system, emerge and become constituent parts of the system. Despite those projects have formal applications and planned activities, the Team is not very sure about the final outcome of their activity.

Smith and Stacey (1997) argue that there is ‘no central design of the emergent order’ (Smith & Stacey, 1997, p. 83). However, as the case indicates the emergent order has been designed centrally, contradicting this approach of the complex systems theory. There is a certain centralized design both for the projects emerging structure, funding sources, as well as scheduling, given the standard and formal application forms, sustainable funding requirements, calendar adjustments if needed with other projects, etc. At the same time, Kapsali and Blomquist (2013) state that emergence can also be a designed activity (Kapsali & Blomquist, 2013, p. 6), which explains the contradicting finding in the case organization. Moreover, this design of the emergent structure has been based on the existing experience of the Cultural committee of the municipality, reflecting the way they have been funding the cultural projects before. The referencing of the structures is consistent with the self-referencing aspect of self-organization, as it was discussed above (Klijn & Snellen, 2009, p. 27).

5.2.2 Dissipative self-organized structures

However, while self-organization through self-referencing seems a more common practice for the project owners, as discussed above, the Team features by a dissipative self-organization. Dissipative self-organization refers to structures, which are in constant dynamics of exchanging energy with the environment (Buij et al., 2009, p.
Within this subsystem, cooperation efforts of the actors result in a convergence of the system strengths, in addition to generating innovative initiatives driven from the actors’ interaction with the environment (Buij et al., 2009, p. 100). This approach is also consistent with the double-loop learning practices in complex adaptive systems (Schneider & Somers, 2006). Such as the Team as such has been in a constant change, where for instance the roles of employees of program department has been evolved based on the learning of the need.

As the system learning in theory of complex adaptive systems suggests, the initial disorder creates inefficiencies (Smith & Stacey, 1997, p. 83). This has been in the case of the Team resulting delays in project application finalizations and approvals. Later, on-the-go identification of the governance need to address the applications handling issues, has prompted an emergence of the program team. Similarly, the organization has been evolving introducing new roles or modifying the existing roles, where the initial role of the financial director of a networker had been changed to a fundraiser, or the web editor was moved to a position of a printed media officer, etc.

5.2.3 Room for spontaneity in processes
In general, the Team features of having a large room of spontaneity not only for structures, but also in governance processes, which has been again based on double-loop feedback and continuous interaction between the subsystems and the environment (Klijn & Snellen, 2009, p. 30). There are free choices available for staff in charge to develop processes relevant to their particular responsibility, to adjust their roles, as well as to make decisions idiosyncratic to the case situation (Boons, Van Buuren, Gerrits, & Teisman, 2009). The individually elaborated evaluation and decision-making processes for project applications are an example of self-organization that has triggered ‘orderly pattern of disorder’ (Smith & Stacey, 1997, p. 83). It was interesting to find out that there has been an apparent failures of some centrally designed control tools, such as projects tracking master database, while the individual tracking tools and informal updated between the Team members have proved to be effective. Within the decision-making process, open-ended and slow non-routine decisions leave a room for changes or more projects to arise, at the same time, making it impossible to predict when a program new component will emerge and what will be the process of handling it.

Spontaneity is also reflected in the control processes, expressed for instance, control process of project initiation between the Team and the projects. There is a widely open door for the case-by-case treatment of the applications within the process. Such as in cases of a need for urgent funding (e.g. in the case of ‘Birds project’) or offer of an attractive project to fund and adjust in the program (e.g. the new big project decided to fund only in November 2013, mentioned in the data presentation chapter), the Team skips many initial formalities of the application process including the deadlines.

Another appearance of spontaneity is observed in the evaluation of the final outcomes of Umea2014 ECoC, where the success is not defined and every employee has his/her individual explanation of a successful project. It can be implied that it probably causes certain spontaneity, unpredictability and variety in their actions of control, decision-making and daily routines/interactions.

5.2.4 Balance in dissipative self-organization
As the theory claims, dissipative self-organization enhances the capacity of the organization for creativity and innovation and maintains the system in constant
dynamics (Buij et al., 2009, p. 100). However, the authors also consider necessary to establish stabilizing forces in the system, otherwise it may find itself in a chaos, where both individual and collective goals will not be possible to achieve (Buij et al., 2009, p. 100).

The first stabilizing tool that the Team applies is the contractual control over the project owners, which gives the necessary stability to predict a pattern of behaviour. The contract also introduces a patterned control with its formal change request and final reporting requirements.

Other emerged or established mechanisms are based on intangible resources of governance, where the disorder has been transferred to a patterned order, as mentioned above. Particularly, the analysis of decision-making process and value-systems of the organization has divulged two sources of patterned order, thus stability and predictability in the system.

First source of stability is the trust on competence of Team members to make relevant decisions. This trust is embodied in the decentralized decision-making process and evident self-control practices in the organization.

The second is the observed pattern of aligned individual values/tools with the organizational values. Despite that there is no formal values/vision/mission stated for the Team, there is a high degree of internalized understanding of the values of the whole Umeå2014 ECoC. This introduces certain stability in their course of actions and outcomes. For instance, employees appear understanding clearly the value of the sustainability and exclude those project applications/activities, which may hinder sustainability efforts. With this internalized values, the organization appears having an ordered value system, which serves as a source of stability within the system.

Overall, organizational resources are planned on unpredictable, emerging and self-organizing structures. Within this structure, the informal control and decision-making mechanisms and variety of behavioural patterns make it almost impossible to trace for instance where the direct control ends and self-control starts in the system. The autonomy of actions of the agents, as well as their elaborated tools/principles of decision-making, create a variety of patterns, which contribute to a significant instability of the system. However, the system seems having developed an ability of making disorder to an informal order through trust on competence and internalization of the organizational values. This gives grounds to conclude, that organizational resources are bundled in a way, which enables the organization to find stability within chaos, or in other words, deliver the strategy within the creativity, innovation and thus, heterogeneity.

5.3 Sources of emergence and self-organization at Umeå2014 ECoC

The data in this case study confirm to a certain extent that emergent order and self-organization is considered an essential structure to ensure heterogeneity (Smith & Stacey, 1997, p. 83). While analysing the human and organizational resources of project governance system of Umeå2014 ECoC, it appears that intrinsic motivation serve as the main source for project emergence, while trust on competence and value-alignment serves as a source of dissipative self-organization in the project governance subsystems – projects and the Team. These sources are elaborated further.
5.3.1 Intrinsic motivations

In general motivations of the human resources is the organization’s main driving system (Kuhn & Beam, 1982, p. 397). However, Kuhn & Beam (1982) similar to many other authors (e.g. (Galbraith, 1977, p. 263)) consider the emergence of motivation as a result stemming from a particular designed reward system. This seems not the case of the Umeå2014 ECoC. There are no essential tangible rewards in place for the project owners to initiate those projects, but just self-fulfilment and the desire to be part of something remarkable – the capital of culture program. In this case study, intrinsic motivation appears to be the main energy source, which also generates the necessary heterogeneity in Umeå2014 ECoC and leads to the transitions of the agents, as aligned with the complex systems theory (Schneider & Somers, 2006, p. 355). This misalignment with management theories, however, is explained in motivation studies. Intrinsic motivations are the ones which stem from the human nature of seeking novelty, challenge and grow one’s capacity and to learn (Ryan & Deci, 2000, p. 70).

In organizational settings, Herzberg (1971) points out the intrinsic human need to make achievements and experience psychological growth, which can be accomplished through the content of the job, as well as the environment in which the jobs are situated, such as the organizational control, goals/values, interpersonal relationships, etc (Herzberg, 1971, p. 318). Aligned with that human need, Stringer (1971) introduces the achievement motivation, where a ‘self-motivated’ men strive for the accomplishment of the task as the best reward (Stringer, 1971, p. 335). This type of intrinsic motivation is the one observed in the case organization. The collective explanation of their intrinsic motivations claims for the human strive of contribution and accomplishment of an activity-project within Umeå2014 ECoC program.

Aligned with Herzberg’s (1971) proposition, this type of motivation has been triggered given the proper governance setting and environment, where there was no external control over the project owners and encouragement of idea-generation. Moreover, the job content is created by the project owner itself, where he/she has all power to make the project best-suiting his/her growth aspirations. Stringer (1971) argues that achievement motivation suits better to environments where there is an entrepreneurial activity, e.g. when the actors are supposed to take initiatives and then responsibility for their own initiatives, where there needs to be specific goals set and met, as well as when there are moderate risks to be taken (Stringer, 1971, p. 336). This allows to conclude that the cultural entrepreneurial governance setting of the organization has been a good fit to foster intrinsic achievement motivation of the citizen of Umeå city.

5.3.2 Trust on competence and value internalization or principled trust

Complexity theory refers to trust as a mechanism of facilitating decision-making given the uncertainty in an effective and legitimate way (Edelenbos & Eshuis, 2009, p. 193). In the case of Umeå2014 ECoC governance system trust appears also a tool replacing external control mechanisms both over the projects, as well as over the Team. Here, both the Team members and the professional project owners are trusted for their competence of steering Umeå2014 ECoC activities and implementing projects respectively. This is an appearance of trust on competence, which Das and Teng (2011) refer as the technical ability of the agents to accomplish the tasks, which results of exclusion of certain forms of control. Aligned with this finding, Edelenbos and Eshuis (2009) have juxtaposed trust with control and discussed how they are interrelated with
each in complex environments (Edelenbos & Eshuis, 2009, p. 194). Aligned with coevolution principle of the complex systems, the authors suggest that trust and control change their characteristics in a co-evolutionary process. Opposed to previous studies that considered negative correlation between control and trust, Edelenbos and Eshuis (2009) suggest a positive correlation. Under the various forms of control the type of trust changes, and vice versa (Edelenbos & Eshuis, 2009, p. 196). In this process, actors exhibiting preparedness to be controlled, show commitment to the relationship. With this they contribute in the increase of the trust towards themselves, after which signing a contract may follow. Similar process is viewed in the case of Umeå2014 ECoC, while the system evolves as discussed in organizational resources section of this chapter. The process is demonstrated in the Figure 6.

![Figure 6: Development of Trust between projects and Umeå2014 ECoC](image)

The authors view contracts as a consolidation of trust in the end of formal/informal relations of co-evolution (Edelenbos & Eshuis, 2009, p. 199). This process has been highly observed in the case, where the coevolution of the interactions during a project initiation may or may not result a co-funding contract between the Umeå2014 Team and the project owners.

While discussing the trust on competence of the Umeå2014 staff members, another aspect of trust of competence reveals – the intentions of the individual/organization to accomplish the tasks. Nooteboom (2011) includes it in his definition of trust on competence (Nooteboom, 2011, p. 167). He defines trust on competence not only as trust on technical experience and knowledge of the individual/organization, but also his/her intentions/commitments to act ‘according to the best of its competence’ (Nooteboom, 2011, p. 167). Goodwill intentions and commitments to the tasks and project goals in the case organization look to be based on internalized values of Umeå2014. This is aligned with the strong form of trust suggested by Barney & Clark (2009). In this form of trust, it is not the governance mechanisms or non-beneficial aspects that prevent the opportunism, but the values and principles of the agents (Barney & Clark, 2009, p. 100). The authors call this type of trust as principled trust,
which also is argued to be a type of trust, which is also a valuable resource, as it is a source of organizational competitive advantage (Barney & Clark, 2009, p. 94).
6 Summary and Conclusions

This paper aimed to explore the nature of the projects as governance resources at PBOs and the organizational governance of those resources. To meet the goal first the literature on project-based organizations and their governance efforts has been screened. Next, a theoretical framework was developed to run an empirical study at a project-based organization, i.e. Umeå2014 ECoC case organization.

The theoretical discussion of projects and their governance argued the relevance of the application of resource-based theory on assessing the nature of projects as governance resources. This appeared a viable proposal, which helped to explore and critically analyse the constituent parts of the projects. Accordingly, the identified human and non-human resources in projects have been assessed through VRIO framework of the resource-based theory. Here, first the homogeneous project resources were pointed out, such as the standardized knowledge and skills of the project human resources and the standardized and generalized physical governance resources in projects. Next, the critical discussion allowed concluding that human resources in projects and the organization of project resources are those resources that may potentially deliver heterogeneity in the resource-base of the organization. This theoretical discussion helped to identify the valuable resources that contribute to the innovative and unique character of project-based organizations.

Next, these resources were further observed at a specific organization to derive learning from a particular case and to answer the second research question. The observation had been conducted at Umeå2014 ECoC selected case organization and was based on the resource analysis framework derived from theoretical framework. The analysis of the data revealed a structure of complex adaptive systems, which featured with paradoxicality, bounded instability, designed emergence and balanced dissipative self-organization. All this emerging structures and self-organization practices generated creativity/innovation within the resources and delivered bespoke products/events for the organization. The analysis allowed spotting the sources of the emergent and self-organizing system in the practices of intrinsic motivations and principled trust.

To conclude the findings of the study, first, it should be noted that project-structures, as a governance resource, appear viable in conceiving of and implementing distinct organizational strategy. This supports the basic assumption that most of the project-focused studies and literature make about project-structures. However, projects as claimed to be the “powerful strategic weapons to create competitive advantage” (Shenhar et al., 2001, p. 699) can be largely flawed if certain resources are not prioritized and certain structures are not created. Standardization and systemic approaches in current project literature may appear not only irrelevant and trivial (Hällgren et al., 2012, p. 480), but also not generating any unique organizational character, as the study depicted. Such as the paper revealed the valuability of the specific relational, motivational and normative aspects of the human resources and the bounded instability, emergence and self-organization in the organizational resources. Particularly, intrinsic motivations appeared as a source for the emergent structures of the organization, while the trust on competence and values served as a source of self-organizing practices over time. The created environment of instability, bounded by contractual relationships, time and space, has created a wide arena for generating creativity and learning. These were the resources that ensured the creative and customized products of the organization and the effective implementation of the
organizational strategy at the case organization. If they are not considered, the sole attention on efficient and effective standardized and generalized project rules/tools may lead to failure of project-structures. If project-based structures and their governance are to be a strategic resource for the organizations, then the ones, who adapt and adjust it wisely, will be able to derive the potential advantages of it.

6.1 Implications and suggestion for further research
The theoretical discussion and the findings of the paper allow making several academic and practical managerial implications. To start with the academic implications, first, resource-based theory may serve as a viable a diagnostic tool to understand the nature of projects, as a resource for organizational governance at project-based organizations. This evidence of its application appeared useful in assessing governance resources at project-based organizations. It introduces new insights on project-structures and project management, which hopefully will prompt an interest for further research. Particularly, research on governance resources in PBOs, such as communication processes, knowledge and learning processes would be interesting. As well as, research on human resources will be needed, as this study was much concentrated on project managers, while the knowledge, skills of other project team members should be explored as well.

Next important implication of the paper is the identification of the valuable resources in project-based organization. The heavy emphasis on physical resources, as well as on creation a rigid body of knowledge in project management seems leaving other resources of the organization in a shade. While this study revealed the significance of relational and social aspects and relevant organization of the resources. Particularly, the value of intangible resources was salient, such as people and their motivations, as well as institutionalized trust and values. These are also the rare and inimitable resources, which have the potential to successfully support the distinct and competitive strategy of organizations (Barney & Clark, 2009). Further research and investigations of these resources in projects and project governance may provide the project management discipline with other useful insights.

This finding is relevant also as a managerial implication, as in current fluid resource markets, it is the intangible resources that stand as a success factor for sustainable advantage in the markets (Mansfield & Fourie, 2004, p. 37). Managers are expected to apply project management tools/procedures while adapting project-based structures, while this direct repetition of a known strategy may not guarantee the success of the organization (Curlee & Gordon, 2011, p. 8). In general, project-based organizations seemed to be caught in the buzz over change and environmental turbulence, considering projects as the best mean to address external changes rapidly. Accordingly, if project-based organizations were adopted to meet the turbulent environmental changes, resource-based view on the projects help to rethink direct application of project-structures and their governance practices in the organization. Instead, it can introduce a balanced consideration of the internal environment and rooted capabilities within PBOs (Mintzberg et al., 1998, p. 280).

The last, but not the least, theories on project-based design of organizations, as well as managers, should consider the complex and emerging structural attributes of the projects. Within the project governance system projects arise unpredictably and may need a room for self-organization, which may not be possible given the static and top-down project governance design, common in literature nowadays. These are features
that are difficult to code and systemize, thus are left out of the project management professional literature (Hällgren et al., 2012, p. 480). On the contrary, managers may find it very useful to incorporate those features in their everyday managerial practices to ensure a successful innovation of their corporate strategy and its aligned implementation.

Overall, this attempt of looking at projects as a resource for the organization was to initiate a transferable foundation to later lead to a contribution in project management theory (Lukka & Kasanen, 1995, p. 77), both in terms of the relevance of resource-based theory and complexity theory, at project-based environments. However, both of these perspectives are probably to be a journey of exploration and not a destination, where there are not rigidly set skill requirements and procedures, but rather a preparedness to embrace willingly the provided complexity and uncertainty (Curlee & Gordon, 2011, p. 9) with their unlimited advantages and challenges.
7 References


den 15 November 2013


8 Appendix 1 – Generic Interview Guide

Introduction
- Please, tell me about your role in Umea2014 team.
- When did you join the team?
- What is your previous experience from?

Human resources within projects
- What do you think – why these people are initiating projects?
- Who are the project owners (professional aspect)?
- Why do you think they can manage projects?
- Do you know if they have teams? Who are the members of their teams?
- What kind of communication do you have with the project owners (or with any other team member)?
- How would you describe your relations with the project manager/project team?
- Which parts of the projects are realized without collaboration with the Umea2014 team?
- What are your actions when the project is in a trouble? Do you have any determined policies for that?
- Are you concerned with the outcomes of the projects? What about the process of the project?
- When would you consider a project as successful?
- Overall how do you assess the performance of current projects?
- What do you think – what is difficult for the projects/project owners?
- Do the projects change in their content?

Organizational resources (structure, procedures, policies, value system)

Organizational resources between Projects and the Governance Unit
- Are you involved in any project planning activity? How?
- What you do during the project execution? How? Any tools used to track each project?
- Do you have a master tracking database of when what will be done, when what needs to be achieved?
- How do you plan the close-out/evaluation of each project?
- How do you support the projects? Do they ask for more support? If yes – what? If no – why?
- What kind of resources and how do you allocate/provide to the projects?
- Do you have budget limitations for projects? How do you decide on project financial need, how much to allocate?
- Have you had any misunderstandings, any issues between you and the projects?
- How do you capture the learning of the project managers and the teams?
  Anything in the applications or report forms?
- What kind of reporting lines are present between the projects and the team?
- How do they know what are they allowed to do and what not? (For example, what kind of decisions are projects allowed to make themselves and what they should communicate with you?)
- How do you make decisions when there are key issues about the projects?
- How would you describe projects ownership – are they Umea2014 projects or independent projects?
- Do you think they understand the goals of Umea2014 of empowerment? Why yes, why no?
- What you do to make it more comprehensive for them?

Organizational Resources within the Governance unit
- Please, describe, what do you do on daily basis?
- Please, describe your team structure.
- How do you make decisions in the Umea2014 team? (everyday decisions, project-related decisions, etc.).
- What is the role of other municipality employees in the activities of your department?
- Do you report someone about your job? Who? How Often?
- How do you share your learning with others in the team? (Or a project learning with other projects?)
- Do you feel any pressures/troubles/difficulties in working within this type of structure of independent projects or co-creation?
- How would you qualify the relationship between employees in the team? What is different here?
- What is the main logic/principle/value on which you base your work?
- Do you have a UMEA2014 team mission statement? Is it written?
- What is special about your team?