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SIGNIFICANCE OF PROJECT OFFICES FOR INTER-SECTORAL PARTNERSHIP AT REGIONAL LEVEL

M. V. Tsurkan (a)*, M. A. Liubarskaia (b), I. A. Dokukina (c)

*Corresponding author

(a) Tver State University, Zhelyabova street, 33, Tver, Russia, 080783@list.ru

(b) Saint-Petersburg State University of Economics, Naberezhnaya kanala Griboedova 30/32, Saint-Petersburg, Russia, liubarskaya@mail.ru

(c) Central Russian Institute of Management, Branch of RANEPa, Boulevard Pobedy, 5A, Orel, Russia, dokukina.orags@mail.ru

Abstract

Nowadays project management considered to be advanced toolkit for sustainable development not only at for corporates, but also for the territories. This conclusive study aimed to prove the significance of project offices for inter-sectoral partnership development at the regional level. Identification of the most specific features of public sector project management leads to a better understanding of requirements for development of successful project offices and provides potential future research directions. Authors consider secondary data as crucial for answering the research questions. Experts' opinions reflected in the related scientific papers were used in order to define the theoretical background of the problem of executing project management methods and instruments in the public sector. Project office acts as an important factor for regional and municipal strategy implementation through inter-sectoral partnership projects. These projects addresses the most important issues in the municipalities and regions of Russia. Based on existing practice, seven types of project offices with various maturity levels can be determined. A project office of any level performs both basic functions of inter-sectoral partnership management, and advanced functions that reflect the specifics of its purpose. At the same time, the allocation of different levels of maturity and four models of project offices can be executed rather obviously, since the model most often reflects the corresponding level of maturity.

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Keywords: Inter-sectoral partnership, model, municipality, project office, region.



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1. Introduction

The practice of project management at the corporate level has proved its effectiveness by the example of the successful development of the largest enterprises in Europe, Asia and the US.

According to the results of the Project management Institute annual global study “Pulse of the Profession”, based on the survey of 4,500 respondents, including top managers of companies, project managers and project offices around the world, 58% of organizations are fully aware of the value of project management, and 93% are using standard project management practices. Companies with a high level of project management maturity are 2.5 times more likely to achieve their goals (Prima, 2018).

Standard project management practices include establishment of the “project management office” as a dynamic organizational entity and a significant participant in reaching the strategic achievements of companies (Szalay, Kovacs, & Sebestyen, 2017).

1.1. Introduction of Project Management into Public Sector

The implementation of project activities in the public sector began in the Russian Federation (the RF) with the adoption of a number of governmental and program documents, including:

- Federal Law 115-FZ “On Concession Agreements” (2005), as well as Federal Law 224-FZ “On Public-Private Partnership, Municipal-Private Partnership in the RF and Amendments to Certain Legislative Acts of the RF” (2015), determined the mandatory participation of the authorities, as experts and consultants, in the implementation of inter-sectoral partnership projects.
- Governmental Decree 1050 (2016) “On the organization of project activities in the Government of the Russian Federation” (later, in 2018, it was replaced with Decree 1288 with the same name).
- Regional legal acts governing the implementation of inter-sectoral partnership projects within the framework of participatory budgeting programs of the constituent entities of the RF.

According to Krasilnikov and Yakimova (2015), project management methodology in Russian public sector was developed in the course of the following periods:

- first period falls between 2005 and 2008, when priority national projects became the progressive method of addressing most challenging issues in the RF and its regions;
- second period (2009-2012) presents phase of increasing number of projects in the public sector carried out with the partial use of general project management methodology;
- third period (after 2012) launches implementation of megaprojects in certain regions (Sochi-2014, Ural Industrial - Ural Polar, etc.) and creation of distinct project methodology for public sector.

During third period the term “project office” was introduced into public management practice, while synonymous concept of “project management office” has been used for more than 10 years in private sector.

1.2. Role of Project Offices in Inter-Sectoral Partnership at the Regional Level

Currently, 13 national projects, 76 federal projects and more than 3,500 regional projects are being implemented in the Russian Federation (Russian Presidential Academy of National Economy and Public Administration, 2019). Thus, the most of the project activities in the Russian public sector are carried out precisely at the regional level (Ramenskaya, 2018). There is growing necessity of encouraging innovations in the public sector to improve the efficiency of resources usage, the quality of public services, and address a diverse range of societal challenges (Arundel, Bloch, & Ferguson, 2019).

In the RF constituent entities, project offices have been created in the Republic of Bashkortostan, Orenburg region, Primorsky kray, Moscow region, Moscow, Republic of Crimea, Belgorod region, Republic of Sakha (Yakutia).

Lomovtseva, Kuzmina and Golodova (2018) consider project office as an important factor for regional and municipal strategy implementation. Project office acts as a structural element of regional or municipal management system, accomplishing tasks of reporting, launching standards, portfolio handling, and data base supervising on projects' implementation and progress.

2. Problem Statement

Low efficiency of project offices' functioning in public sector determined by the lack of a unified approach to the definition of the conceptual category "project office". Besides that, constantly changing environment requires deeper research, involving typology of project offices.

2.1. Lack of proper terms and concepts in the field of project management in the public sector

For example, the main differences between Governmental Decrees 1050 and 1288 is the transformation of terminology, First of all, in view of the implementation of project management in the system of achieving strategic priorities through national, federal and regional projects. In addition, Decree 1288 determines the current structure for organizing project activities in the regions, in which the project office of a constituent entity of the RF became an indispensable element.

2.2. Low efficiency of existing classifications of project offices

This conclusive study identifies the development of definitions, the evaluation of state-of-the-art models and typology, and reveals a new, integrated framework to analyse project offices in public sector.

Identification of the most specific features of public sector project management leads to a better understanding of requirements for development of successful project offices and provides potential future research directions.

3. Research Questions

The authors formulated research questions based on knowledge of existing project management challenges in the public sector.

3.1. What factors should be taken into consideration while developing project office?

In comparison to projects in other sectors, the most complicated public project management areas are stakeholder management, procurement management, and communications management (Gasik, 2016a; Gasik, 2016b). Project office is an organizational structure created in order to promote and improve project management practice, by adopting appropriate methodologies to achieve high levels of effectiveness (Monteiro, Santos, & Varajão, 2016). The complexity of tasks requires project offices in public sector to be developed to assure efficient management stakeholders' interests and resource usage in the course of developing inter-sectoral partnership projects.

3.2. What drives project office's functioning efficiency?

Project offices' functioning is typically aligned with and guided by public values, which represent the public sector's underlying purposes and motivations and the rationale for its existence. Typical examples of public values include responsibility to the citizens, efficiency, effectiveness and fairness (Hofmann, Sebo, Braccini, & Za, 2019). These characteristics should definitely influence the classification of project offices.

4. Purpose of the Study

The purpose of the research is to analyse specificity and performance criteria of project offices in the public sector and, based on these characteristics, to propose project offices' typology.

Management of projects within public sector plays a key role in how well the society as a whole is performing (Jalocha, Krane, Ekambaram, & Prawelska-Skrzypek, 2014). However, related researches were focused mostly on different aspects of the critical competences of project managers, and didn't look into performance of project offices as a whole.

4.1. Important Characteristics of Project Offices

Project offices play variety of roles and accomplish functions, whose performance is related to strategic objectives achievement (Viglioni, Gunha, & Moura, 2016). Researches show that project offices can be the battlefield between power and control, between people and processes, and between interests of different stakeholders. Analyses of the most important characteristics of project offices allows the verification of how they can serve the interests of inter-sectoral partnership.

4.2. Project Offices' Classification

The requirements for public sector performance are increasing, and projects becoming progressively challenging. Managing a project is a complex activity, which involves many different stakeholders (Santos & Varajão, 2015). This increasing complexity requires management practices and tools that assure an efficient use of resources. In this context, project offices' classification can be of great value.

Complexity can be addressed through a strong organisational structure, control, and monitoring. But it is probably more efficient to focus on communication among partners (Widforss & Rosqvist, 2015).

By creating a typology of project offices, authors believe that this paper will provide a valuable basis for developing project management methodology taking into consideration complexity of public sectors.

5. Research Methods

The conducted research is a complex of consistent methodological and organizational measures interconnected by the purpose of the study. Study combines phenomenological and positivistic philosophies, since authors rely on both quantitative and qualitative data.

Deductive approach was chosen for research execution. According to this approach, authors observing and analysing a problem or a phenomenon in order to predict its consequences with a certain level of confidence. This type of research approach was chosen by the author, since the topic of the research suggests a great scale of data analysis in order to develop recommendations for the project management in public sector.

5.1. Secondary Data Collection Methods

Research process was based on using secondary data collection and analyses methods. Secondary data collection involves such areas as particular qualities, complexity of inter-sectoral projects environment in the public sector.

Authors consider this type of data as crucial for answering the research questions. Secondary data is used in order to define the theoretical background of the problem and to understand the attitude of the experts to the problem of the research.

For the secondary data collection, authors have analyzed a variety of sources (books, articles, academic papers, reports, etc.) accessed primarily via the Internet. The majority of sources (mostly, academic articles) were found through the website sciencedirect.com by searching for relevant keywords.

According to Avramchikova, Ereemeev and Chistyakova (2017), the creation and development of a project office as a state support mechanism in the region will allow more innovative companies to enter the market or expand production faster, which will increase tax revenues (tax revenues will increase due to an increase in corporate property tax and revenue tax for organizations, value added tax).

Lomovtseva, Kuzmina and Golodova (2018) suggest allocating 3 levels of project offices (PO):

- Central PO is a unit that carries out planning and monitoring of project activities, methodological and administrative support, and creation of a project-oriented management system in the region.
- Functional PO is a unit which functionality is limited by the framework of the unit.
- PO is a unit limited by the framework of a specific program / project (project offices for education, healthcare, etc.).

At the same time, a project office of any level performs basic functions and advanced functions that reflect the specifics of its purpose.

The basic functions include:

- development and implementation of the project management methodology and monitoring compliance with the project management methodology;
- formation of the register of projects and consolidated reporting on projects;
- assistance in planning and monitoring the implementation of individual projects.

Among expanded functions of the regional project office for the inter-sectoral partnership:

- development of measures to increase the investment attractiveness of the region for the implementation of public-private partnership, concession projects;
- centralized allocation of managers or administrators of inter-sectoral partnership projects;
- information system supervision for planning and monitoring inter-sectoral partnership projects;
- document management for inter-sectoral partnership projects;
- implementation and support of the incentive system for project participants in the region;
- organization of training in project management and direct training in the specifics of the implementation of inter-sectoral partnership projects;
- the formation of a reserve of project specialists of various levels;
- audit of inter-sectoral partnership projects;
- knowledge management in the field of project management of inter-sectoral partnership;
- portfolio management in the field of inter-sectoral partnership projects.

5.2. Data Analyses Methods

The design of the research is conclusive, as the purpose of the study is to provide certain answers to the research questions in the form of recommendations for project management specialists in the public sector. The research is casual, as it studies the impact of project offices on the efficiency of projects' implementation in the public sector.

Formal and informal methods were used for collected data analyses. Comparative analyses of different models of project offices functioning was executed in order to develop proper classification of offices based on the level of maturity of their project management system and specific of their purposes in the process of inter-sectoral partnership development.

6. Findings

Authors developed concept of functioning of project offices in the course of implementation of inter-sectoral partnership, and proposed typology of project offices according to the level of maturity of project management systems in the region and their role in projects execution.

6.1. Inter-Sectoral Partnership Project Offices Levels

The introduction of a project office for the development of inter-sectoral partnership in the region implies its development within the framework of various maturity levels.

In the framework of significance of project offices for inter-sectoral partnership (PO for ISP), the following levels can be distinguished:

Level 1 – the goals and objectives of PO for ISP are determined, the structure is organized;

Level 2 – PO for ISP is looking for ways to increase efficiency of projects' implementation;

Level 3 – PO for ISP focused on project portfolio management;

Level 4 – PO for ISP has gained recognition of public structures and project executors;

Level 5 – PO for ISP has achieved compliance with official project execution documents;

Level 6 – PO for ISP has a clear distribution of stakeholders, and has the opportunity increase number of projects;

Level 7 – PO for ISP has achieved full coverage of expert participation in the regional projects.

6.2. Inter-Sectoral Partnership Project Offices Models

It should be noted that the allocation of different levels of maturity and models of project offices can be considered rather arbitrary, since the model most often reflects the corresponding level of maturity. Main functions and performance criteria of PO for ISP project models are presented in Table 01.

Table 01. Inter-Sectoral Partnership Project (ISPP) Office Models

Type of Project Office Model	Main Functions	Performance Criteria
Project Office – Repository	<ol style="list-style-type: none"> 1. Maintaining a register of ISPP; 2. Maintaining an archive of ISPP; 3. Creating the body of knowledge for developing project management for ISPP. 	<ol style="list-style-type: none"> 1. The availability of complete information on ongoing and implemented ISPP; 2. Timeliness of providing information on ISPP.
Project Office – Mentor	<ol style="list-style-type: none"> 1. Developing project management methodology for ISPP; 2. Developing regional standards for project management in ISPP; 3. Developing project documentation; 4. Providing training sessions on project management skills for the representatives of public and private sector of the region. 	<ol style="list-style-type: none"> 1. The availability of project management methodologies and standards for ISPP; 2. The level of documentation of ISPP; 3. The formation of project management competencies among participants of ISPP.
Project Office – Enterprise	<ol style="list-style-type: none"> 1. Managing of project implementation; 2. Managing risks in the process of initiation and implementation of ISPPs; 3. Collecting necessary data for the formation of ISPPs portfolios; 4. Examining and evaluating project management. 	Quality of implementation of ISPP within specified results, time and budget parameters.
Project Office – Immediate Result	<ol style="list-style-type: none"> 1. Planning implementation strategy by choosing appropriate ISPP model ; 2. Managing inter-sectoral partnership 	<ol style="list-style-type: none"> 1. Quality of implementation of the strategy of a region or municipality through ISPP development;

	projects' methodology in order to identify ways to optimize "cost-result" ratio and eliminate risks; 3. Introducing progress reporting system in the process of ISPPs' implementation.	2. Quality of implementation of ISPP within specified results, time and budget parameters.
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7. Conclusion

The study allowed us to draw conclusions, the main of which are as follows.

7.1. Significance of Inter-Sectoral Partnership for Project Implementation

The regional project office for inter-sectoral partnership should ensure the implementation of bilateral and triangular cooperation projects within the framework of such mechanisms as public-private partnerships, concessions, special investment contracts, participatory budgeting. Moreover, taking into account Decree 1288, it can be integrated into a regional project office, the creation of which has become mandatory for all RF regions as part of the implementation of national projects in the relevant territory.

7.2. Regional Project Office Development

At the regional level, a project office for inter-sectoral partnership can be created within one of the 4 proposed models, while in the process of development, the structure can be included into a more functional model, which, according to project terminology, reflects a change in its degree of maturity.

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