

# **Governing the Implementation of Strategic Projects: A Multi-Level Approach on Dynamic Capabilities**

Prof. Dr. Martina Eberl  
Berlin School of Economics and Law  
Berlin, Germany

## **Abstract**

This paper seeks to specify and further explicate on organizational and individual micro foundations of dynamic (growth) capabilities. In specific, it is reflected on project governance structures and accompanied information-process at the individual level involved in the implementation of strategic projects as organizations develop and grow. In focusing on strategic projects in re-directing an organization's strategy to meet the competitive challenges, a variable of key concern in strategy research is addressed (Barney/Felin 2013; Felin et al. 2012; Zwikael/Smyrk 2011).

As point of departure the concept of dynamic capabilities as a higher-level routine (Winter 2003) is introduced and conceptually linked to strategic projects showing a deep connection between both, dynamic capabilities on the one hand, and (effective) processes and structures in governing strategic implementation.

As a temporary, relatively new and complex endeavor, the implementation of a strategy is comparable to a project. According to the German Institute for Standardization, a project is also characterized by the uniqueness of the conditions in their entirety such as the target and financial or personnel limitations. Thus, companies often establish projects for the implementation of their strategies. Besides, projects allow for a higher flexibility that is required in dynamic environments (Tarlatt, 2001) wherefore they are also seen as a 'vehicle for achieving change' in dealing with dynamic environments (Pellegrini/Bowman, 1994). If a project has a particularly high and sustainable potential to create value, it is classified as a strategic project, which typically includes high-risk investments and decisions under high uncertainty (Menz et al., 2011), just as it is the case within the typical dynamic-capability setting (Helfat/Winter 2011; Teece 2007).

With regard to strategic projects and their implementation it will be argued, that project-governance represents a multi-level variable of dynamic capabilities, which refers to the individual and organizational decision-making framework (Miller/Hobbs 2005) by which projects are strategically directed, integratively managed and controlled (Renz, 2007).

When it comes to the specific shape of strategic-project governance literature reveals a dilemma. On the one hand, project governance establishes the relationships between internal and external project stakeholders, wherefore all persons related to the project need to be involved (Maley, 2012). Yet on the other hand, Garland (2009) emphasizes that the quality of the decision will be impacted if the stakeholder management is not separated from project decision-making. The paper will investigate on this dilemma by drawing on decision-making theory and insights on individual decision-making in complex, uncertain and time-scarce situations (Simon 1958; Milliken 1987; Dörner 1993; Guth/MacMillan 1986; Friedberg 1988; Festinger 1957; Kahnemann/Tversky 1979, Das/Teng 1999) revealing two characteristics to

be of central importance of governing the implementation of strategic projects effectively: (1) "neutrality" in the processing of information, and (2) the "high-involvement of direct control", in terms of top management's conscious decision-making and taking responsibility for the implementation of the strategic projects. It will be argued, that at the core, a leadership dimension is addressed compelling a re-thinking of the leadership role in strategic growing processes (leadership dimension). Since awareness and responsibility need more than only the individual involvement, but supportive (technology) structures and processes as well (Schreyögg/Kliesch-Eberl 2007), as a second dimension organizational responsiveness as a microfoundation of dynamic (growth) capability is positioned. In doing so, it will be argued that the organization and practicing of responsibility, awareness and flexible responsiveness stands in the scope of successfully implementing strategic projects as organizations strategically grow.

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