Managing Public Sector Projects in Portugal: Meeting the Challenge Through Effective Leadership

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Using two-hundred eleven (211) Portuguese public sector project managers, this study examines the changing role of project leaders and its impact on a project's success in challenging Portuguese public sector environment. Factors which include the characteristics of the project managers, managerial know-how and availability of information are studied for this purpose.

INTRODUCTION

As economic and financial difficulties globally persist, the public sector officials are being asked to do more and more with less. In this context, the Portuguese public sector is feeling the severe impact of the country's financial problems. As such, projects are being cancelled, or put on hold for better times to come. For on-going projects, Portuguese public sector officials and project leaders are looking for ways to enhance the success of projects already in progress.

The success of projects in the public sector is a product of many factors. These factors include, among others, the characteristics and style of management of the project managers, familiarity of project managers with effective management practices, and the availability of information on key aspects of performance to gage effectiveness.

Using a sample of two-hundred and eleven (211) Portuguese public sector project managers affiliated with city councils in Portugal, the current study has the following objectives:

1. Examining the relevant characteristics of project managers in the public sector.
2. Assessing the importance of management and organizational variables to project management in the public sector.
3. Investigating the availability of information on relevant variables and characteristics influencing the management of projects in the public sector.
4. Shedding some light on the factors contributing to the success of projects in the public sector.

BACKGROUND

In recent years, managers of for-profit private organizations have been under considerable market pressures to re-orient the strategies, operations and business models of their organizations. In a response

to these pressures, the organizational structures of these organizations have been steadily re-engineered from mechanistic, rigid and closed system-oriented to a more organic, flexible and open system-oriented structure (Gomes *et. al.*, 2006). Cross-functional teams utilizing project management practices have been deployed effectively to smooth this re-engineering effort aimed at organizational changes (Box and Platts, 2005). This unmistakable rapid pace of organizational re-engineering and the organizational changes associated with it has made project management tools and practices a subject of great practical interest to the management of private organizations. The proliferation of change-based projects made "management by projects" (Partington, 1996, Smith and Dodds, 1997) a practical phrase, rather than a slogan in today's business environment.

The traditional project management approach is based on a closed system perspective of organizations. However, some organizations are still adhering to this approach, even in today's organizational open system environment (Yasin *et al*, 2002). Perhaps this may explain the relatively high rate of projects failure. In the context of organizational change, project and change initiatives must be approached based on a well-designed and multifaceted strategy, which not only adhere to time and budgetary constraints, but seeks achieving a competitive organizational advantage (Dietrich and Lehtonen, 2005). Toward this end, a broader organizational effectiveness-oriented strategy is required. Such strategy calls on project managers to utilize their technical competences, in planning for and controlling activities, with their leadership, communication, and other human resources management skills (Smith and Dodds, 1997; Zimmerer and Yasin, 1998; Muller, 2003).

The success associated with the movement of for-profit organizations toward a more open system-operational orientation encouraged students of management and organizational science to call for benchmarking the efforts of the private sector, in an effort to enhance the performance of public sector organizations. Some researchers referred to this benchmarking effort as "managerializm" (Uhr, 1990: cited in Yasin et al., 2004; Dixon et al., 1998). In this context, managerializm refers to the deployment of proven organizational and managerial philosophies and techniques, as utilized successfully by the private sector in public sector operational settings. The aim of this deployment is to make public sector organizations more effective and efficient open operational systems.

Through the years, public sector organizations have promoted the perception that their operational systems are too unique to be managed based on operational and organizational practices found in the private sector (Dorsch and Yasin, 1998; Yasin *et al.* 2004). As such, it was argued that public sector operational systems have distinct constraints which characterize their inputs, processes and outputs. These constraints included, among other factors, budgetary constraints, unmotivated employees, rigid operating procedures and the influence of internal and external politics (Ward and Mitchell, 2004; Brown, 2001). Due to these operational characteristics and constraints, organizational effectiveness in the public sector has been traditionally compromised in favor of operational efficiency.

This operational view of public sector organizations was consistent with a closed organizational system orientation. In this context, the closed system operational orientation is characterized by an internal-focus, absence of a clear customer-orientation, and lack of organizational flexibility (Yasin et al., 2000). Thus, the main concern of such system was, at best, the efficiency of its subsystems (input, process, and output). Therefore, organizational effectiveness was often mistakenly equated with the operational efficiency of the closed system.

Although public sector organizations are not under the same market pressures as their private-sector counterparts, they have also been subjected to pressures advocating fundamental organizational changes. These pressures have mainly been exerted by western governments since 1980s (Wisniewski and Ólafsson, 2004). The motivation behind such pressures is to streamline the size of the public sector, eliminate non-value-added activities and promote organizational effectiveness (Brunetto and Farr-Wharton, 2003). With these pressures in mind, a broader emphasis has emerged toward the complete transformation of public sector management. This broad management transformation trend has been labeled "New Public Management" (NPM). This "New Public Management" philosophy has advocated the promotion of profound changes in the roles, management, staffing and delivery of public services (Lawton, 2005). Therefore it is considered an important component of managerializm.

The NPM reforms refer to the adoption of market-based philosophies and practices within the public sector. These reforms involve the systematic use of strategic planning, program budgeting, risk management and increased use of accountability to achieve measurable outcomes (Brunetto and Farr-Wharton, 2003). Overall, the NPM philosophy promotes systematic changes in the delivery of public services (Hood, 1995). As such, NPM reforms have focused on the complete re-orienting of organizational thinking in the public sector from the input mode to the output mode (Emery e Giauque, 2003). The NPM culture has, in recent years, left its marks on the cultures of many public sectors in different countries.

Due to the complexity and the multifaceted nature of stakeholders in public operational context, difficulties can arise when attempting to apply standard project management practices to promote organizational change (Crawford *et al.*, 2003).

METHODS

Instrument

The research instrument used in this study was utilized previously in Portugal in an earlier study by Gomes *et al.* (2008). The instrument utilized forced-answer questions that applied a traditional 5 point-Likert scale. The instrument included four sections.

In the first section, the respondents were asked to classify the relevance of 30 project managers' characteristics/behaviors. In the second section, the importance level and the information availability of project management-related variables were assessed. In the third section, the respondents were asked to classify the sources of influence on the successful completion of a project. In the fourth section, the respondents were asked to specify the relationship between the project manager's leadership and the project effectiveness. The research instrument also collected description information related to the respondents.

Sample and Procedure

The research instrument was distributed during several classes of public management programs offered by the Fundação CEFA (Foundation for municipal studies and training). The participants were public sector officials at the middle-level and senior-level management rank. They represented eighty-seven different local public institutions, mainly city halls. The participants represented all the eighteen Portuguese mainland districts. The research instrument was distributed to 235 participants at six classes conducted in five cities in Portugal. Two hundred and sixteen (216) participants completed the research instrument. However, five questionnaires were not usable. This resulted in a sample of two hundred and eleven (211) answers and a response rate of 90%.

Based on the obtained responses, seventy-two percent (72.0%) of the respondents worked in the public sector for more than five years. On the other hand, about twenty-seven percent of the respondents (26.5%) were involved in more than 10 projects. Only about three percent (3.3%) of the participants never served as a project leader (Table 1). Almost thirty-seven percent (37.4%) of the undertaken projects were classified as routines projects, while almost twenty-six percent (26.0%) were classified as innovative projects.

RESULTS

Characteristics of Project Managers

In order to identify the most relevant project managers' characteristics/behaviors, the participants were asked to classify (1-less relevant; 5-most relevant) 30 behavior–related characteristics of project managers. The overall average for the thirty (30) project managers' characteristics/behaviors studied was calculated. The characteristic with an average of .25 standard deviation above the overall average was classified as part of the most relevant group. On the other hand, a characteristic with an average of .25 standard deviation below the overall average was classified as part of the less relevant group. The average

category included the rest of the characteristics. Table 2 shows the results. The most relevant group includes characteristics/behaviors which have to do with motivation, loyalty, and ability to deal with others.

TABLE 1
SAMPLE PROFILE

Item	Frequency	Percentage
Years in public organizations		
[0-2]	0	0,00
[3-5]	3	1,42
[6-10]	41	19,43
[11-15]	52	24,64
[16-20]	40	18,96
>20	19	9,00
Didn't answer	24	11,38
Total:	211	100.00
Type of projects undertaken by the public organizations		
At the routine type	79	37,44
Structured but not routine	94	44,55
Innovative projects	55	26,07
Substitution projects	25	11,85
Didn't answer	16	7,58
Number of projects each respondent were evolved		
0	0	0,00
[1-5]	50	23,70
[6-10]	24	11,37
[11-15]	13	6,16
[16-20]	8	3,79
[21-25]	2	0,95
>25	23	10,90
Many	10	4,74
Didn't answer	81	38,39
Total:	211	100.00
Number of projects each respondent served as project leader		
0	7	3,32
[1-5]	68	32,23
[6-10]	23	10,90
[11-15]	7	3,32
[16-20]	4	1,90
[21-25]	0	0,00
>25	13	6,16
Many	7	3,32
Didn't answer	82	38,85
Total:	211	100.00

The average category includes characteristics which relate to organizational skills and strategic thinking. The least relevant category includes characteristics such as, desire for power, individualistic, and accepts the flows of others. These characteristics are personality-specific, rather than task-related.

TABLE 2
THE RELEVANCE OF CHARACTERISTICS OF PROJECT MANAGER

Relevance	Characteristics	Mean	St. Dev
Most relevance	High levels of personal motivation	4,48	0,64
	Open to new ideas/innovative behaviour	4,39	0,61
	Goal setter	4,36	0,66
	Effective resources allocator	4,34	0,71
	Demonstration of trust	4,33	0,70
	Accept responsibility	4,33	0,63
	Inter-disciplinary teams builder	4,32	0,67
	Loyalty to the organization	4,27	0,71
	Loyalty to subordinates	4,21	0,74
	Consensus builder	4,19	0,69
	Honest in all dealings	4,17	0,84
	Focuses on results	4,16	0,72
	Long-term orientation	4,12	0,76
	Manages priorities	4,09	0,78
	Empowers subordinates	4,08	0,76
	Effective delegator	4,05	0,76
	Strategic thinker	3,98	0,74
	High levels of skills	3,97	0,67
	Effective organizational politician	3,91	0,74
	Risk taker	3,90	0,78
	Driven by values	3,88	0,92
Least relevance	Utilizes a network of contacts	3,71	0,82
	Visionary	3,70	0,92
	Highly self-esteem	3,53	0,96
	Intuitive	3,49	0,82
	Charismatic personality	3,46	0,84
	Accept flaws of others	3,39	0,85
	High level of administrative skills	3,36	0,91
	Desires Power	2,49	1,03
	Individualist	1,82	0,85

Based on the results in Table 2, it is interesting to note that characteristics pertaining to technical expertise are absent from the most relevant group. It appears that leadership skills and people-related skills of the project manager are more relevant to the participants than personality-specific characteristics or technical skills. It is also very important to note that accepting the flaws of others was not considered as relevant characteristic of a project manager. This perhaps reflects the rigidity of the public sector operational environment, where people are expected to confirm to a pre-determined pattern of behavior. Thus, there is very little tolerance for deviations and flaws. Perhaps this is an organizational culture, where one acts as expected, rather that run the risk of being penalized for thinking.

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Project Management Variables and Information Availability

To shed some light on the relative importance of some key project management related-variables, the participants were presented with 23 variables. The methodology utilized in the previous section was applied to classify these variables into three categories. The first category includes the most important variables. As can be seen from Table 3, this category includes some key variables. These variables include leadership, technical competencies, communication, and integration management. The average category includes variables, such as, scope management, cultural sensitivity, and environmental regulations. The least important category includes variables related to organizational policies and to international dimension.

TABLE 3
IMPORTANCE OF MANAGEMENT-RELATED VARIABLES

Importance	Variables	Mean	St. Dev
Most importance	Leadership ability	4,32	0,73
	Cost management	4,20	0,88
	Technical competence	4,20	0,78
	Time (Schedule) MGT	4,14	0,84
	Quality management	4,13	0,81
	Technical Requirements	4,10	0,80
	Communication	4,07	0,88
	Top management support	3,98	0,94
	Standard/codes (quality, safety, etc.)	3,93	0,85
	Integration Management	3,93	0,84
	Project Organization Chart	3,93	0,91
	Organizational skills	3,93	0,82
	Risk management	3,88	0,89
	Scope Management	3,76	0,88
	Cultural sensitivity	3,65	0,83
	Environmental regulations	3,62	0,91
Least importance	Organizational policies	3,57	0,88
	Organizational Constraints	3,55	0,95
	Leadership by example	3,53	0,85
	International Law/Regulations	2,98	0,91
	International Economics	2,96	0,98
	International Marketing	2,70	0,98
	International finance	2,69	1,00

It is interesting to note that while the participants tend to believe that leadership ability is important, they did not think that leadership-by-example is important. Perhaps the participants do not believe in leadership-by-example, since it is not practiced by senior administrators in their organizations. Thus, this facet of leadership appears to be ignored as a facet of public sector leadership practices.

To gain a better understanding of the relative practical importance of these project management related variables, participants were asked to classify these variables based on their availability of information. The results in Table 4 appear to shadow the results in the Table 3 pertaining to the level of importance. Thus, the availability of information, or lack of, may explain the relative importance of these variables as perceived by the participants. An exception to this rule is the risk management variable, classified as most important, and included in the least information availability group.

TABLE 4
INFORMATION AVAILABILITY ON KEY MANAGEMENT-RELATED VARIABLE

Availability	Variables	Mean	St. Dev
Most availability	Technical Requirements	3,56	0,85
	Leadership ability	3,54	0,83
	Technical competence	3,49	0,81
	Environmental regulations	3,48	0,87
	Standard/codes (quality, safety, etc.)	3,46	0,93
	Communication	3,44	0,83
	Quality management	3,39	0,92
	Cost management	3,38	0,92
	Scope Management	3,33	0,85
	Time (Schedule) MGT	3,32	0,97
	Project Organization Chart	3,32	1,00
	Organizational skills	3,31	0,85
	Top management support	3,23	0,91
	Integration Management	3,20	0,84
Least availability	Cultural sensitivity	3,11	0,77
	Leadership by example	3,09	0,86
	Risk management	3,07	0,96
	Organizational policies	3,06	0,84
	International Law/Regulations	3,01	1,00
	Organizational Constraints	2,99	0,86
	International Economics	2,88	0,98
	International finance	2,66	0,96
	International Marketing	2,61	0,99

Effectiveness and Leadership

In order to understand the factors which the participants associate with project effectiveness, a set of variables was utilized to assess the factors influencing the success of a project. Utilizing the classification methodology used in the previous sections, Table 5 reports the results. The participants select, in the first place, the decisions by the project team. In second place, they select the decisions made by upper manager. The next two most influential project success factors are desire to excel on the project and internal politics, reflecting the strong influence of bureaucracy and organizational constraints on project success. The existence of bad luck is selected by the participants as the least influential project success factor. It is to be noted here that the values for the mean and standard deviation for this variable (2.45; 1.01) tend to indicate that this choice was not a consensual choice. The next two less influential factors selected were external politics and pressures from outside the project, meaning a close system approach.

TABLE 5
KEY FACTORS INFLUENCING PROJECT SUCCESS

Influence	Factor	Mean	St. Dev
Most influential	Decisions by the project team	4,10	0,71
	Decision made by upper manager	4,09	0,75
	Desire to excel on the project	3,98	0,89
	Internal politics	3,88	0,81
	Decisions by the client	3,58	0,81
	Unforeseen technical problems on the project	3,47	0,87
	Responding to changing client request	3,42	0,83
	Pressure from inside the project	3,41	0,80
Least influential	External politics	3,31	0,87
	Pressures from outside the project	3,06	0,91
	Inexistence of "Bad luck"	2,45	1,01

To shed some light on the impact of the project manager's leadership on project success, participants were asked to quantify the relationship between the project manager's leadership and project effectiveness. Based on the results, the participants tended to believe that sixty-eight percent (68%) of project success can be attributed to good leadership from the project manager. On the other hand, participants tended to believe that fifty-two percent (52%) of all projects fail due to poor or bad leadership of the project manager. In this context, effective leadership appears to be needed in order to make decisions which incorporate the objectives of the project and the unique realities of the organization.

CONCLUSION

Given the current financial difficulties of Portugal, managing public sector projects is becoming a serious challenge. In such an environment, the effectiveness of public sector projects is dependent on the characteristics of the project manager, knowledge of effective managerial practices, and availability of information. Using a sample of two-hundred and eleven (211) Portuguese public sector project managers, this study attempted to investigate these factors. Based on the results of this study, the following are in order.

First, to manage public sector projects under the current difficult financial constraints, project leaders are being called upon to use their strengths in motivation and loyalty to effectively motivate others. In addition, they are approaching projects with long-term, strategic thinking, rather than tactical and technical details. Perhaps technical expertise is taken as a given, while the relevance of being a leader is increasing.

Second, projects leaders are being forced to utilize a managerial approach which emphasizes leadership, communication, quality, as well as technical requirements. In this context, emphasis on risk management and the international dimension are still relatively lacking. Risk management is especially noted, as it should be given more considerations in an uncertain Portuguese financial environment.

Third, while Portuguese public sector organizations have improved their informational infrastructure in recent years, such organizations are still emphasizing readily available technical information. This appears to be at the expense of information related to important, yet softer concerns. These concerns include risk management, the international dimension, and integration management. The lack of information availability on these managerial aspects may be hindering the success of public sector projects.

Finally, leadership appears to be the most significant factor in determining the success or failure of projects in the public sector. As such, Portuguese public sector organizations must choose their project leaders carefully. In such an environment, the effectiveness of public sector projects is dependent on the

characteristics of the project manager. Such training will afford project leaders the opportunity to make decisions which are consistent with the complexity of the Portuguese public sector organizations.

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