Who should make strategic decisions in a construction project?

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Abstract

Authority of project managers to determine project strategy has been one of the most challenging debates in the field of construction projects. Some executive managers and experts believe that decisions related to project business and project strategy should be made by executive managers of project's parent organizations and then they should ask project managers to implement these strategies by transferring them to project plans. On the contrary some experts are of the opinion that rapid changes and global competition has enforced organizations to be more agile, responsive and competitive than the past and has made them consider projects as strategic weapons for creating economic value and competitive advantage, and for these reasons project managers should become strategic leaders and should take responsibility of project business results as well. They believe that today we don't have enough time to divide this responsibility among executive managers and project managers. The latter view highlights the maximum authority of project managers on making strategic decisions in strategic projects. From this debate a question is released that which factors should be concerned when we are deciding about authority of project managers. In this qualitative research, ۳۱ project managers and executive managers were interviewed and ۱۰ important factors related to this decision were extracted.
Keywords: project organization, project strategy, strategic decisions, strategic project leadership.

۱. Introduction

Nowadays, rapid changes and global competition are forcing organizations to be faster, more responsive and competitive than ever. Therefore, projects should be viewed as strong strategic weapons that can be established to create economic value and competitive advantage, and project managers should become strategic leaders who are responsible for business results to be in charge of the project. Authority of project managers to determine project strategy has been one of the most challenging debates in the field of construction projects. Some executive managers and experts believe that decisions related to project business and project strategy should be made by executive managers of project's parent organizations and then they should ask project managers to implement these strategies by transferring them to project plans. On the contrary some experts are of the opinion that rapid changes and global competition has enforced organizations to be more agile, responsive and competitive than the past and has made them consider projects as strategic weapons for creating economic value and competitive advantage, and for these reasons project managers should become strategic leaders and should take responsibility of project business results as well. The latter view highlights the maximum authority of project managers on making strategic decisions in strategic projects. From this debate a question is released that which factors should be concerned when we are deciding about authority of project managers. In this qualitative research, ۳۱ project managers and executive managers were interviewed and ۱۰ important factors related to this decision were extracted.

۲. Literature Review

Shenhar et al. (۲۰۰۷) believe that in this rapid changing world, there is no other opportunity to share this responsibility in the way that a project manager being responsible for project work to be done correctly and other managers being responsible for business aspects of the project. They believe that today we don't have enough time to divide this responsibility among executive managers and project managers.
In the previous sentences Shenhar et al. (۲۰۰۷) statement emphasizes on this topic that the role of project manager should reach the possible maximum to determine the project strategy. But is the assignment on decision of the project strategy, always good or always possible?

٣. Research Methodology

Considering the importance of determining the role of project managers in determining the project strategy, one question was developed as blow:
- Which factors should be considered when we want to make decision about the authority of a project manager in shaping the project strategy?
For identifying these factors a qualitative research was conducted and semi-structured interviews were used. To find suitable people for interview the Snowball Method was used so that in each project after interviewing one person he was asked to introduce the appropriate individual or individuals for subsequent interviews. Table ١ represents summary of some information about interviewees.

Interviewees' information		Quantity
Age	٢٠_٣٠	٢
	٣٠_٤٠	١٢
	٤٠_٥٠	٧
	٥٠_٦٠	١٠
Work experience	٥_١٠	٥
	١٠_٢٠	١٢
	٢٠_٣٠	٨
	٣٠_٤٠	٦

Table ١: Summary of interviewees' information

Interviewees pointed out some factors that they recognized them so important for making decision about the authority of project managers in strategic decisions of projects. It should be noted that the interviews took place with interviewee permission and was recorded as an audio file and in a few cases the recording was not possible (due to interviewee disagreement or unavailability of recording device). All the recorded interviews were implemented after the interview conducted.
With classifying and coding the contents of interviews, similar points were merged and remained points were identified as important extracted factors.

٤. Discussion

In this section some important factors that were extracted from interviews will be discussed.
- In projects with high uncertainty (being a new project, or being in a rapid changing market or so forth) two reasons reduce the tendency of assignment of authority to project managers. One of them is sensitivity of project stakeholders and their concerns about project results and also their efforts to find control over various aspects of project. The other reason is because of refusing project team to accept strategic decisions responsibility, because of its high risk and lack of specific work within the project. Of course in some of these types of projects throughout the project life cycle, project route will be clear and uncertainty of project reduces more and more, so these assignments are happening. One of the senior managers said: "As the plan of the project is more executable, its vision can be more transparent and more authority can be delegated to the project."
- Size and complexity of the project is another important factor. Some projects are so varied and in vast dimensions that their administration is time consuming and so complicated. So they require different parts and units and organizational hierarchies. One of the senior managers in the formation of organizing a large project of their company said: "At the first step of the project we had discussion about the project organization and made decisions about it. We concluded that we need an independent financial, administrative, and planning organization for such a large project.
- Increasing role in the project organization depends on a lot of experience, expertise and reliability of the project team and their familiarity with the culture of teamwork in a project. This point was referred to a number of managers who had stated that otherwise not only assignment has no benefit for beneficiaries and project, but may cause damage and loss. Note to quote of one of interviewed project managers: "our company as a general contractor has changed its structure to become a matrix organization, but it is not enough. Entrance of new qualified individuals who are familiar with the project organization is necessary and, more importantly that there is no culture of teamwork in our projects. If you also modify the structure and delegate authority, but there was no culture it is useless. Project is a team of financial, technical and other groups. But because we do not have teamwork culture they cannot truly work together". Also one of technical deputy managers said: "we had examples that in this present structure,

the full assignment was done and the work has been done faster and in a better quality. However, the cause of this assignment was the trust of employer to the project team because of experience and knowledge of project aspects". Another senior manager commented: "broad vision, understanding, determination and management objectives help to accept such a structure to delegate the powers but not delegate the responsibilities. Each week a file of project documents is coming for signature of the mayor, and he would only sign. Requirement of such a work is selection of a certified and reliable team for project".

- Management style and experience of senior managers of the parent organization has contributed an important role for assignment authority to the project team. Where one of project managers said: "style of management in the organization has a great impact on the project team assignment. Some managers are used to have their involvement in all the details of work and decisions. So they can't practically delegate full authority to their project managers".

- In some companies, due to the large number of projects that are running simultaneously, the company's top managers are not able to focus on individual projects and decisions, so they have no choice but to assign the project to project team. Also in some functional organizations, since they do not do just the projects and their main work is operational work, they have a complex bureaucracy and if they want to make project decisions in this complex structure, its process will spend too much time and cost and the quality of the decisions also will be reduced. One of the project managers said: "mechanism used in this project was very appropriate. I mean that a project company was established and the authority and responsibilities delegated to its management and the management focuses only on this project. The managers decide timely and would have enough information for decision making. It was not like other companies that get budget for one project and spend it on other projects. Decision making was easier on this project, because of the availability of the managers and project's detail information to them". Elsewhere, one of the project managers said: "If the work fell in the bureaucracy cycle of municipality, for sure the project was faced problem. The authority assigned to the subordinate organization and it left the authority to monitor along with four members of the contractors, and it was much effective to the success of the project. With all the problems that existed in terms of finance, but because the mechanism used in the project authority and decision making in the project team, it was very successful and decisions making was very quick, timely and accurate". One other project manager said: "we did not have project management unit and an independent mind that is focused on this project to be able to identify risks in its own time and use the most of facilities and agents. If there was full authorized project manager and a focused authority on the project, it was better". Also a project manager said: "Authority in the client system had not been delegated to the project team and this made ٥ to ٦ months delay in project work and for that reason the project was in the uncertainty". Or a project manager said: "in the companies that were involved in the project and the employers, contractors or project managers do not have the authority for the decision-making. There is a lot of bureaucracy for a decision; many steps must be over and a lot of delays cause damage to the project".

- But alongside the benefits listed for decision-making authority delegated to the project organization, one of the requirements of this mandate is having an effective project surveillance system in the parent organization. Because, otherwise may be due to wrong decisions, in addition to lack of project success, irreparable losses come into the project stakeholders. In this regard, one of the senior managers said: "I think all the components of a system governing the project's decision could play the main role. In other words, from top to following of a project, including project justification, objectives, and methods and so forth should follow a series of principles and procedures to comply with lawful and based on a system and plan from beginning to end. Delegated authorities and responsibilities of the project are very good, if we look at it as a system. That should be within a defined plan and some rules otherwise it is no longer an assignment but is development of chaos".

- In some cases, especially in governmental projects, legal restrictions and structural barriers preventing delegated authority and the responsibility to the project organization. Please note to quote from one of the managers municipality: "For properties and finance owned by municipal rules there were limits to delegate responsibilities to the project but with project development gradually assignments devolved to the project". Also, a quote from one of project managers: "We concluded that for such a large project we need independent financial, administrative, and planning organization. The organization was called Martyrs Square project, but city council did not approve this proposal. Therefore a management within the municipality was created with the same structure of an organization. Instead of CEO a project manager and instead of the board, we defined an executive board. For financial and administrative structure we allocated an independent building. So the municipality was considering options that could perform, while governmental agencies are not able to do so". Farther quote from one of the managers of municipality: "Due to inefficient structures and mechanisms defined in the state authorities may not be implemented the desired management objectives and strategies easily in the organization. Because the

most important tool for this, is defining an appropriate structure to deliver and implement strategies in project".

According to the above we can find out those decisions about the role of organizations in determining the project strategy depends on various factors that should pay attention to all of them enough, and can not issue a general version for all projects. But at the beginning of the formation of the project, the role of all stakeholders and the role of project organization with reviews of all these factors and based on them organize and structure the network of project beneficiaries and their relationship must properly determined. One of the contractors' project managers said: "when process of the project is not outset in logic from the elements that do not go back to their place to the end of the project must grapple with problems. In a project that at the beginning had no control, when the project implementation changes in control and the consultant was eliminated, this project faced with challenges. In my opinion the right place for the project factors and their operation are very important and bureaucracy in decision making is ٢٠ percent a problem of the case". One of contractors' company managers said: "I should know that as contractor who is one of the stakeholders what benefit I have from the project. Or I should know that the employer is looking for what benefits from this project - for example, they want to train their work force beside this project - then I can do this with a plan for him to win their approval. Such components are very diverse, but without careful planning and planned communications cannot be expected to identify and implement the expectations. If the communication with stakeholders strengthens, the projects problems can be resolved faster and with lower cost and better quality. Usually the employer, consultant and contractor work with strong interact and looking for each other's benefit maximization. It means if we want to maximize one's interests, we certainly do not need to reduce another's interests, but with planning and operation maximize interests of all project stakeholders". Elsewhere, one project manager said: "The project company was established four and a half years ago and in that time project was a frame. Contractor and consultant were selected and because both were from the employer side there was not very strict supervision from the employer. Employer has applied his comments as he wanted to. If we had strong advisor thinking and he did a detailed design and conducted close monitoring on contractor's work the project was finished instead of ٤ years, in ٢/٥ years. Since the project was formed integrated between agents and each done their job properly, the work developed to a substantial project and the work finalized. We had weekly formal coordinating meetings and also informal meetings held when it was necessary". One other project manager said: "One of the employers' problems in our project is that its role in shaping the project is very pale and thinks the consultant must take all decisions for him or it is too highlighted that the consultant does not allow to interference. If a team deicide in the early phases, the project can be done much better ".

٥. Conclusion

As the results of this research show, it is not possible to prescribe one approach for all projects in assigning authority to project managers as strategic project leaders and instead of that we should consider several factors that affect this issue. Perhaps in a project due to assignment of full authority to project manager, the project fail, but in another project, this assignment cause project successful. Therefore, in delegating authority to project manager in a project, several factors must be considered that in our study we have identified the following key factors according to the experiences and viewpoints of several senior and project managers:

- Project risk and uncertainty;

- Size of the project and its complexity;

- Experience, expertise and reliability of the project team;

- Management style and experience of senior managers of parent organization;

- Number of projects that are delivered at the same time in parent organization;

- Level of bureaucracy in governance of parent organization;

- Expertise of parent organization in the field of project;

- Existence of effective controlling systems in parent organization;

- The legal constraints and structural barriers;

- Role of different stakeholders and their expectations from the project.

The above factors may be only a part of the influential factors that were recognized through this limited research and certainly other researches should be conducted to complete these factors.

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