



# Project sponsors under New Public Management: lessons from the frontline

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## Abstract

An understanding has been developed of the important role performed by the project sponsor, especially in areas where 'New Public Management' is being practiced. One aspect of New Public Management is a proliferation in performance measurement, which has manifested itself as benchmarking. Through a series of interviews with project sponsors, research was initially aimed at reviewing the benchmarking process as applied to the management of public sector construction projects. However, in conducting the interviews, a series of issues emerged as being important to the project sponsor in allowing them to effectively manage publicly funded projects. The paper focuses on the findings of these interviews, highlighting a series of 'softer' issues, which suggest that management skills may be more important than technical skills for public sector project sponsors.

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## 1. Introduction

Various reports have highlighted the need for UK Government to take a strong lead in driving improvements in the construction industry [1,2]. Consequently there is increasing scrutiny of the management of Government-led construction projects. Equally there has been a move towards the greater use of the private sector to deliver and even fund UK Government capital expenditure. These factors have been encouraged by the adoption of an approach commonly referred to as 'New Public Management' (often abbreviated to NPM) [3].

NPM can be regarded as a collection of (sometimes contradictory) activities and measures designed to introduce an ethos of business management and entrepreneurship into the management and delivery of public services. NPM is an international phenomenon, where a greater emphasis is placed on judging performance in terms of the outputs and objectives achieved rather than by merely monitoring the processes employed [4]. There

is also less autonomy as individuals are given clear responsibilities and made accountable for them, in the hope of increasing their awareness of external market pressures [5]. In the UK, this was epitomized by initiatives such as the introduction of compulsory competitive tendering and the creation of the Next Steps Agencies [6] in the 1980s. Furthermore, as performance is measured by objectives, so performance measurement techniques, such as benchmarking, have become more prevalent. Effectively then, the approach is closer to a conception of the practices employed by business, where the focus is on profitability (proxies in the public sector include return on investment and the 'public sector comparator') and on personal gain (through recognition of achievement and rapid promotion). This is at odds with the traditional civil service culture, which has traditionally been characterized by an ethos of equity and a concern for the public good [7]. In construction, this conflict is often most acutely felt by the project sponsor.

### 1.1. The project sponsor

Government guidelines describe the project sponsor as someone who is responsible for representing the public client and acting as a day-to-day manager of the

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client's interests within the project [8]. Under the aegis of NPM, project sponsors are increasingly expected to take a more active role in projecting the client's voice into projects for which they have been made responsible. Traditionally, the project sponsor has been responsible for financial control of projects [9]. However, with the advent of NPM and the adoption of modern procurement methods there is increasing understanding that financial aspects of projects are influenced by the good management of risk [10,11]. Equally, project sponsors (including all those who were interviewed for this research) are now becoming far more involved in the detailed, day-to-day control of projects on behalf of the Client [12]. The benefit of this is that it provides a 'one-stop' point of contact, which should lead to faster and more effective communications and decision making. Brereton and Temple [13] suggested that the project sponsor role required individuals to become 'critical leaders' within projects. They would be expected to provide technical expertise while also being able to effectively manage the softer people issues affecting projects. This suggests that the abilities of project sponsors could have a significant effect on the success, or otherwise, of major construction projects.

### 1.2. Extant research

In the UK, a number of research initiatives aimed at understanding and improving the performance of the UK Government as a client to the construction industry have been conducted in recent years. Initially benchmarking was the primary tool used to assess performance and identify areas for improvement [2,14]. This highlighted the importance of the role of the project sponsor in successfully delivering the aims and objectives of construction projects. Therefore, follow up research was aimed specifically at these individuals. This research initially

sought to understand the cultural imperatives required for project sponsors to perform their role successfully [15]. This research also identified the conflicts and obstacles confronting project sponsors. In dealing with these conflicts, the project sponsor is ideally placed to identify issues of concern and areas for improving management practices within construction project management.

Based on these earlier findings, the current research had two primary aims.

- Firstly, to review benchmarking and performance measurement activities currently in use in terms of their effectiveness in encouraging improvements.
- Secondly, to exploit the knowledge and experience of project sponsors and so make recommendations for improvements to the project management process and the role of the project sponsor in public sector construction projects.

## 2. Research methodology

In total, 12 project sponsors were interviewed in sessions lasting from between 1 and 2 hours each. For specificity, the interviews were focused on projects on which project sponsors had previously worked and that had been included in previous studies [2,14]. The projects discussed in the interviews were classified in broad terms as those that had performed well and those that had not across the basic performance indicators of cost and time predictability, quality and risk management. It was also noted whether the projects had followed established good practice or not. This allowed good and effective management practice to be assessed in terms of its contribution to project success. The interviewees and characteristics of their projects are shown in Table 1.

Table 1  
Characteristics of interviewees and their projects

Interviewee	Department or agency	Project budget (£M)	Type of work	Nature of work	Contract type	Relative project success			
						Cost	Time	Quality	Risk
1	A	1.26	Building	New Build	Design & Build	Good	Good	Good	Good
2	B	3.50	Civil Engineering	New Build	Traditional	Good	Average	Average	Good
3	B	5.20	Civil Engineering	New Build	Traditional	Poor	Poor	Good	Good
4	B	0.26	Civil Engineering	Refurbishment	Traditional	Poor	Poor	Poor	Poor
5	C	21.15	Building	Refurbishment	Traditional	Poor	Average	Average	Good
6	C	10.50	Building	Refurbishment	Traditional	Good	Good	Good	Average
7	D	0.12	Building	New Build	Traditional	Poor	Poor	Good	Poor
8	D	0.21	Building	New Build	Design & Build	Good	Good	Good	Good
9	E	51.00	Civil Engineering	New Build	Design & Build	Good	Good	Good	Good
10	E	60.00	Civil Engineering	New Build	Traditional	Poor	Poor	Poor	Poor
11	E	51.00	Civil Engineering	New Build	Design & Build	Good	Good	Good	Good
12	E	63.00	Civil Engineering	New Build	Traditional	Poor	Poor	Good	Average

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