

# **Elaborations on the role of project owner. Introducing project owners type 1 and 2**

## **Abstract**

**Purpose:** This paper studies how the project owner role is described in the literature, and how the role is carried out in practice. In particular, we study the project owner role in relation to project execution and benefit realization.

**Design/methodology/approach:** Based on a literature review, we propose a model for the relationships between the project owner, project manager and the operation of project delivery. We then use the model to describe the empirical results derived from a mapping of project owner responsibilities in a set of Norwegian information technology projects.

**Findings:** We define a project owner type 1 as a project owner that is focused on the business case and has responsibility for both project delivery and benefit realization. This project owner is the type described in most of the literature. We further define a project owner type 2 as a project owner that is mainly concerned with supporting the project manager and enabling project delivery. This is the type of project owner found in our empirical study.

**Research limitations/implications:** We identified a mismatch between the project management literature and observed practice.

**Practical implications:** There is a need to clarify the type of project owner role referred to in different contexts. Different project owners will have a different set of incentives and priorities. It is important to make sure that the complete business case, including both investment costs and benefits, are seen in close relation to each other and not as separate undertakings.

**Originality/value:** There is need for a distinction between two types of project owners. This study proposes a framework for the description, analysis and implementation of project governance, with a special focus on the project owner role.

## **1. Introduction**

This paper studies project ownership, with a special focus on the relationship between project managers and project owners and on the responsibilities related to project delivery and benefit realization. One stream of research in project management concerns the introduction of the governance perspective to projects (Klakegg, 2013; Williams and Samset, 2012; Andersen, 2012). Other research streams include the project owner perspective (Olsson, 2008) and work with a focus on the project sponsors as functions linking the project to the permanent organization (Crawford and Cooke-Davies, 2007). Developments in the field have highlighted the importance of the role of project owner for two reasons: The first relates to strengthening project execution and the second emphasizes the business case perspective. Both are important and related to uncertainty management.

Owners have both control of and responsibility for both the cost and income related to a project. A stakeholder who has control and profit responsibilities has incentives to maximize the value creation related to the resource they own. Project owners have incentives to weigh the costs against the benefits of a project in order to initiate and

execute successful projects. Applied to a project context, this means that project owners should be responsible for a project's business case.

Project ownership would typically include project selection as well as continuous monitoring to ensure that the business case for the project remains valid. In contrast, project management would usually be concerned with project execution.

However, this type of 'pure' ownership of projects does not always exist, as shown by Olsson et al. (2008). We chose to study public IT projects to illustrate the different nuances of project ownership. Such projects are common, and have been widely discussed both internationally (Javanni et al., 2016; Smith et al., 2011) and nationally (NOU, 2015:1).

We identify an inconsistency in the roles of project owners when comparing the literature and the actual roles of project owners in a set of IT projects. The paper starts with a literature review in which we develop a framework regarding the roles of project owners, after which, through the case studies of seven projects, we identify the actual roles of project owners.

The purpose of this paper is to discuss the concept of project ownership, with special attention given to the distinction between responsibilities for project execution on the one hand, and the underlying business case on the other. In particular, we address the following research questions:

1. How is ownership executed in the studied projects?
2. Are there differences between project ownership in theory and in practice?
3. Do project owners and project managers view the role of project owner similarly or differently?

Based on the literature review and the empirical results, we present a general framework for the relationships between project owners, project managers and the operation of project delivery. We then test the model on a sample of projects. As we will see, this testing indicates the need for a revised model and in this revised model, we introduce two types of project owners; one based on the mainstream theory and one based on real-world practice.

## **2. Literature review**

We begin with a brief overview of the concept of ownership in general, from the main perspectives of ownership of a project and the project management context. Olsson et al. (2008) found that that ownership is much more complex than previously assumed in the project management literature and according to Ahola et al. (2013), there is no universal definition of project ownership. The latter authors claim that the concept of project ownership varies from a very narrow to a very broad definition, and that moreover, the terminology is not consistent in the project management literature.

### **2.1 Ownership**

There is a clear link between the roles and responsibilities of owners of organizations and owners of projects. Ownership can be related to property rights. To have the property rights of an object means that you have the decision-making authority of an asset, in which case you are responsible for the result of developing or using that asset when all contractual obligations are satisfied. Two aspects of ownership are residual control rights and residual liability of results (Milgrom and Roberts, 1992). The control rights give the owner legal rights to utilize, develop and sell the asset he or she owns, which means that

the owner has the full discretionary right of the asset within the relevant juridical boundaries (Hart, 1995). Residual control rights imply that the owner can choose to rent/let out the asset or in other ways delegate the authority relating to the asset to others. For example, the owner of a company may decide to delegate the operation of the company to a manager. In a project context, daily control of a project is transferred to a project manager. The owner however, will at any time be able to take action and question the leader's decision, as implied by the term residual control.

Residual liability of results means that the owner is responsible for both the cost and income related to the resource. This means that owners gain profit responsibility from their asset. Owners can however lease out or in other ways delegate the authority, and thus the liability, of the owned resource to others (Grünfeldt and Jakobsen, 2006). This is implied by the fact that the rights are residual.

The value-creating activities of owners can be conceptualized through four distinct roles (Grünfeldt and Jakobsen, 2006). The first and most obvious role is to add capital to companies and investment projects. As a second role, owners participate in investment and divestment decisions. A third function of owners is to make sure that the management maximizes the company's value; we refer to this as the owners' governance role. The fourth role is to add competence, networks and other resources to projects and companies.

## **2.2 Governance**

Ownership is exercised through governance. The most important elements of governance are the use of institutional structures and authority to ensure the strategic objectives of the owner are reached. If businesses are to succeed in their development, it is important that the right projects are selected and that the planned gains can be realized (Williams and Samset, 2010). This requires that the projects are managed by project owners who understand their role and responsibilities (Garland, 2009). Thinking about the effectiveness of projects has been influenced by the principles of ownership and governance. A project stakeholder who has control and the resulting liability of an asset has both the opportunity and the incentive to make the most of the asset's value-creating potential. Project owners appear to be suitable guardians of the effectiveness of projects. A stakeholder who has control while not being held accountable for the result can behave irresponsibly and take advantage of the situation to pursue personal or organizational ambitions. Without the project owner exercising governance, project managers can place themselves in such a situation. On the other hand, stakeholders who are liable for the result while not being in control, would have incentives to maximize the asset's value but the authority to do so would be in the hands of others. This can be the situation for a manager who is on the receiving end of a project delivery, such as a new IT system, which will be used in his or her part of the organization.

Governance has to be defined from a strategic-owner perspective. Furthermore, it should provide a link between the strategic-owner role and the project.

Miller and Hobbs (2005) discussed governance regimes for large engineering projects and point out that governance is a new and important trend for project management. The APM's (Association for Project Management) Governance of Project Management specific interest group has published guidelines for use in single and multiple owner settings (APM, 2004). Harpham and Kippenberger (2005), Magnussen and Samset (2005) and Samset et al. (2006), among others, have described the initiatives of individual governments to improve the governance of their projects. For example, Magnussen and Olsson (2006) documented the effects of implementing a governance framework for major public investment projects.

Samset, Berg and Klakegg (2006) describe ‘governance regimes’ as the processes and systems that need to be in place on behalf of the financing party to ensure successful investments. The terms ‘good governance’ and ‘governance’ can be used in the same way (Grünfeldt and Jakobsen, 2006). Kaufmann and Vicente (2005) relate governance to the traditions and institutions by which authority is exercised for the common good. Corporate governance is the set of processes and policies that affect the way a corporation is directed, administered or controlled (New York Society of Securities Analysts, 2003). Corporate governance includes not only the relationships among stakeholders, including shareholders, top management and the board of directors, but also employees, suppliers, customers and regulators, among others.

The APM defines governance of project management as those areas of corporate governance that are specifically related to project activities. Effective governance of project management ensures that an organization’s project portfolio is aligned to the organization’s objectives, is delivered efficiently and is sustainable (APM, 2004). The APM definition aims at highlighting the relation between an organization and the projects carried out by the organization. Governance then means to ensure that the projects are carried out in accordance with the overall objectives of the organization. Klakegg and Olsson (2010), Garland (2009), Müller (2009) and William and Samset (2012) express, moreover, that good practices of corporate governance should be implemented in the project guidelines of any organization.

Garland (2009) defines project governance as a framework for project decision making. He emphasizes that a key success factor for projects is to have a clear identification of who is responsible for the project, and that moreover, shared responsibilities will cause confusion. Garland defines four principles to achieve this:

1. Make sure that one person is responsible for project success. This person should have the appropriate authority.
2. The project owner should be responsible for the service that utilises the project delivery. The project owner should not only be responsible for the product that the project produces.
3. Stakeholders and project decision making should be managed separately.
4. Project management authority should not be transferred to the departmental organisation

While Garland points to the project owner as the person responsible for project governance, Muller (2009) places responsibility for project governance with the steering committee. Members of a project steering committee should be decision makers and have authority to accept or reject proposed changes relating to the project. The steering committee is the connection between the project and departmental organisation.

Klakegg and Olsson (2010) make a distinction between strategic and tactical project owner functions for public projects. They also distinguish between different project stakeholders who fulfil different aspects of project ownership. Strategic-owner functions include the financing party, the commissioning party and the judicial administration party. Tactical owner functions include the controlling party, the broker/facilitator function, the planning party, the executing party and the operating party.

Hällgren and Lindahl, (2017) identified two different types of approach to project governance structure. The first approach was a horizontal process of operational consensus seeking between independent actors at the same hierarchical level within the same organization. The second approach related to a process of strategic escalation where issues were escalated upwards in the hierarchy.

## **2.3 Sponsors**

Project sponsorship and project ownership are related, and there is considerable overlap in the use of the two terms. Project sponsorship is typically connected to a person, usually a senior executive (Morris, 1994, Dinsmore and Cooke-Davies, 2006), and according to Müller (2009), is often a manager in the organisation that provides funding for the project. The sponsor instigates the project and expects to gain benefits from the outcome of the project. A typical role of the sponsor is as a project advocate (PMI, 2010) and a champion of the project at the executive level. Briner et al. (1990) called the project sponsor the 'project manager's boss'. The Office of Government Commerce defined the main sponsor as the programme director or senior responsible owner (Dooley, 2007). The project sponsor is expected to provide internal political support for the project, ensuring priorities for funding and resources are adhered to and that the project delivers the desired business outcomes.

Müller (2009) states that project ownership can be divided into two roles; the project owner who receives the benefits, and the project sponsor who provides the funding. Turner (2007) discusses the owner of the project as the person or group who provides the financial resources for its delivery, supervises the completion of project milestones and project deliveries but is also accountable for the investment in the project and receives value from the operation of the facility delivered. In this meaning, the project owner provides a link between the permanent organization and the project, and safeguards the business case of the project. The business case includes market and user considerations relating to project delivery. Müller (2009) emphasizes that a project steering group can fulfil the role of the project owner, and that steering groups are responsible for project success. The sponsor typically chairs the steering committee (Müller, 2009).

However, there are two aspects of sponsorship. One is related to supporting the project and the project manager. In this definition, the project sponsor provides a link between the permanent organization and the project. The PMBOK Guide (PMI, 2008) discusses the sponsor as the individual or group within the performing organization who provides the financial resources required for the execution of the project.

The other aspect of the sponsor role is related to safeguarding the business case of the project. The business case includes market and user considerations of the project delivery.

## **2.4 Project owners and success**

There is a relatively large volume of literature addressing the relationship between the project manager and project owner (including Francis, 1986; Bubshait, 1994; Songer and Molenaar, 1996; Müller and Turner, 2005; Gunhan and Arditi, 2007). This literature is typically written from a management perspective, addressing how the project management activity relates to the project owner. Other studies regarding how the sponsor contributes to the project's success include Bryde (2008), Hall et al. (2003) and Kloppenborg et al. (2006). Helm and Remington (2005) advocate a close and active role for the sponsor. Literature tends to focus the sponsor function as the link between the owner and the project organization. A common conclusion of studies in terms of project success is to highlight the importance of top management support in that successful projects have had top management support, frequently in the form of a project owner (Morris and Jamieson, 2004; Srivannaboon and Milosevic, 2006; Shenhar and Stefanovic, 2006).

Projects should align with organizational strategy, available resources and have top management support. These criteria maximize the probability that a project gains appropriate attention and resources, which enables the project manager to execute the project efficiently. The project management literature assumes more or less explicitly that

it is desirable that projects selected for execution contribute to a realization of the corporate strategy.

As a summary, we find that the literature on project owners and project success emphasizes the following best practices for project governance:

- The project owner has full responsibility for the project.
- The project owner understands their responsibilities and has the experience to drive decision making.
- The project owner ensures that the project is aligned with organizational strategies.
- Project owner and project manager have a good relationship and work well together.
- The project owner has enough time to dedicate to the role.

## **2.5 Responsibilities for project execution and benefit realization**

The Project Management Institute (PMI) defines the following key roles within projects: project sponsor, customer/user, PMO (project management office), project manager, project management team, project team members, performing organization and influencers (PMI, 2004). The existence of owners and users is briefly mentioned. Several authors have discussed project organization with regard to roles and responsibilities, including as Packendorff (1995), Söderlund (2004) and Crawford et al. (2006).

Projects deliver something, be it an IT system, physical infrastructure, a new way of undertaking business processes or a new product. Operation of project delivery is typically not done by the project manager. Projects deliver their output to clients or users who will use the delivery and stakeholders responsible for the operation of the project are those who receive the project deliveries. The operating party is responsible for the long-term operation of the project delivery and for benefits realization.

Project management typically has an executing perspective. Common incentives are related to the iron triangle; time, cost and quality. Keeping investment costs within budget, to deliver on time and to deliver with the specified scope. This means that project managers may not have incentives directly related to functionality and operation of the deliverables. Figure 1 is an illustration of two perspectives of a project; project execution and benefits realization, based on a net present value (NPV) model. Project execution represents an initial investment, while benefits realization comes after the project is delivered. The benefits should justify the investment cost and the decisions made by the project manager may later influence operation costs and benefits realization. One common role of a project owner is to address this potential conflict between projects and operations.

*Figure 1. A distinction between the initial project investment (typically the responsibility of a project manager) and later benefits realization (typically the responsibility of an operations manager)*

We have reviewed research relating to responsibility and the role of the project owner on a general basis and in connection with responsibilities for project execution and benefits realization. We determined that there exists no common universal understanding of the project owner's role and responsibilities in the literature, in line with the conclusion of Ahola et al. (2013). Hjelmbrække et al. (2014) highlighted an absence of project

strategy, and that projects struggled to achieve their strategic goals. They found that traditional project management approaches are concentrated on time, cost and quality, instead of on providing strategic success. This topic is related to the concepts of efficiency, effectiveness and, to a certain extent, efficacy. These concepts are used in the project management literature in relation to the success or failure of a project in order to make a distinction between the project (time, cost, quality) perspective, and the strategic perspective. Zidane and Olsson (2017) found a wide diversity of interpretations regarding the three concepts efficiency, effectiveness and efficacy among research scholars and practitioners.

Table 1 shows where responsibility for the deliverables and gains of the project are placed within the reviewed publications. Table 1 shows that all authors place the responsibility for delivery on the project owner, either in person or as the Chairman of the Steering Group. Responsibilities for the gains, however, are expressed in different ways in the theories. For example, Müller (2009) states that the Steering Group is responsible for ensuring that the base organization enables benefits realization. In other words, it is not certain that the project owner/steering group needs to be responsible for ensuring that the gains will be realized, but rather that it has made reasonable and adequate efforts so that gains could be realized in the final stage of the project. This is also an important point in the Norwegian Government's official report NOU (2015:1) regarding governmental efficiency. The gains are not realized because the development is so complex that substantial changes both at the organizational and at the working process level are required.

*Table 1 - Project owner's responsibility for goals and gains*

We find that project owners ideally should have responsibility for the project deliverables and the realization of the gains (Figure 1). The combination of control and responsibility for both costs and incomes from the owned resource places owners in a special position, as elaborated in Figure 2. The columns in Figure 2 represent project execution and benefits realization which correspond to the investment and benefits realization parts of the graph in Figure 1. In addition, we have added a hierarchal dimension in Figure 2, placing the project owner at a strategic level while project execution and benefits realization from operation of the project delivery are at a lower organizational level, termed the tactical/operational level.

*Figure. 2. Organizational positions of project implied by the literature*

## **2.6 A model for illustration of responsibilities in project ownership**

Based on the literature review, we find that a project owner should be responsible for the project at the business level. This includes both project execution and operation of the project delivery, covering the whole time scale in Figure 1. Consequently, project owners are often located at a relatively high level in organizations, with responsibilities for both project investments and operations. Project owners are placed at a strategic level in Figure 2. A stakeholder who has both control and profit responsibilities has incentives to maximize the value creation related to the project. The beauty behind the concept of a project owner lies in the fact that a projects' owner has incentives for weighing costs against benefits for a project.

We now elaborate these concepts further in Figure 3, highlighting that the project owner ideally should be in a superior position, with authority for both project execution and benefits realization. We will later use this type of illustration to demonstrate where the actual responsibilities are placed in our studied projects.

*Figure. 3. Organizational position of project owner based on the project owner as responsible for the business case, covering both project execution and benefits realization (based on Author citation 2016b).*

### **3. Methodology**

#### **3.1 Studied projects**

Project ownership has been studied in seven Norwegian governmental IT projects. This paper is based on interviews with seven project owners and seven project managers working within the seven different projects for six public organizations, as shown in Table 2. Table 2 identifies the type of organisations involved, however we neither name the organisations, nor attribute statements to specific organisations or projects. The organisations studied are all in the Norwegian public sector, and include governmental agencies, and regional and local authorities. The smallest organisation has about 100 employees, while the biggest has more than 10,000 employees.

*Table 2 - Public organization that have contributed in the interview survey*

The projects were selected based on purposeful sampling (Patton, 1990) to obtain a sample of public IT projects with budgets in the range of 1 to 6 million Euros, which have recently been carried out. Representatives for the projects were contacted, and we were directed to the projects' managers and project owners. As shown in Table 3, all projects had a duration of 2 to 4 years, with most having a duration of 2 to 3 years. The budget of the projects had a range between 0.25 to 12 million Euro. The organisations considered the projects to be of small or medium size.

*Table 3 - Overview of projects and respondents (Berg-Johansen, 2015)*

The upper part of Table 3 shows an overview of the experience and positions of the interviewed project owners and project managers.

#### **3.2 Interviews**

An interview guide was established. Key inputs to the interview guide were the literature study, as well as a survey that had previously been used to study project governance (Andersen, 2012). The interviews were conducted during the period of February to March, 2015. All participants took part in the study voluntarily and all are anonymous. For each project, project owners were interviewed before the project managers. Two of the interviews were conducted via video link while the remainder were performed face to face. Time per interview was from 45 minutes to 1.5 hour. A tape recorder was not used in the interviews. The interviews were transcribed on the same day as they were carried

out to ensure maximum recall. To record the observations from the interviews we also wrote field notes (Dalen, 2011). These could, for example, be observations that the respondent took a long time to respond, that we felt that the respondent did not speak freely or that he/she came from defensive position.

The respondents were sent a printed version of the interview in the mail. In this mail, we asked them to ensure that we had understood them correctly, and whether there was anything further they wished to add. This method is described in Engwall (2003). The data from all the interviews were eventually collected in a document and sorted by question.

### **3.3. Addressing the research questions**

The purpose of this paper is to study project ownership, with special attention paid to the distinction between responsibilities for project execution and benefits realization. We also wanted to investigate if project owners and project managers saw the role of project owner similarly or differently. During the interviews, we discovered that there were some differences in the responses of the project owners and project managers regarding the project owner's role and responsibilities. We therefore decided to analyse these differences in the answers between the two types of respondent. Furthermore, we looked at the difference between the project owner role in theory and in practice. Figure 4 shows how we have compared the input from project owners and managers.

As stated in the introduction, RQ1 asks how ownership is executed in the studied projects. We summarised the answers regarding how ownership was performed, looking at the main focus of the project owners, how control was carried out and to what extent benefit realisation was an important issue.

RQ2 asks if there are differences between project ownership in theory and in practice. We compared how the respondents viewed project ownership in general, and how project ownership was executed in a particular project.

RQ3 addresses the extent to which project owners and project managers viewed the role of project owner similarly or differently. We compared the answers of the project owners and the project managers to determine the similarities and differences between how project owners and project managers view the project owner role in practice.

### **3.4 Study limitations**

Our study has a number of limitations. We have only studied Norwegian public IT projects. An advantage with such a study is that the context and framework conditions of the studied projects are quite similar. Most of the studied projects have applied well-known project models, such as PRINCE2 or derivatives thereof, but the implementation and practical use of such models can depend on aspects of national and organisational cultural (Engwall et al., 2005). The presentation of previous research has not been limited to Norwegian studies. In a Scandinavian management tradition, user and employee involvement is emphasised as a key success factor in organisational change projects (see, for example, Emery and Thorsrud 1976), and IT projects fall, to a large extent, in this category. The degree of employee and user involvement varies between different countries and traditions. These variations may also influence other stakeholder roles in projects, including the project owner role.

We acknowledge that there may be language and translation issues when reporting this study using English language. The people we interviewed were called project owners in Norwegian. In English speaking countries, they may have been called sponsors or asset owners. However, the bulk of the project management literature still highlights that these roles should also have responsibility for the project business case.

Previous versions of this work have been presented (Author citation, 2016a and b) for the purpose of quality assurance and feedback from fellow researchers. In the following section, we present the empirical results from the study. We begin with how project owner responsibilities were viewed, and continue by studying how project control was undertaken from an owner perspective.

#### **4. Project ownership in the studied projects**

##### **4.1 Project owner responsibilities**

Table 4 summarises the responses from the project owners. As seen in Table 4, none of the seven studied project owners said that they were responsible for benefits realization in their projects. When asked about the project owner`s responsibilities in general, none of them mentioned anything regarding responsibility for benefits. The project owners focused on deliverables.

Project ownership was therefore proved, in practice, to differ from what is described as established practice in the literature. In all of the studied governmental projects, different stakeholders are responsible for project costs and project benefits. In all of the studied projects, the term ‘project owner’ related to senior officials responsible for the project delivery.

*Table 4 - Overview of stated project ownership responsibilities*

The illustration in Figure 4 is based on the observations of the study. Project owners have the responsibility to provide senior support to the project manager. They have special focus on securing project delivery by providing resources, funds and attention to the project. Project managers and project owners have responsibilities mainly for project delivery. This is the role of project ownership as observed in practice. Interestingly, it differs significantly from project ownership in theory.

*Figure. 4. Responsibilities of the project owners in the study (based on Author citation 2016b).*

##### **4.2 Project owner control**

In four of the projects, the organisation had a standard project model that was used. Three of these were based on a project model developed by the Agency for Public Management and eGovernment (Difi, 2018), which in turn was adapted from PRINCE2. One of the organisations had developed their own project methodology based on PMBOK. Three of the organisations had no standard project model, although all of these organisations had intentions to develop such models. One of the projects used a project model provided by an external consultancy, while one project made their own plans.

Reporting from project to project owner was both formal and informal. In all of the studied projects, reporting was conducted in connection with steering group meetings. Steering group meetings were carried out usually once a month, but one of the projects had such meetings at two or even three-month intervals. All projects had written reporting in connection to the steering group meetings. These reports were typically based on a standard template that contained elements such as cost, risk, milestones and progress. Project owners and project managers also had informal communication by mail, phone and face-to-face conversations.

There was some variation concerning whether the project manager was present at the board meetings or not. One of the projects had previously been organised as a part of a program, but program management was terminated and the management team served as the authoritative body for the project. There was also a large variation in how meeting activities and information flow took place between project owners and project managers. Some projects had daily contact, others weekly or less frequent contact between the project owner and project manager. Reporting to project owners was both formal and informal. Several respondents said that the contact between the project owner and the project manager had been most frequent early in the implementation phase and that there had been less need for close contact in relation to the project at later times.

We have compared project manager and project owner views of project control and benefits realisation. A summary is shown in Table 5. Five project owners said that they only controlled project results, while two claimed to control both the results and the working methods. On the other hand, only two of the project managers answered that the project owners control the results. Five project managers felt that they worked very independently and that the project owners controlled neither the results nor the way they work. Project managers claimed that they had a high degree of freedom and trust and that there had been little control from project owners. Most project managers clearly expressed their trust in project owners. They had worked independently without the involvement and control of project owners, but had received advice and support when they requested it. One project manager felt that there were too few critical questions from project owners

*Table 5 – Comparison of project owners` and project managers` view of project control and benefits realisation*

The answers indicate that there is a difference of opinion between project owners and project managers regarding how project ownership is conducted in the projects. Most project owners described their project ownership as close and active. In contrast, five of the project managers said that the project owners had not been very active. These different perceptions of the execution of the project ownership is also clearly reflected in the answers to direct questions about which type of control was exercised by project owners. Almost all project owners believe they had followed up on the results of the project, but only two of the project managers believed that such control had been carried out.

Three of the project owners believed that they had taken care of their external role through a focus on project stakeholders, while among the project managers, there was only one manager who mentioned that project owners had performed such tasks.

## **5. Discussion**

In this study, we have mapped project owner responsibilities, and compared how project managers and project owners view these responsibilities.

In summary, the responses from the project managers interviewed show that they have all worked reasonably independently. All project managers answered yes when asked whether they had sufficient authority to be able to perform their work in an efficient manner. In order to do a good job, it is crucial that the project manager has sufficient delegated authority to lead the project effectively (Turner 2003, Scott 2001). The majority of project managers were pleased with their project owners, but believed that a somewhat more active role from the project owners would be positive. One of the project managers

explicitly stated that the project owner should have asked more difficult questions and been more challenging. The answers indicate a lack of understanding between project owners and project managers about how the project ownership should be exercised. According to Klakegg (2013), poorly defined project ownership responsibilities are among the reasons why projects fail. This illustrates the importance of an established project framework with role descriptions that show how the project is to be managed (Müller, 2009). Four out of seven projects have introduced such project frameworks, but the answers indicate however that the role description for project owners is unclear or not implemented.

Project owners and project managers expressed different views regarding how project control was carried out by the project owner. According to previous research, control of deliverables is an important task for project owners (Klakegg, 2013; Müller, 2009; Garland, 2009). An explanation for the different answers between project managers and project owners may be that the project owners exercise more control than the project managers are aware of, or that project owners in fact have the control they want., through reporting in connection with board meetings and informal contacts. However, none of the project owners said that control of deliverables was part of their project ownership duties. Many of the respondents spoke of the great trust between the project managers and owners, and this may also be important in terms of reporting and control. Confidence between project owners and project managers can reduce both the need for control and the feeling of being controlled (Müller, 2009).

In the answers of the project owners, the focus was mainly on how the project is organized and their relationship with the project manager, and to a lesser extent on how they have executed their project ownership. Project owners did not highlight that they could serve as a link between the project and the basic organization, a role that is frequently mentioned in the literature (for example Klakegg, 2013; Müller, 2009; Garland, 2009). None of the project owners claimed to have responsibility for the project's deliveries and gains.

This brings us to a discussion about the differences between project ownership in theory and in practice. We have found a discrepancy between theory and practice regarding project ownership. Project owners do not have the responsibilities that are discussed in the project governance literature. In the literature, project owners are expected to take a business case perspective on a project, including benefits and costs. Cost responsibility should include not only direct investment costs, but also indirect costs relating to user involvement, training and operations. Benefits responsibility should include improved service from use of the new IT systems and efficiency gains from the use of the systems and new working processes. However, we found that project owners mainly focused on smooth project delivery. Project owners were typically organizationally located above the project managers, but were still within the delivery side of the projects. We would have expected to find at least some projects where the responsibilities were somewhat in accordance with the roles defined in Figure 3, which is based on what is described as best practice in project governance. However, Figure 4 and the interviews show something different.

Consequently, we find that there is a need to introduce a distinction between two types of project owners, as shown in Figure 5. We make a distinction between project owners that have responsibilities for both project execution and benefits realization, calling these project owners Type 1. They have responsibilities for the project business case. This is the project owner role as it is described in the literature. However, this role was not found in our study. We did find project owners that had the role of supporting the project manager (although from some distance), and with responsibilities for the project delivery.

These senior managers called themselves project owners, even though they do not have responsibility for the business case as is described as best practice in the literature. We call these project owners Type 2.

*Figure 5. A model for two types of project owners. Project owners of Type 1, with business case responsibility, and project owners of Type 2, with project execution responsibility (based on Author citation 2016b).*

The project owner role has received attention in the project management community for two reasons. The first relates to strengthening of project execution, which calls for a project owner Type 2. The second reason emphasizes the business case perspective, which points to a project owner Type 1. Such project owners have incentives to select and execute projects, supporting the overall business objectives of the organization. The two perspectives call for different organizational positions for the people called project owners. It is likely that project owners of Types 1 and 2 would have a different set of incentives and priorities.

There has been a push for leveraging project governance and increased awareness of the project owner role in Norway during recent years, inspired by both domestic and international research and best practice. However, this study indicates that the actual project owner role has only partially fulfilled the intentions behind the project owner role as discussed in the literature. We mentioned in the introduction that the importance of the role of project owner has been highlighted for two reasons. One is to strengthen project execution the other ambition is to emphasize the business case perspective. This study indicates that it is mainly the first ambition, to empower project execution, which has been the focus of project owners. The project managers reported typically to the project owner.

## **6. Conclusion**

This paper has studied how governmental project ownership is practiced. The first research question asks how ownership is executed in the studied projects. We found that project ownership was mainly carried out by controlling project results. Project owners were more concerned about project delivery than benefits realization.

A second research question asked if there are differences between project ownership in theory and practice. We did find significant differences between theory and practice, and have proposed a framework for describing these differences. Project owners do not have the responsibilities discussed in the project governance literature. Most of the literature relating to project ownership focuses on the owner as the project stakeholder who takes the risks related to both the costs and future benefits realization of the project. In our study, owner responsibilities did not include benefits realization. We chose to introduce a distinction between two types of project owners. Project owners of Type 1 have responsibilities for the project as a business case, including both project execution and benefits realization. This is the role described in the literature, but we did not find this type of project owner in our study. We therefore introduced the project owner Type 2. This relates to project owners that have the role of supporting the project manager and have mainly responsibilities for securing project deliveries.

A third research question related to a comparison of how project owners and project managers view the role of project owner. We found that project owners and project managers view the role of project owner in a somewhat different way, especially regarding how ownership is actually executed. Project owners described a more hands-

on project governance than the project managers of the same projects felt they had experienced.

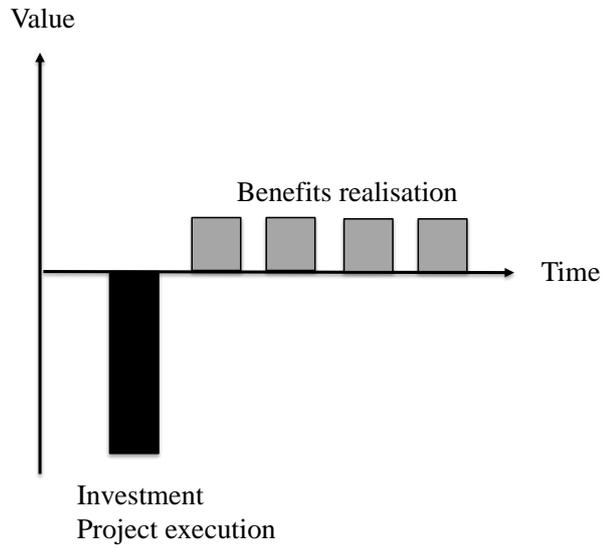
This study has practical implications. There is a need to clarify what type of project owner role is referred to in different contexts. We therefore call for an awareness of the fact that different project owners will have a different set of incentives and priorities. And finally, we identified a lack of project owners of Type 1. This project owner role focuses on the fact that projects are executed for a reason. Such project owners take responsibility for both the investment costs as well as the future benefits from the delivery of the project. If those who call themselves project owners do not take this role, then it is important that someone else does. Organizations need to make sure that project execution and benefits realization are connected at a senior level. It is important to make sure that the complete business case, including both investment costs and benefits generating activities, are seen in close relation to each other and not as separate undertakings.

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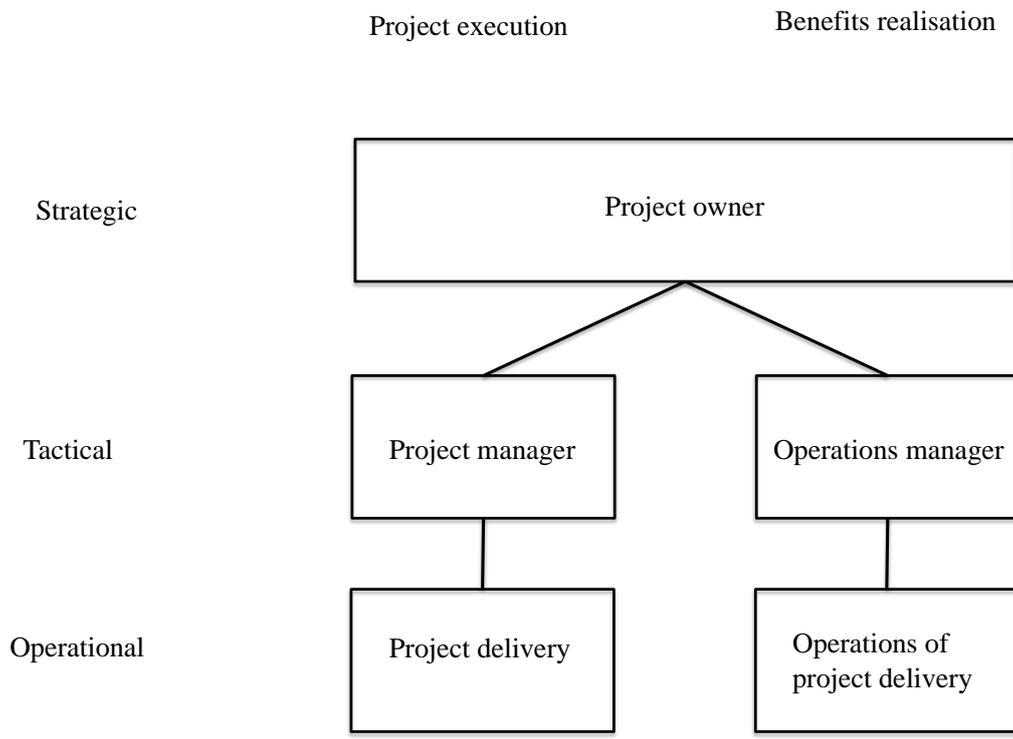
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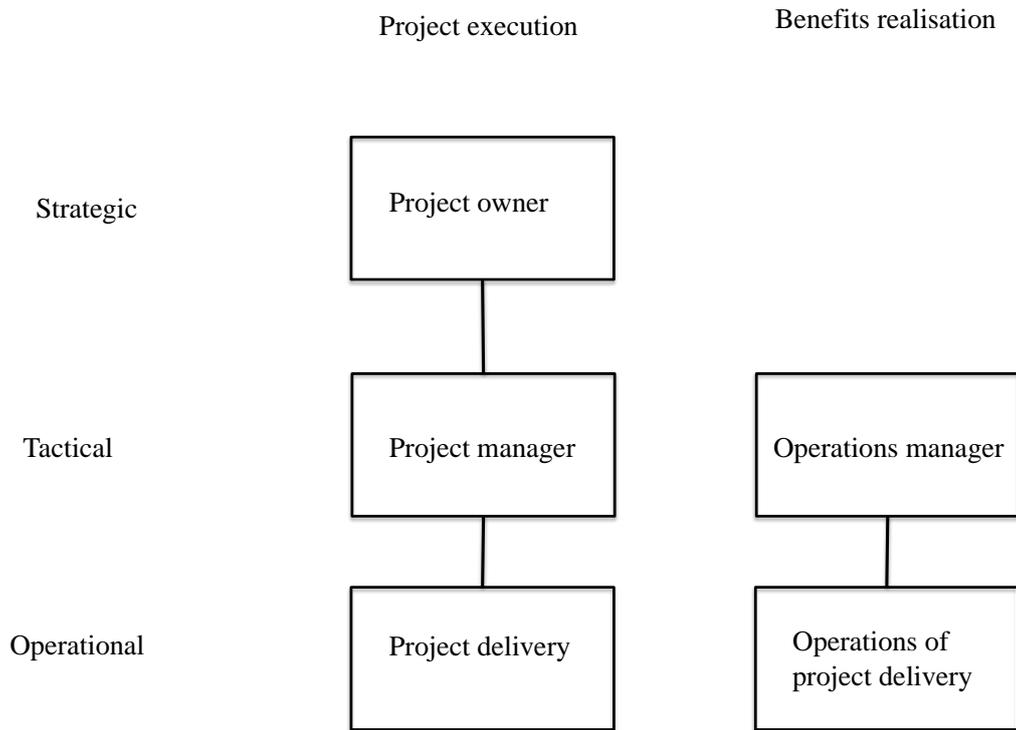
*Figure 1. A distinction between the initial project investment (typically the responsibility of a project manager) and following benefits realization (typically the responsibility of an operations manager)*

	Project execution	Benefits realisation
Strategic	Project owner	Project owner
Tactical/operational	Project manager	Operations manager

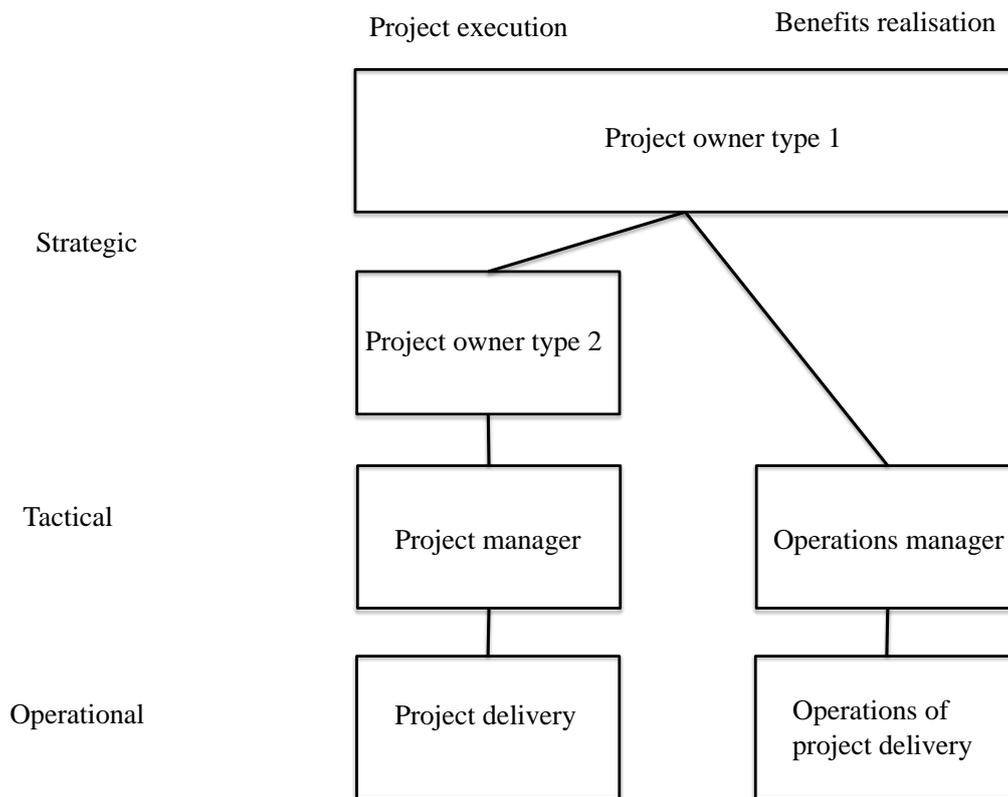
*Figure. 2. Organizational positions of project implied by the literature*



*Figure. 3. Organizational position of project owner based on the project owner as responsible for the business case, covering both project execution and benefits realization (based on Author citation 2016b).*



*Figure. 4. Responsibilities of the project owners in the study (based on Author citation 2016b).*



*Figure 5. A model for two types of project owners. Project owners of type 1, with business case responsibility, and project owners of type 2, with project execution responsibility (based on Author citation 2016b).*

*Table 1 - Project owner's responsibility for goals and gains*

<b>Reference</b>	<b>Responsibility for the deliveries</b>	<b>Responsibility for the gains</b>
Müller (2009)	The Steering Group	The Steering Group is responsible to ensuring that the organization is able to realize the planned gains
Prince2 (2016)	Project owner for business case	The project owner in the project period transfers to management at the end of the project
PMBOK (PMI, 2008)	The project owner	The project owner
Garland (2009)	The project owner	The project owner
Klakegg (2013)	The Steering Group/project control/project responsible	The Steering Group/project control/project responsible
Williams and Samset (2012)	The project owner	The project owner through stakeholders

*Table 2 - Public organization that have contributed in the interview survey*

<b>Public organization</b>	<b>Persons</b>	<b>Projects</b>
Government Agency	Four	Two
Inspection Authority	Two	One
Municipality	Two	One
University College	Two	One
Hospital	Two	One
Government Agency	Two	One

Table 3 - Overview of project and respondents. (Berg-Johansen, 2015)

Answers (N=14):			
Project owner or project manager	7 project owners and 7 project managers		
Position in the business	Project owners had mostly top management positions. Three of the project managers were senior employees, while four were consultants.		
Experience as a project owner or project manager (estimates, as indication of experience)		Project owner	Project manager
	Project 1	11 years/20 projects	20 years/35 projects
	Project 2	4 years/4 projects	6 years/8-10 projects
	Project 3	1,5 years/2 projects	5 years/6 projects
	Project 4	None	None
	Project 5	4 years/6 projects	8 years/5 projects
	Project 6	20 years/20 projects	3-4 projects
	Project 7	14 years/15 projects	4 years/20 projects
The projects' length	All of the projects had a scheduled duration of 2-3 years except for one that had duration of 4 years.		
The projects' budget	The budget of the projects was from 2.5 to 120 million NOK (0,25 to 12 million Euro). Two of the projects were small, three medium-sized and two were quite large.		
Project type	Five of the projects were of development type. Two were acquisition/implementation projects but also had some development aspects.		
The project status	Four are in progress, two in the closing phase and one is completed.		

*Table 4 - Overview of stated project ownership responsibilities*

	Executing own project ownership		Project owner responsibility in general	
	Deliveries	Benefits	Deliveries	Benefits
Project 1	Not mentioned	Not mentioned	Not mentioned	Not mentioned
Project 2	Stakeholder focus	Not mentioned	Delivery focus	Not mentioned
Project 3	Stakeholder focus	Not mentioned	Focus on objectives	Not mentioned
Project 4	Control and progress	Not mentioned	Focus on objectives and deliveries	Not mentioned
Project 5	Delivery to client	Not mentioned	Delivery focus	Not mentioned
Project 6	Quality and execution	Not mentioned	Scope management	Not mentioned
Project 7	Deliver in accordance to concept	Not mentioned	Project execution	Not mentioned

*Table 5 – Comparison of project owners` and project managers` view of project control and benefits realisation*

	Project owner (N=7)	Project manager (N=7)
Was there a standard project model?	4 Yes 3 No	4 Yes 3 No
How did the project owner exercise control	5 Control of results 2 Control of both process and results	2 Control of results 5 No control of neither process nor results
Have benefits been realised as a result of the project?	1 Not measured 2 Some 4 No	1 Some 6 No