

# Portfolio management of development projects in Danish municipalities

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Development  
projects in  
Danish  
municipalities

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Received 26 March 2014  
Revised 28 August 2014  
Accepted 16 September 2014

## Abstract

**Purpose** – Danish municipalities are undergoing continuous changes. An important part of these changes are the introduction and implementation of a wide range of development projects. The purpose of this paper is to focus on the challenges of initiation and implementation of development projects in municipalities.

**Design/methodology/approach** – The focus is on development projects, which are defined as projects undertaken to improve the workflow and processes of administrative functions in municipalities. The empirical component is based on two pilot interviews in two municipalities and a quantitative questionnaire distributed to all Danish municipalities.

**Findings** – Extant literature contains limited contributions regarding the overall management of development projects in municipalities. There seems to be an awareness of the importance of developing working procedures to ensure greater efficiency in Danish municipalities, but this development is often not prioritised relative to operational tasks. The absence of prioritisation is an indication of the potential for improving the portfolio management of development projects.

**Research limitations/implications** – The response to the quantitative questionnaire is provided by one employee in a municipality. As such, the research may reveal the views of one individual in particular and not those of the municipality in general.

**Practical implications** – The paper provides empirical evidence of the ambidextrous challenges in the context of public sector management. At a more generic level, the paper highlights the importance of improving portfolio management of development projects.

**Originality/value** – This paper is the first that one to focus on the orchestration of development projects in the public sector (here analysed through Danish municipalities). Management and control of such projects is much more sensitive to political decision processes than are similar tasks in the private sector.

**Keywords** Performance management, Ambidexterity, Portfolio management, Development projects, Resource utilization

**Paper type** Research paper

## 1. Introduction

Danish municipalities are public and political organisations that are responsible for important community/social tasks when providing services to citizens. The latest municipal merger in 2007 reduced the number of municipalities to 98. The primary motive for the municipal merger was cost savings through economies of scale. The total budget of the Danish municipalities in 2013 was 457 billion DKK (61 billion Euros; Økonomi og Indenrigsministeriet, 2013), financed by revenue from taxes, duties, and fees. In this spotlight, it is not surprising that questions regarding the size of the public sector are repeatedly raised. This concern includes the ability of municipalities to use resources efficiently for the benefit of citizens and businesses. With such large budgets, it is essential that proper planning and coordination is carried through and that resources are used effectively in daily operations.



Ongoing modernisation of the public and the municipal sectors has been undertaken with significant input from new public management (NPM). NPM is a generic term for some of the major reforms that have been considered and, in many cases, fully or partially implemented in Western countries. The concept does not fit within the well-defined paradigm of public sector organisation and project interdependencies sometimes appear unclear (Hood, 1991; Walsh, 1995).

In a Danish context, NPM ideas have long been part of the official ideology, and still are (Christiansen, 1996; Klausen, 2006). The context for the development of NPM ideas was the growth of the public sector in the 1960 and 1970s. At that time, there was a focus on problems related to running many large public institutions using a detail-oriented and hierarchical organisational structure (Walsh, 1995). Public institutions were seen as inefficient and non-reactive in terms of both policy makers and users. With NPM, the objective was for the production conditions of public institutions to resemble those in the private sector. By strengthening management, giving institutions greater scope, and increasing the pressure from citizens or competitors, some of the problems with operations in public institutions might be solved (Christiansen, 1996; Luke *et al.*, 2011). Criticism of NPM emphasized differences in conditions of the public sector relative to those in the private sector. The public sector operates in a different context, which is not always value-neutral; it is more often an ideological or political regime. One of the key differences between the private and public sectors is that the public sector provides services to citizens without direct payment. The absence of a market mechanism requires political management and priorities. This management may result in multiple goals that are difficult to reconcile, which produces a “complex bottom line” for public institutions (Klausen, 2001, p. 48; Produktivitetskommissionen, 2013, pp. 14-15). Fundamentally, productivity is created similarly in the public and private sectors. New technologies, new practices, and better organisation increase productivity, while the extent of innovation and new thinking depends on the employees’ and managers’ opportunities to do things differently and better (Produktivitetskommissionen, 2013, p. 19).

These days, Danish municipalities are undergoing continuous change. An important part of this change is the initiation and implementation of development projects. The public sector has been under development for several decades. Modern management is said to have begun with the modernisation programme in 1983. Since then, each decade has brought new reforms[1] and changes to public sector organisation and functioning (Greve and Ejersbo, 2013). Despite these reforms, there is strong evidence that the public sector still faces challenges such as reducing bureaucracy and micromanagement (Produktivitetskommissionen, 2013, p. 24). This paper aims to examine how Danish municipalities handle development projects. In this context, development projects are defined as specific projects that have been initiated to improve workflows and processes in the various departments of a municipality. This examination will be conducted by reviewing answers the following two questions:

*RQ1.* How does the overall coordination of development projects occur in Danish municipalities?

*RQ2.* How are conflicting objectives between development projects handled?

This paper is organised into four main sections. The following section presents the theoretical frame of reference for the paper. Next, the method for the qualitative

interviews and questionnaire is described. The third section includes the specific analyses relative to the research question. The paper closes with conclusions relative to the research question.

## 2. Theoretical frame of reference

This section develops the theoretical frame of reference and is presented with the objective of answering the research questions. The section is organised in three subsections. First, NPM is reviewed, then the concept of ambidexterity is outlined, and finally, management of project portfolio and the program management office (PMO) are reviewed. The theoretical point of departure begins within the frame of NPM that provides public organisations with new perspectives on how to use the resources more efficiently. With NPM, there also follows new targets that require development projects. We then borrow the concept of ambidexterity in order to throw some light on the dilemma of prioritizing resources for both daily operations and development activities. Finally, the portfolio management of projects is included to analyse the consciousness in the municipalities with respect to orchestrating a number of development projects with the ambition of securing alignment of the projects.

### 2.1 NPM

NPM can be understood as an umbrella term for a number of conditions related to the arrangement of the welfare state, relationships between governance and control mechanisms, and organisation and management (Klausen, 1996). These stages serve as a guide and tell us something about how the public sector should be or would best be organised (Greve, 2001; Klausen, 1996, p. 90). NPM focuses on stronger and more visible leadership of public institutions, the use of management ideas from the private sector, decentralisation of responsibilities and competencies focusing on the output of the institution, control with goal achievement of the institution, and competition between public institutions and between public and private institutions (Christiansen, 1996).

A distinction can be made between two key arguments in NPM, both of which come from the private sector. The first is the economic argument, which has to do with the desire for a liberal market orientation in and of the public sector. This desire is reflected in the use of tools such as privatisation, outsourcing, and contract management. The second argument deals with organisation and management, and is based on the notion that it is advantageous to transfer known principles from the private to the public sector, such as entrepreneur-type management, strategic management, and team management (Klausen, 2001, p. 46; Luke *et al.*, 2011).

NPM can be seen as a reaction to the criticism of the public sector, which, according to Klausen (1996, p. 90), includes:

- a lack of strategic and integrated adaptation due to random political leadership and single-issue orientation;
- a lack of adaptability due to bureaucratic, rigid, functional, and hierarchical/centralised structure and rule-based control;
- poor resource utilisation, productivity, efficiency, and goal achievement;
- a lack of user and service orientation;
- a lack of consumer choice;

- a lack of personnel policy; and
- a lack of or poor and invisible leadership.

NPM also incorporates suggestions for how these criticisms can be countered. The answer is a reorganisation of the public sector, organisation, management, procurement systems, reporting systems, and accounting approaches into versions of these elements that are similar to what is in use in the private sector (Dunleavy and Hood, 1994). According to Hood (1995), the focus of the NPM ideas can be summarised in three main points:

- (1) explicit performance goals;
- (2) focus on output, competition, and marketisation; and
- (3) efficient use of resources.

At the same time, it is recognised that the scopes of the private and public sectors are not similar. Rather, they are so different that it is problematic to transfer modern management tools, such as benchmarking and lean operations, from the private sector to the public sector without further reflection (Arlbjørn and Freytag, 2009, 2013; Evald and Freytag, 2008). Klausen (2001) concludes that NPM is not a theory of management when applied in the public sector, but a political programme for the modernisation of the public sector supporting the liberal economic thought. The problem with NPM is that it does not recognise that some things naturally belong in the public sector, which is not a situation comparable to the private sector and cannot be evaluated in the context of the private sector. For this reason, NPM takes no account for the context in which the public sector operates (Klausen, 1996, p. 97; Klausen, 2001, p. 48).

If criticisms of NPM in the public sector are still relevant, as Greve and Ejersbo (2013) state, then the public sector, through its multi-year effort to modernise itself, has evolved. Since the first modernisation programme was introduced in 1983, successive governments have presented their own modernisation policies. In the 2000s, emphasis was placed on major concerns, such as structural and quality reforms. Quality reform pushed money into the public sector, resulting in a refocus in recent years on efficiency and productivity (Greve and Ejersbo, 2013, p. 69). Through a multi-year effort to modernise the public sector, development can be seen relative to the lack of personnel policies and poor management. Since the first modernisation programme in 1983, when management was a specific focus, successive governments have stated that development of management and staff has been a focal point. Human resource management is now an integrated part of most public organisations (Greve and Ejersbo, 2013, pp. 69-70). Likewise, a lesser degree of bureaucracy in the public sector has been witnessed in most management actions. This legitimate political desire has proven difficult to put into practice with demonstrable results (Greve and Ejersbo, 2013, pp. 50-70). In relation to competition and market-based management, several market-based instruments have been introduced and tested over the years (e.g. free choice programs, tendering, vouchers, privatisation in the form of sale of shares, public-private partnerships, public-private corporations, and public-private innovations). But as Greve and Ejersbo (2013) state, nothing has resulted in introducing a comprehensive “competition reform” in Denmark. Gradually implemented elements have been tried, with the greatest impact on free choice programs introduced in the municipalities and regions. Procurement and outsourcing have also become popular in the management of the public sector (Greve and Ejersbo, 2013, p. 70). Municipality politicians and the political

management are often singled out as the weakest links in relation to municipality modernisation through structural reforms (Christoffersen and Klausen, 2012, p. 301). To put it bluntly, the implicit ideal seems to be that public organisations should be managed in the same way as private companies.

## 2.2 *Ambidexterity*

In both private and public organisations, there is an ongoing dilemma between, on one hand, an intention to focus on operational tasks and, on the other, to prioritise and carry through activities related to the development of business processes. March (1991) has addressed this dilemma through the concepts of exploitation and exploration. March (1991) defines exploitation as “refinement, choice, production, efficiency, selection, implementation and execution” and exploration as “search, variation, risk-taking, experimentation, play, flexibility, discovery and innovation”. This fairly broad definition was narrowed down by Levinthal and March (1993) in relation to the knowledge domain, so that exploration is “a pursuit of new knowledge” and exploitation is “the use and development of things already known”. As every organisation has limited resources, applying these definitions will allow for the making of both implicit and explicit choices between exploitation and exploration. This dichotomy is the dilemma: the time to simultaneously focus on development and operation, called ambidexterity. The term of ambidexterity – the ability to use the right and left hand equally well – can be applied to management as well (March, 1991). The concept is especially clear in private organisations related to organisational learning (Levinthal and March, 1993), organisational design (Tushman and O’Reilly, 1996), knowledge management (Brown and Duguid, 2001), organisational adaptation (Eisenhardt and Brown, 1997), technology and product innovation (Benner and Tushman, 2003; Danneels, 2002; Greve, 2007; He and Wong, 2004), and strategic alliances (Beckman *et al.*, 2004). A literature review on ambidexterity reveals very little application of this concept in a public organisational context.

## 2.3 *Project portfolio management and PMO*

Many companies lack a strategic vision of the ongoing portfolio of projects. From a tactical perspective, there is a lack of method for project planning. From a strategic point of view, a dynamic process for understanding the advantages and realizing the value in prioritisation of projects is missing. If this capacity were in place, it would be possible to balance projects as if they were business investments. As a consequence of the lack of this capacity in the public sector, prioritisation and selections of projects are often based on subjective factors, such as political influence and perceived value. This subjectivity is why many organisations experience projects that are not completed or are ineffective: they represent the lack of support from top management, poor project management, poor prioritisation, or projects that are in conflict with the daily operation (Rajegopal *et al.*, 2007, p. 4). Working with portfolio management of projects can yield better overview and manageability of projects. Portfolio management of projects seeks to bridge the gap between the projects, the management process, and management’s responsibilities relative to the organisation. As projects often are significant investments and focus is on the value of the project, these projects are no longer seen as isolated elements; they are instead perceived as an integrated part of the organisation and are central to a company’s strategy. This bridge between the strategic and operational level challenges the narrow “project to project” mindset towards a broader and more integrated approach (Rajegopal *et al.*, 2007, pp. 4-10). Portfolio management of projects is about

creating an overview; it is critical in relation to the decision-making process. Project portfolio management is supposed to ensure that the organisational goals are supported by the appropriate projects. Furthermore, portfolio management is about ensuring that the right focus is on budgets, resource allocation, and activity control, and that the job is done correctly and on time (Rajegopal *et al.*, 2007, p. 11). This attention is important to ensure that the right sets of projects are chosen and completed within the boundaries and goals of the organisation.

*PMO.* One way to control and manage a portfolio of project is through a project management office (PMO) approach. PMO can be defined as:

An organizational body or entity assigned various responsibilities related to the centralized and coordinated management of those projects under its domain. The responsibilities of the PMO can range from providing project management support functions to actually being responsible for the direct management of a project (Project Management Institute, 2004, p. 369).

This definition visualises that PMOs are organisational units and that their mandate can vary from organisation to organisation (Hobbs and Aubry, 2007). PMOs are dynamic organisational units that often change from one structure to another (Aubry *et al.*, 2010). In research, the PMO approach seems less illustrated in a public context. Existing research is centred on the PMO process (Cooper *et al.*, 1997a, b; Engwall and Jerbrant (2003), categorisation of projects (Crawford *et al.*, 2005), control of projects (Müller *et al.*, 2008), and organisational structure (Hobday, 2000). At the same time, it is important to emphasise the dynamic nature of projects, as not only the environment and priorities can change, but also the ability to comply with time constraints and resources can vary significantly across projects. Lack of awareness of this dynamism may increase the risk of failure, such that Morgan *et al.* (2007, p. 206) is right when saying “that even with the most sophisticated approaches to project and programme planning, things will go awry”.

### 3. Method

The paper is based on two data sources; the research has been conducted both through qualitative and quantitative methods. Initially, two exploratory interviews were conducted with two municipalities (a major urban municipality and a small rural municipality). Both interviews were recorded and transcribed. The purpose of the qualitative interviews was to get insights into the challenges of managing development projects in municipalities, thereby gaining sufficient knowledge to construct the questionnaire. The questionnaire method was chosen in order to be able to generalise our results to a wider population by including all the Danish municipalities in our study. This method can also help us to inform about the scope of the issues from a municipality perspective. Before the questionnaire was distributed, a pilot test was conducted with a municipality. Then a questionnaire was distributed to the 98 municipalities.

To identify the correct respondent in the municipalities, all municipalities were initially contacted and requested to identify one person who could be counted upon to answer questions relative to the municipality's overall handling and initiation of development projects. The questionnaire is targeting the person in the municipality who is expected to have knowledge about the initiation and handling of development projects. As it is expected that this role is not the same in all municipalities, the respondents are asked for title and department in the questionnaire. Before distributing



the questionnaire, an introductory e-mail is sent to all respondent. The questionnaire is distributed through Survey Xact via an e-mail including a link to the questionnaire. The survey was distributed to all Danish municipalities. The City of Copenhagen received seven questionnaires, per request by the Mayor's Office; thus, the total number of questionnaires distributed was 104.

The questions in the questionnaire consisted of both open-ended and closed questions. The closed questions consisted of "yes", "no", and "don't know" answers and questions with predefined response categories. The survey concluded with an open-ended question, allowing the respondents to provide general comments as part of their response. Danish municipalities are large and diverse organisational units, making it difficult to obtain unambiguous answers to questions. What is perceived as a development project in one municipality might be perceived as an adaptation project in another municipality. Furthermore, the questions can be viewed as being too general and that they lack context-specific variables. Municipalities also differentiate in respect to the planning approach used; therefore, some municipalities incorporate efficiency as a part of the day-to-day operations, whereas other municipalities work with efficiency through development and innovation of projects. The degree of decentralisation might also differ from municipality to municipality, which may not be reflected in a questionnaire to which only one respondent provides answers. The method used has a number of weaknesses, which we have tried to be aware of in the interpretation of data. However, the method used is assessed to be robust to initially focus on the paper's issues in Danish municipalities.

The questionnaire has not been tested for nonresponse bias. Likewise, it is not apparent from the responses whether the answers on the questionnaire were provided by one or more respondents in the municipality. Therefore, the accuracy of the responses must be interpreted in relation to the person asked. There can be some uncertainty in the data, whether the response is an expression of the individual or the municipality's position in general. There may also be uncertainty relative to whether the respondents have perceived and understood the questions in like fashion.

In total, 73 municipalities responded in the survey, yielding a response rate of 70 per cent. The municipalities that did not participate in the survey do not differ in size or location compared with the municipalities that responded. The respondents who replied are preferentially located centrally in the municipality with management responsibilities. In all, 24 of the respondents self-identified as city manager, deputy city manager, centre manager, or development manager as their job title.

#### 4. Analysis

As evident from the paper's theoretical frame of reference, the demand for efficient use of resources, explicit goals and focus on output play a significant role for the operation of a modern municipality. This focus raises the question of whether the municipalities are doing an adequate job in the day-to-day operation and the right thing in relation to the demand for development. In theory, the weighting of operation and the use of resources for development are of central consideration to municipalities. In practice, there is no clear-cut or definitive answer to this question. Municipalities are often required to return to the issue of weighting resources, underscoring the importance of the daily operations instead of development activities, time and time again.

Competences and skills have an important role in allowing daily operations to run as efficiently as possible. In general, there has been a strong focus on competences in the municipalities, with 52 of the participating municipalities stating that they always or in

most cases have focused on developing strong competences in their work processes. Only 20 municipalities responded that they to some degree or in some cases have focused on developing strong competences in existing work processes.

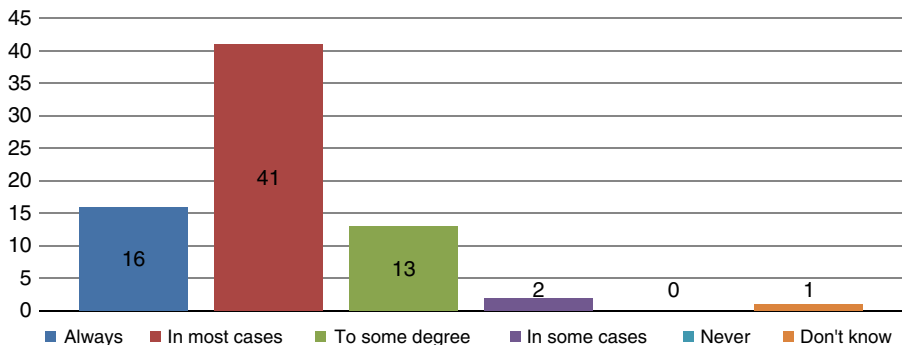
An indicator of the ongoing considerations relative to municipalities' effective use of resources in daily operations is shown in Figure 1. As presented, small, ongoing adjustments always or in most cases are undertaken in 57 of the municipalities.

Overall, the focus on competence development and on output in the daily operations (see Figure 1) demonstrates a high degree of awareness of the importance of efficient resource utilisation. But what about the future development? Is there sufficient focus on this factor and is it supported by hiring the necessary resources? In the following sections, light will be shed on this concern.

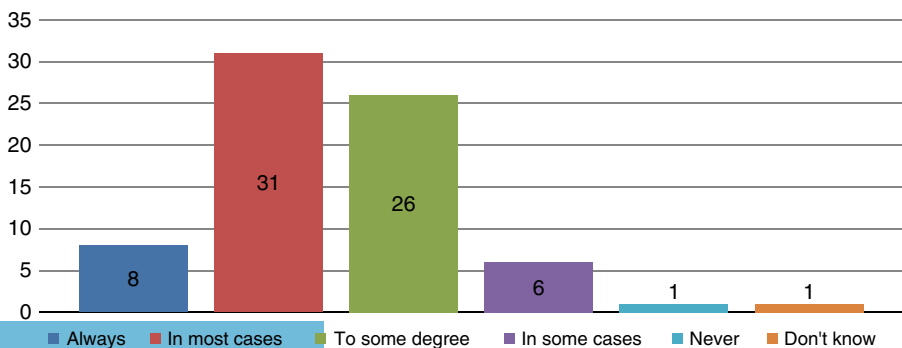
As shown in Figure 2 the future development of new work processes have a relatively smaller focus than optimizing and adapting solutions in daily operations. Totally, 33 of the 72 respondents who answered the question stated that they, to some degree (26 respondents), in some cases (six respondents), or never (one respondent) focus on long-term development of work processes. In contrast, eight respondents stated always and 31 respondents stated that they in most cases focus on long-term development of work processes. These answers show a relatively large standard deviation on whether and how the municipalities engage in the development of work processes.

The question of dedicated resources for long-term development is crucial because focus alone cannot ensure that work processes are developed. In regard to this

**Figure 1.**  
Small adjustments  
of the ongoing  
operations



**Figure 2.**  
Focus on long-term  
development of work  
processes

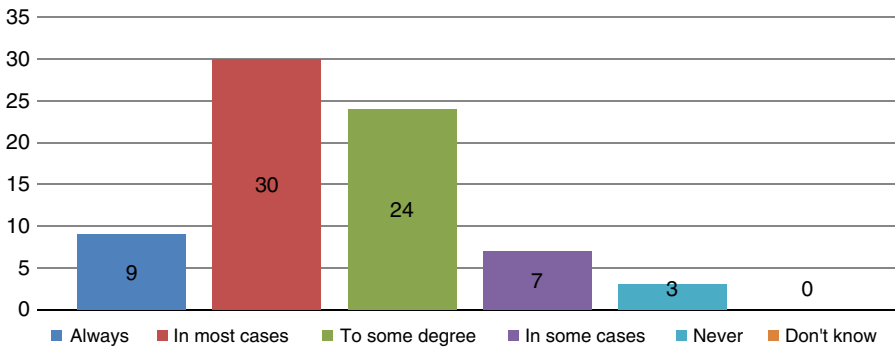




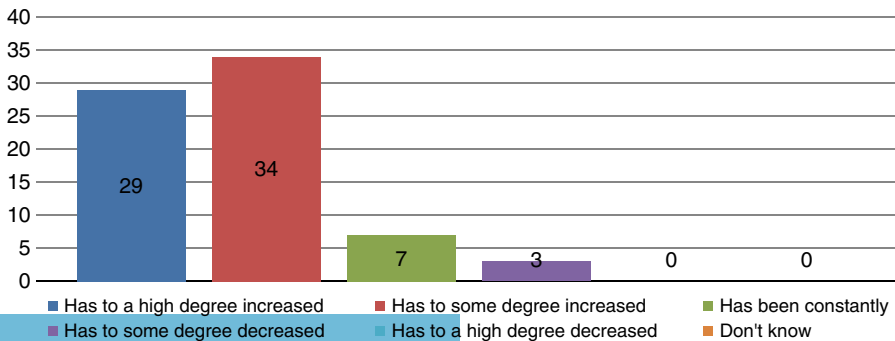
question, the responses were mixed (see Figure 3); almost half of the municipalities stated to some degree (24 respondents), in some cases (seven respondents), or never (three respondents) that resources are allocated to the strategic development of work tasks. It is surprising that 34 respondents answered to some degree, in isolated cases, or never, indicating that there is room for improvement to give development-oriented tasks a higher priority. The responses indicate nothing about whether municipalities do or do not agree on the importance of needing development. The responses do, however, indicate something about the practice of dedicated resources for the purpose. In other words, there can be awareness about the importance of dedicated resources, but the actual practice can be missing as a consequence of resources being prioritised for other purposes.

Overall, Figures 1-4 indicate a slightly greater focus on daily operations through development of stronger competences and optimisation of problem solving via small adjustments in work processes, instead of focusing on developing new processes and dedicating resources for this task. In a situation where there is less focus on development, it would be interesting to see how and how well the municipalities handle development projects that are initiated. That topic is the focus of the following section.

As shown in Figure 4, only three municipalities responded that the number of development projects has been decreasing over the last two years. Seven municipalities responded that the number has remained the same, while 34 municipalities responded



**Figure 3.**  
Dedicated resources for strategic development of work processes



**Figure 4.**  
The number of development projects completed over the last two years

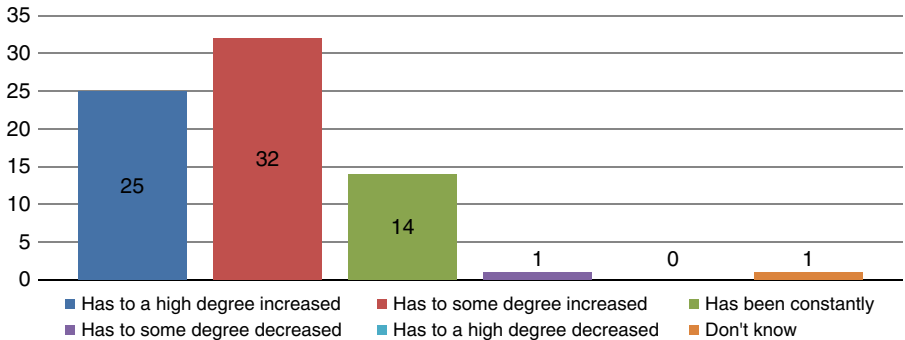
that the number has been increasing and 29 municipalities responded that the number of development projects has increased significantly over the last two years.

The increase in the number of development projects over the last two years is assumed to have had an influence on the number of employees. Twenty-seven municipalities stated that the number of employees involved in development projects has been significantly increasing and 34 municipalities stated that the number of employees involved in development projects has shown a small increase. In contrast, eight municipalities stated that the involvement of employees has been steady, two municipalities that the number has been slightly decreasing, and one municipality stated that the involvement has been declining. Seen this in the context of the 25 municipalities (see Figure 5) having indicated the number of departments had been increasing and the 32 municipalities noting that the number of departments involved in development projects had increased slightly, the picture is one of increased focus on development in the municipalities in the past two years.

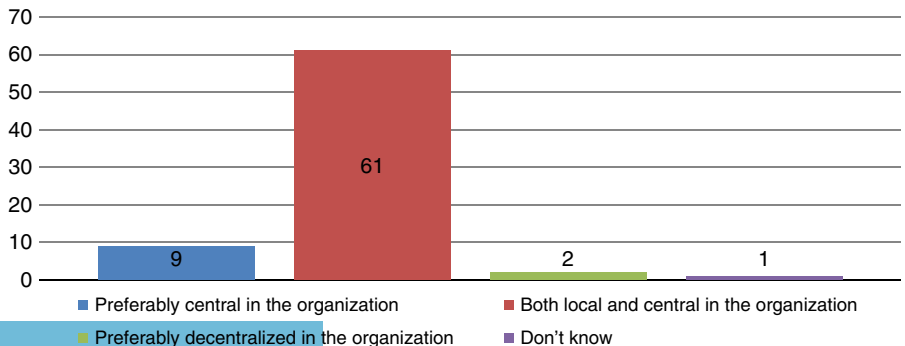
With a large number of departments or administrations involved in development projects, it is interesting to consider where the development projects are initiated and how they are coordinated and managed, as well as which goals are set for the projects.

To a predominant degree, development projects are initiated through interactions between the decentralised and central levels of the municipalities, with 61 municipalities (see Figure 6) stating that fact in their response. Only nine municipalities argued that

**Figure 5.**  
Departments involvement in development projects over the past two years



**Figure 6.**  
Initiation of new development projects



development projects primarily are initiated centrally, and only two municipalities said the initiation is decentralised.

Data from this analysis also show a tendency towards management of development projects after the initiation is taken over by a centralised function in the municipality: 21 municipalities stated that control is performed centrally (see Figure 7). In other words, even though ideas for new projects emerge from decentralised sources, analysis indicates that control over such development projects can be taken over by a central unit within the organisation.

As shown in Figure 8, only 30 municipalities stated that there is collective portfolio management in place, 39 municipalities stated that there is no collective portfolio management, while four respondents did not know whether management of the portfolio takes place in the municipality. In other words, there seems to be a coordination of development projects, but the process is accomplished in several different ways.

The criteria for evaluation of development projects mainly are decided upon in an interaction between a centralised and decentralised level. Total, 58 municipalities stated that this is the way development projects are evaluated. Only 11 respondents stated that the evaluation criteria are decided upon centrally, and two respondents indicated that it the process is decentralised (see Figure 9).

One aspect of portfolio management involves establishing criteria for success with target achievement. Another consideration is the extent to which the success of

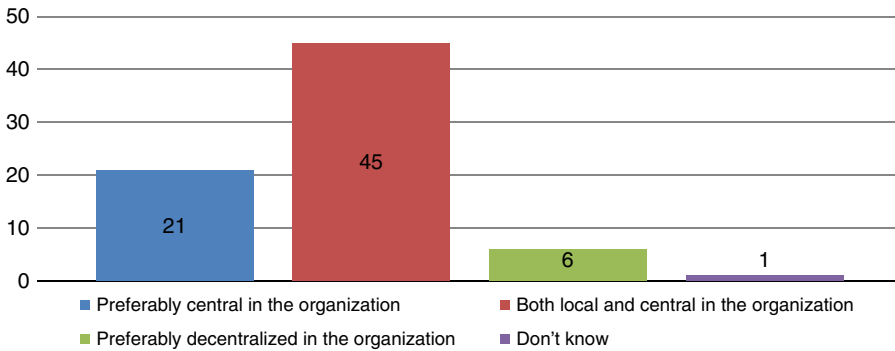


Figure 7. Management of development projects

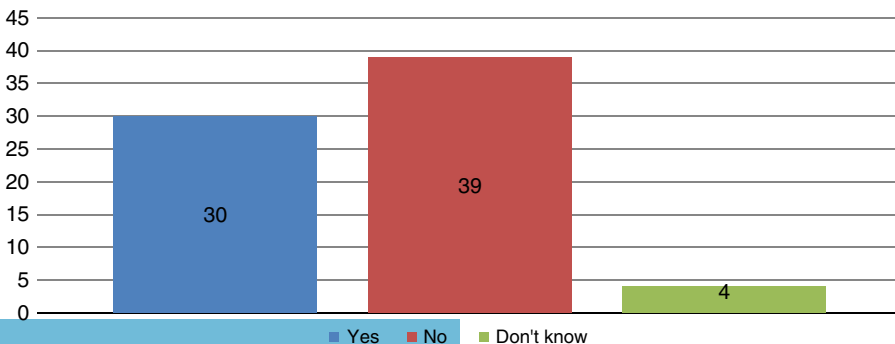
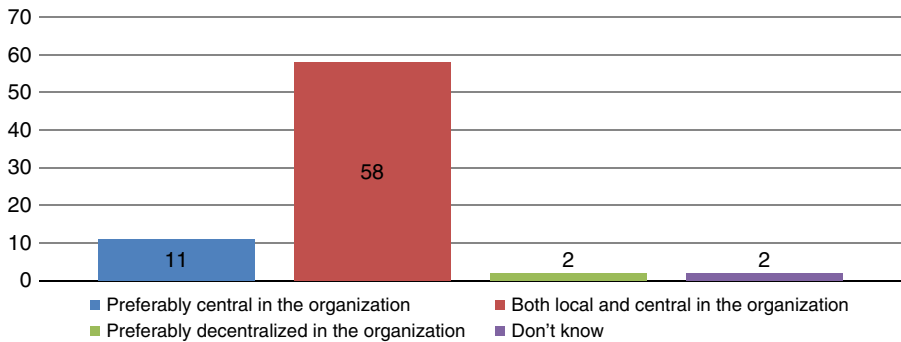


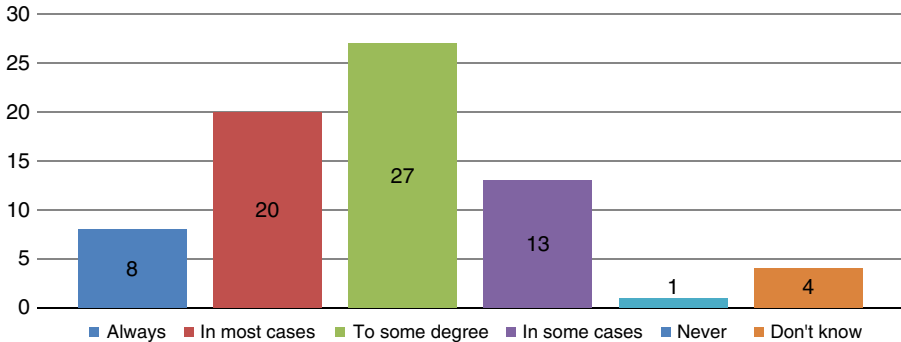
Figure 8. Is there a collective portfolio management of development projects?

development projects is evaluated. Figure 10 represents the respondents' perceptions of the practice of evaluation of development projects in their respective municipalities.

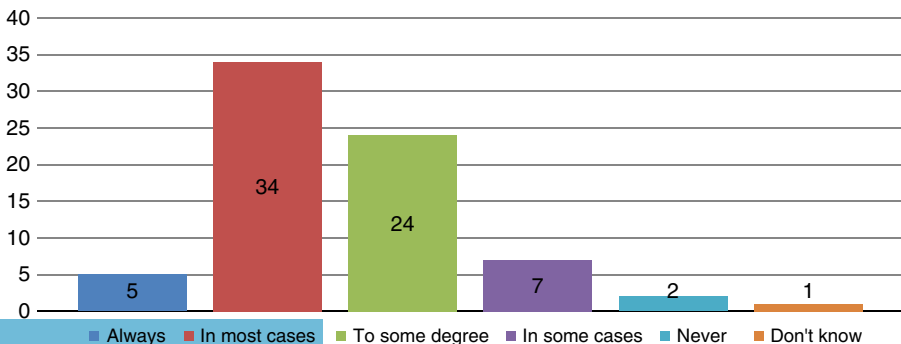
As shown in Figure 10, only eight municipalities responded and indicated that development projects always are evaluated, while 20 municipalities responded and indicated evaluation occurs in most cases. This finding indicates a relatively low interest in evaluating whether development projects have had the desired effect. Awareness of the need for coordination seems to be greater than the desire to evaluate, with 39 municipalities responding that they always or, in most cases, coordinate development projects (see Figure 11).



**Figure 9.**  
Listing of success/  
target criteria for  
development projects



**Figure 10.**  
Evaluation of  
completed  
development  
projects



**Figure 11.**  
Coordination of  
development projects

Still, it is interesting to notice that 33 municipalities indicate that the coordination of development projects either never takes place or takes place only “to some degree” or “in some cases”.

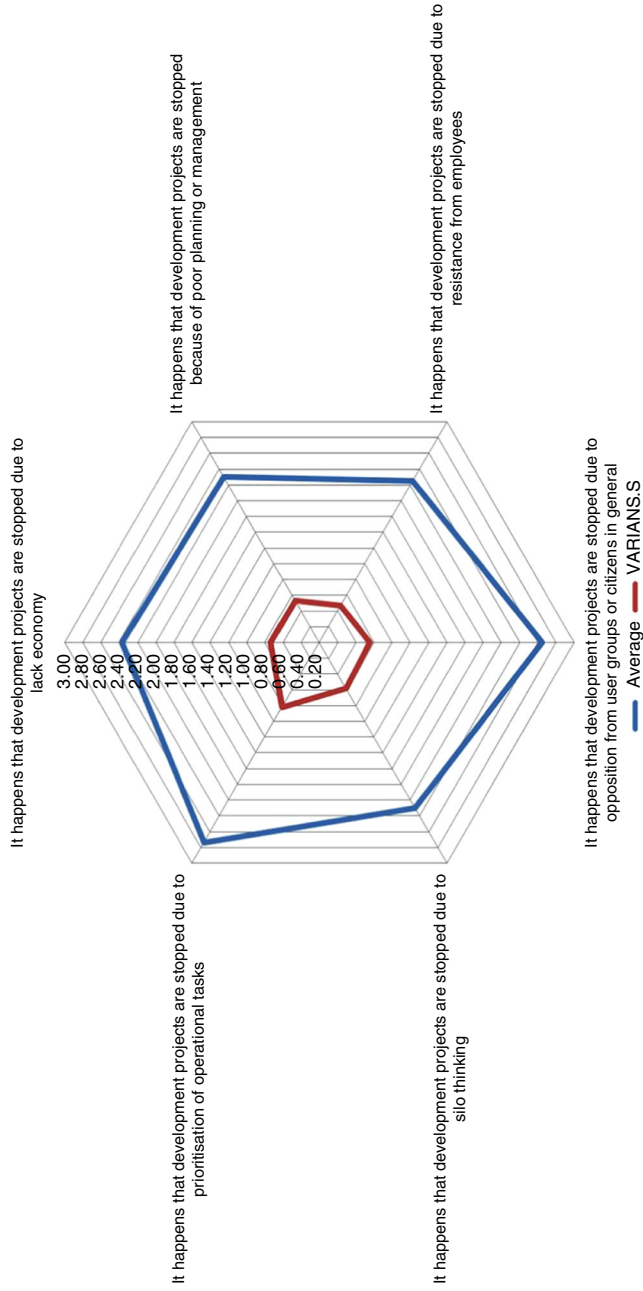
Compared to the effort to manage, coordinate, and evaluate projects, one final topic of interest is to clarify whether there are obstacles to development that have obstructed project completion (see Figure 12). In regard to this matter, we focused on the causes for why development projects are halted. Possible barriers for implementation of a development project were measured on six dimensions using a five-point Likert scale, where 1 represents a low degree of the barrier and 5 represents a strong degree of the barrier. On average, the six dimensions are relatively similar: “Stop due to prioritisation of operational tasks” (average of 2.77), “resistance from users or citizens in general” (average of 2.69), “termination due to lack of funding” (average of 2.39), “stop because of silo thinking”(average of 2.34), “stop due to poor planning”(average of 2.33), or “resistance from employees”(average of 2.27). In other words, barriers plays a role in some cases (corresponding to an average value of 2) or to some degree (corresponding to an average value of 3). The variance is relatively limited in all six dimensions (between 0.66 and 0.79) with one exception: the dimension of “stop of development projects due to operational tasks”, for which the variance is 1.02.

## 5. Discussion

Daily operations play an important role in most municipalities. This finding is not unexpected or strange, but daily operations is where the municipalities in the short term are evaluated on whether they meet users' requirements. Is the public getting value for their taxes? When developing, the municipalities operationalise tasks in the long term. This analysis indicates a degree of diversity and focus, but not as pronounced as the focus on day-to-day operations. Nevertheless, the number of new development projects over the past two years has been increasing, which indicates a certain awareness of the need for development in the municipalities. The growing number of development projects has also involved more employees at different levels, which is not surprising; it means that the public sector, despite several exercises aimed at eliminating bureaucratisation, has not become less complex. Quite the contrary, two conditions occur that are interesting to consider.

First, the allocation of resources for development projects cannot keep up with the progress. This difficulty may be an indication that the municipalities have become more efficient in their use of resources or that the initiated development projects have lacked resources and may have had consequences. However, evaluation of development projects seems to be somewhat limited, with only 28 municipalities stating they evaluate their development projects in most cases or always (see Figure 10). This finding leaves the municipalities with the challenge of having a limited basis to evaluate whether the development projects that are initiated have been successful or not. Therefore, these municipalities may be a greater risk of not are doing the right thing in the right way in the future. This possibility raises a wide range of issues relating to compliance with the law and the rights of citizens and efficient use of resources. Second, project management is not just about having an overview and insight into the various projects. Project management also involves awareness of the barriers (Hayes, 2010). As indicated in the analysis, daily operations are the primary reason stated for the termination of development projects.

That said, it is also apparent that there are other barriers to implementation of development projects, such as silo thinking, resistance from user groups, resistance



**Figure 12.**  
Barriers for  
development  
projects



from employees, poor economy, as well as poor management and poor oversight. Even though the responses from the municipalities indicate these barriers occur only infrequently and to a small degree or to some degree, the responses still mean that there is room for improvement. In a time of scarce resources in the public sector, it is important that development projects that are unlikely to be implemented are shelved as early as possible to avoid unnecessary waste of resources. Within the private sector, various areas of resistance have been identified as technical, political, or cultural in character (Cummings and Worley, 2009). Something similar could be developed in the public sector to increase the success rate and thus enhance resource utilisation. Yet another issue that may improve the success rate of development projects is the management of the projects. While 39 of the municipalities stated that there is no collective portfolio management, four did not know whether management of the portfolio takes place in the municipality. A strengthened focus on managing the portfolio of projects and on evaluating projects may be a strategy for not only improving results, but also use resources more efficiently.

## 6. Conclusion

This paper has put attention on development projects in Danish municipalities. NPM as a management paradigm is focused on streamlining work processes in the public sector, including putting more emphasis on performance management. Public organisations and, in this study, the Danish municipalities have a need to develop their business processes. This process is conducted mainly through dedicated development projects. The problem is that development projects or activities can conflict with day-to-day operations – a dilemma that, in organisational theory, is referred to as ambidexterity. The paper illuminated the following two research questions:

*RQ1.* How does the overall coordination of development projects take place in Danish municipalities?

*RQ2.* How are conflicting objectives in development projects being handled?

Responses to the questionnaire indicated a relatively large focus on developing strong skills in municipalities to provide the service demanded by stakeholders. The data also indicated a keen awareness of the importance of the efficient use of resources. However, data from the survey also indicated that there is less focus on the development of new work processes and a somewhat mixed picture in regard to whether and where in municipalities resources are dedicated for developing work processes. The number of development projects has been increasing over the last two years. These development projects are mainly initiated by the interaction between central and decentralised units within the organisation. The prioritisation and management of development projects is mainly done centrally. It is surprising that more than half of the municipalities participating in the study did not have overall portfolio management of development projects. It is also noteworthy that there seems to be only little interest in evaluating development projects. This indicates that there is room for improving the overall coordination of development projects. If such projects are not compared and evaluated in an overall perspective, it may be difficult and unclear as of how to coordinate the projects. The main barriers to implementing development projects are scarce resources in relation to day-to-day operations and resistance from users or citizens in general. Overall, there is little doubt that municipalities are making substantial efforts to use

their resources effectively, but there still seems to be room for improvement by creating a better interface between operations and development. Yet again, it seems unclear as to how conflicting objectives are handled. This is remarkable in a time where the number of development projects is reported to be growing in most municipalities. Coordination and evaluation seems only to have limited interest in close to half of the municipalities. Possible conflicting objectives may therefore not be identified in advance, but only after the development projects are implemented. The consequences of a lack of such an overall portfolio perspective on development projects can result in costly adjustments, delays or even closing projects before they even become a reality. The empirical evidence presented in this paper is based on data from Danish municipalities. However, the results are judged to have a wider international application. In all public organisations, there exist a dilemma between prioritizing resources on daily operations and development projects. This paper has contributed some thoughts on how to consider a balance between both daily operations and development projects and on how to orchestrate and manage a portfolio of development projects in order to obtain efficient resource consumption. Future research can address these issues based on data from other countries and further unfold the concept of ambidexterity from a public organisation perspective.

#### Note

1. Main modernisation programmes, according to the Produktivitetskommissionen, 2013, p. 22: "The program of modernization of the public sector", in 1983, "Rethinking the public sector", from 1993, and "The citizen at the helm" from 2002.

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