THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Linking Governance to Performance of Government-funded Projects in Kenya

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Abstract:
The purpose of this paper is to identify project governance practices that affect the performance of government funded projects, especially in developing economies such as Kenya. Research has shown that successful project implementation plays a major role in building a country's economy. Despite this fact, failure in such projects is persistently being witnessed. To understand this, extant literature was conducted on project governance and performance of projects. Various studies seem to agree that project governance is a major project success factor that ensures project success criteria is met. While this has been renowned, there is no set of agreed upon project governance practices that suits all types of projects and consequently these practices will be determined by the specific project context. This then formed the basis of the study. Four governance practices are identified as contractual governance, business model governance, project risk governance and monitoring and control that if implemented well in projects may increase chances of project success. Future studies should however be geared towards developing a comprehensive list of project governance practices.

Keywords: *Governance, project governance, performance, government funded projects, contractual governance, risk governance, business model governance and monitoring and control*

1. Introduction

Major projects are increasingly being used for delivering public goods and services. In emerging economies, population growth, increasing urbanization, and rising per capita incomes are driving the demand for projects (Kariuki, 2014). These projects are normally intended to serve some overall societal goal and ultimately to benefit the whole nation (Volden & Andersen, 2018). Successful project implementation therefore has the potential of enhancing a country's economic performance and improvement of the livelihoods of its citizens. Majority of these projects are funded by the government as they require huge capital outlay, which somehow explains the constant rise in public spending and this necessitates good project management practices to ensure value for money and to increase shareholder value.

Recent contributions by different scholars have examined the relationship among project governance practices and project performance in megaprojects (Guo et al., 2014; Sanderson, 2012). Project governance practices will however vary from project to project depending on the project context such that there is no "one size fit all" list of practices for all forms of projects (Nistor & Beleiu, 2014). While project governance has been shown to influence performance of projects, there is need to identify the governance practices that suits a given context as different contexts presents different challenges in terms of project implementation. Thus, the need to identify project governance practices that suit the case of Kenyan government funded projects.

1.1. Performance of Government Funded Projects

The public sector is facing a tremendous challenge not just to upgrade their service processes and infrastructures to match the needs and capabilities of their owners but also to develop their efficiency and effectiveness (Volden &Andersen, 2018). The public sector is characterized by complexity, management difficulties, long durations and multiple organizational structures. Public sector or government context are also subject to political pressures and issues related to public scrutiny and accountability (Klakegg et al., 2016). Research indicates that majority of these government projects fail (Shehu et al., 2014; Damoah et al., 2017). The most frequently reported shortfalls are the failure to meet deadlines, exceeding budget, not delivering the specified quality, and failing to deliver the functionality, benefit or contribution to business objectives intended upon initiation of a project, failure to meet expectations and agreed goals or failure to deliver what the users need (Klakegg & Haavaldsen, 2011). These impediments have seriously affected the operations in this sector and consequently, achieving effective project implementation requires devising effectual policies, rules and procedures to guide the operations in order to increase their chances of success.

1.1.1. Kenyan Context

Kenya being the largest and most advanced economy in East Africa, it has made significant political, structural and economic reforms in the past decade that have largely driven sustained economic growth (World Bank, 2020). Kenya's Gross Domestic Product (GDP) has averaged 5.4% in the years 2015-2019. Although its recent broad based growth path has been disrupted by Covid-19 (coronavirus), Kenya aspires to transform from a lower-middle income country to an upper middle-income country by the year 2030. To attain this and sustained growth that creates employment opportunities, reduces poverty and provide access to essential services by the poor, the economy needs to grow at an annual rate of 10% (Kenya Economic Report, 2017). This growth is achieved mainly through successful project implementation. The Kenya National Bureau of Statistics (KNBS) reported that the growth in major sectors have been realized through project implementation (Kenya Economic Survey, 2016). In the same vein, projects in these sectors have suffered from greater inefficiencies. Public spending has been increasing largely owing to major infrastructure projects supporting economic growth leading to over 50% of public debt to GDP. Government expenditure is now outpacing revenues at 8.1% of GDP. Moreover, the Kenyan budget continues to emphasize resource allocation towards development in key sectors of the economy (Kenya Economic Survey, 2016). The current government has also borrowed huge amounts of money to finance infrastructure development in a bid to achieve its "big four" agendas. Proper implementation of projects in such sectors is therefore the key in achieving a country's development strides. Successful project implementation has been greatly linked to governance of projects (Klagegg & Haavaldsen, 2011). This study presupposes the contribution of project governance practices on improving the project management and thus project performance in key sectors that will spur economic growth.

1.2. Measurement of Project Performance

Measurement of project performance has become an integral part of both the private and the public sectors as it provides the only means to determine where you are in terms of delivering the stated project objectives and is measured in terms of its success or failure. Thus, project performance evaluation and measurement has recorded noticeable attention in the recent past (Marzouk & Gaid, 2018) so as to determine the possible causes of project success and failure. Both the determination and the achievement of project success is a widely discussed subject in the literature (Chou et al., 2013).

A distinction is made between success criteria, the set of standards by which the measurement of success occurs, and success factors, those aspects that directly or indirectly influence project success (Chou et al., 2013). Project success is seen as the achievement of a particular combination of objective and subjective measures, manifest in the success criteria and measured at the end of a project (Joslin and Muller (2016). Generally, the success measure (success criteria) for a project is defined by accomplishing a project within specified cost, time, scope, quality, constraints, resources and risk (American Project Management Institute, 2013). Nanthagopan and Thompson (2018) studied levels and interconnections of project success in development projects. They distinguished between Project Management (PM) success and project success. PM success is part of project success (Chuan, 2006) and examines project meeting parameters of scope, time, quality and cost and project success, on the other hand, examines stakeholders' satisfaction and project impacts. Sinesilassie, Tabish and Jha (2017) examined schedule performance as a success criterion of Ethiopian public construction projects. Since our focus is on the public sector, we shall assess the project performance in terms of meeting project time, cost, and quality and stakeholder satisfaction. Project success factors are those aspects that influence the project outcomes. One of these factors is project governance, which has grown exponentially in popularity in the recent past (Biesenthal & Wilden, 2014; Joslin & Muller (2016). This study therefore explores the project governance as a project success factor.

1.3. Governance

Governance is a system that defines the structures used by the organization, establishes rights, roles and responsibilities and makes sure that the management process is effective and efficient within these structures (Too & Weaver, 2014), in order to achieve an ethical, cohesive and transparent decision-making process for the sake of achieving the mission of an organization (Badewi, 2015). Governance is not only a preserve for the higher hierarchical structures within an organization, but also appears at each managerial level within an organization (Oladele, Mah and Mongale, 2017), including at the project level. According to Joslin and Muller (2016), it is important that governance covers all levels of the organization, starting with corporate governance to the project level of governance.

Project governance is "the use of systems, structures of authority, and processes to allocate resources and coordinate or control activity in a project" (Pinto, 2014). It coexists within the corporate governance framework with the objective to support projects in achieving their organizational objectives. On its most basic level, project governance supports an organization in aligning its project objectives with its organizational strategy, achieving set project objectives and monitoring performance. It also describes the means for attaining such objectives (PMI, 2013).

Projects are temporary endeavors (PMI, 2013) that exist with the objectives to foster a success enabling environment and identify projects in trouble, consequently the need for a governance framework in projects (Lappi & Aaltonen, 2017) that serves the best interest of the organization and managed by the project managers. Approach to the study of project governance has taken different perspectives. Lappi & Aaltonen (2017) separated project governance into governance of projects and governance of project management. A distinction is also made between project governance – which deals with internal control of individual projects - and governance of projects - a way of selecting, coordinating; and controlling projects (Badewi, 2015). Muller (2017) made a distinction between project governance – governance of a single project - and governance of projects – governance of groups of projects within an organization, while Ahola et al. (2014) looked at project governance in two perspectives: internal and external project governance where external

governance concerns the relationship between a project and the organization in general and aims to specify a standardized set of rules and regulations with which a project needs to comply, a view also supported by Danwitz (2018). Internal project governance relates to a single project and seeks to define ways to safeguard, coordinate and adapt interactions between organizations. We take internal project governance perspective because we want to focus on the governance practices within the project itself.

Project governance, being a relatively new topic, literature on it is fragmented (Ahola et al., 2014) and thus different scholars have defined project governance differently. Volden and Andersen (2018) defines project governance as a system of appropriate checks and balances that enables transparency, accountability and defined roles in the project, while at the same time support project managers in delivering their objectives. The guide to project management Body of Knowledge (PMBOK) (PMI, 2013) describes project governance as that which is able to supervise a project in accordance with the organization governance model through the whole project life cycle; providing a comprehensive, consistent method of control and ensuring its success by defining, documenting and communicating reliable, repeatable project practices. Thus, the need to come up with a comprehensive list of these project governance practices has not been explored fully.

Project governance had previously focused on the project execution phase of the project, but current trends in project governance literature has moved away from this to include the front-end phase, arguing that, significant management decisions and activities need to be taken early in the design stage of a project (Klakegg & Haavaldsen, 2011; Samset & Volden, 2016; Nahyan et al., 2019). Focusing on front-end of a project helps in identifying factors that may influence the definition of the project and hence lay the foundation for the project objectives and success criteria (Hjelmbrekke, Klakegg & Lohne, 2017). Project governance however should be looked at in its entirety throughout the project life cycle. We explore project governance practices in government funded projects throughout the project life cycle and views governance as an internal approach.

Danwitz (2018) defined inter-firm project governance as the management of interrelationships between participating firms in a focal project and proposed an integrative analytical model of inter-firm project governance, building upon contingency theory and drawing from established constructs rooted in organizations theory, to provide a basis for decision making by clearly defining roles, responsibilities and accountabilities for a project. He identified project governance dimensions as organizational structure, centralization of authority, formalization, communication, dispute resolution and monitoring. The study integrates several contextual factors which are proposed to directly affect design of an adequate project governance framework which comprised of project-related and partner related contextual factors. Contextual factors however had an indirect effect on project performance.

Kortantamer (2019) conducted a qualitative case study across six major transformation portfolios to examine how governance practices are accomplished in two UK central government departments. The study identified nine intertwined major transformation portfolio governance practices as funding, enacting ministerial sponsorship, prioritizing, and assuring quality, resourcing, supporting, structuring the portfolio, structuring the policy relationship and structuring the business relationship. The study also admits the complementary and competitive relationships between practices and in terms of bundles of practices enacting different control regimes.

Lappi and Aaltonen (2017) sought to improve the understanding of project governance from a public sector point of view by examining the prevailing governance practices in three Finnish public sector organizations and be able to categorize them and to provide insight into possible tensions that affect the governance of agile projects. They classified the governance practices as business case, contracting, controlling, steering, decision-making, and capacity building. The study also found that the project governance dimensions that create significant tensions and impact agile project performance were the business case and decision-making authority. Study echoes previous research that converses how the organizational setup and role definitions that are associated with decision-making authority can influence project governance both internally and externally

1.4. Statement of the Problem

Government implements its development agenda through execution of public projects in major sectors of the economy. Major projects are increasingly being used for delivering public goods and services so as to spur economic growth. Existing literature has shown that developed economies attained their growth and development through implementation of government projects (Horta, Camanho and Costa, 2012). Developing countries attempt to follow suit by embarking on development projects. Government of Ethiopia for instance is pushing investment in infrastructure to help the country to achieve middle-income status by 2025 (Sinesilassie, Tabish & Jha, 2017). Kenya similarly aspires to transform from a lower-middle income country to an upper-middle income country by the year 2030. To attain this, the economy needs to grow at an annual rate of 10%. The Kenyan budget continues to emphasize resource allocation towards development of key sectors of the economy. Public spending has been increasing largely owing to major infrastructure projects supporting economic growth, leading to over 50% of public debt to GDP. Government expenditure is now outpacing revenues at 8.1% of GDP (Kenya Economic Report, 2016).

Past studies have demonstrated massive failure of government funded projects in terms of meeting time, scope and quality requirements, safety for the users, and stakeholder's satisfaction among other success criteria. To uncover the reasons behind the massive failure of public or government projects, a number of success factors have been developed. One of these factors is project governance, which has grown exponentially in popularity in the recent past. Despite these attempts, failure in government funded projects is still being witnessed to date. From the review of literature, different studies have attempted to explain this using a combination of different project governance practices. This study therefore examines the link between project governance and performance of government funded project and specifically looks at

contractual governance, risk governance, business model governance and monitoring and control as project governance practices and the moderating role of the project context.

2. Theoretical Review

Governance has been used widely in different fields and has yielded many definitions, applications, and theorizations.

2.1. Transaction Cost Economics (TCE) Theory

Three main influencers created, shaped and operationalized the Transaction Cost Economics (TCE) theory; Commons, (1931), Coase (1937) and Williamson (1979). TCE is an economic theory which suggests that organizations achieve the lowest transaction costs by adapting the governance structures to the nature of the transaction. According to TCE, the decision of whether to collaborate or not should be based on the efficiency of governance. High frequency of transaction costs, uncertainty and asset specificity guide firms towards hierarchy. In the context of governance modes, this implies that organizations can indeed have benefits by choosing a specific way of contracting depending on the amount of the resulting transaction costs.

2.2. Agency Theory

Agency theory, which is based on Jensen and Meckling's (1976) work, takes an economic view of the shareholder and manager relationship in companies by assuming rational and self-interested actors. According to agency theory, management acts as agents of shareholders and thus introducing the principal-agent relationship that addresses the interface dynamics and potential conflicts of interests between these parties (Eisenhardt, 1989; Muller, 2009).

Agency theory has been applied to corporate governance (John & Senbet, 1998), and project governance (Turner and Müller, 2003). It posits that project managers (agents) may use their control over the allocation of project resources opportunistically in order to pursue objectives not in line with the interests of the shareholders (principals) (Jensen & Meckling, 1976). This is exemplified in the principal – agent problem which occurs when both principal and agent act in a self-interested, utility maximizing manner (Mitnick, 1973). Principal agent problems arise from information asymmetry, because one party has typically more or better information than the other (e.g., the project sponsor as principal) (Wiseman et al., 2012). This results in a moral hazard risk which, unless mitigated, is likely to increase the agency effect (Poblete and Spulber, 2012).

Popular remedies to the problem include contracts and incentives that motivate agents to act in accordance with their principals, controlled through related control structures. Project governance, when designed correctly within the context of the organization, should minimize the risks and issues associated with agency theory. Agency theory based on Jensen and Meckling's (1976) view of principle agent models have been criticized because they neglect to consider that the principle-agent transitions are socially embedded and therefore impacted by broader institutional contexts (Davis et al., 1997; Wiseman et al., 2012). In this study we use agency theory as a proxy to explain behavior in the shareholder oriented and behavior-controlled governance structures.

2.3. Contingency Theory

Contingency theory (Lawrence and Lorsch, 1967; Mintzberg, 1980) assumes that organizations can and should not be designed in isolation, but that their functioning and success are largely dependent on its internal and external situation. Rooted in organization theory, it argues that there is no one perfect way of organizing, but that managerial decision-makers should rather strive to design organizations which ensure a "fit" to its internal and external situation to be successful (Morgan, 1986). Since the context of a project might change throughout its course (Winch, 2006), its project governance design has to be continuously adjusted to ensure an external "fit." Due to these specific theoretical assumptions and features, contingency theory seems to be highly suitable to address the research problems of this paper.

3. Empirical Review

This chapter reviews empirical literature on the link between project governance and project performance. Project governance practices are identified as contractual governance, risk governance, business model governance and monitoring and control as discussed below.

3.1. Contractual Governance and Project Performance

In a highly connected and competitive world, most projects must function in an environment that interacts with external parties. Contracts helps in managing relationships with these external parties (Mutua, Waiganjo & Oteyo, 2014). Contracting theory has however been evolving. Initially, the focus was on designing complete (fully described) contracts. Most goods (services), however, cannot be fully described as they depend on a state that is yet to be realized, as is the case of government funded projects. Based on the principle of bounded rationality and the resulting cost implication of gathering and processing information, the feasibility of designing complete contracts has since be challenged with the argument that all contracts are incomplete for goods (services) that are exchanged at a future state that is unknown (Rai et. al., 2012). Incomplete contracts however need to be managed thoroughly as they may result in uncertainty, opportunism and future conflicts between the parties to a contract. Proper contract design is imperative for government funded projects, hence the need for contractual governance.

Danwitz, (2018) defined contractual governance as a corporate governance structure used to manage the relationship between the transacting parties and to reduce opportunism while attempting to mitigate conflicts and

promote cooperation between the parties, while Luo, Liang & Ma, (2013) defined contractual governance as formal contracts which details out the obligations to perform particular actions in future, such as specifying roles and responsibilities to be performed, specifying procedures for monitoring and penalties for non-compliance and determining the final output to be delivered. In support of Luo, Liang &Ma (2013) definition, contractual governance should ensure that a project realize the outcomes it intended to achieve.

Contractual governance should be geared towards designing contracts that will efficiently deal with transactional hazards during and after project delivery. It checks that contracts are designed to deal with specific contractual risks (Brousseau, Coeurderoy and Chaserant, 2007) by implementing contractual commitments and governance mechanisms aimed at deterring opportunistic behaviours. Contractual governance also attempts to mitigate conflicts and promote cooperation between the parties (Luo, Liang & Ma, 2013). While formal contracts provide legal grounds to clearly define obligations between parties, there is also need for them to work collaboratively. Cooperation is imperative due to existence of division of work in inter-firm projects but there is absence of a sole authority to provide sufficient means to coordinate their efforts (Danwitz, 2018). Rai et al., (2012), in their study on how best to influence Business Process Outsourcing (BPO), suggested the use of strategies that applies both relational and contractual governance mechanisms as substitutes of each other. They however emphasized the importance of contractual governance mechanisms as they legally define obligations and provide exchange parties with an instrument of control and escalation. You, Chen, Hua & Wang (2019) highlighted the importance of contracts in conflict management. The study sought to explain how contractual complexity makes a difference on task and relationship conflict. They found out that higher contractual control and coordination reduce the level of relationship conflicts and higher contractual coordination reduces the level of task conflicts.

A study by Sarhan et al. (2017) to investigate how project parties safeguard their project-specific assets against opportunism during procurement procedures, through a critical review, found that procurement decisions tend to be ultimately focused on contract administration and shifting risks, which may distract attention away from core efficiency purposes. Thus, there is need for adoption of a more efficient and collaborative business and project delivery models to build a close working relationship between the actors that fosters cooperation and thus an enhanced project performance. Presence of a governance structure that will build relational cooperation will help an organization to achieve its intended objectives.

3.2. Business Model Governance

Projects do not automatically align with general objectives of an entity. Driver (2014), for instance, maintains that 90 per cent of all strategies have very little impact. Driver asserts that strategic initiatives suffer from a lack of cause-and-effect evidence that a project really will create the intended result, that this result will be used as intended and that the use really will create the desired benefit. This is especially true in projects involving external suppliers. This implies a need to develop a structure and description of how the project supports strategic objectives. The use of business models is identified as a key to achieving this (Teece, 2010). Hjelmbrekke, Klakegg and Lohne (2017) defined business model as strategy-based performance recipes on how to create value for the client and benefits for the owner. They identified the main challenge in construction projects as being that the design has to be performed by external resources whose knowledge of success factors related to the project owner's goal is typically limited. They maintained that the risk of failure increases when engaging external design teams without ensuring that a set of common goals is established. These common goals should be governed by performance indicators established when commencing design. They also posit that if the business model of the design team is clearly focused on meeting customer requirements and delivering customer value within a governance framework, project success is more likely to be achievable. Thus, a business model should focus on common goals, developed through dialogue between client and supplier(s) to secure consistency with strategic objectives, understanding of values and priorities.

Business Model governance will check that the right projects are being funded by ensuring that certain checks and balances are put in place that guarantees that projects are started and completed as required thus increasing chances of project success. Samset and Volden (2016) identified lack of proper project governance structures as one salient reason for the apparent failures in projects in particular the multi-stakeholder engagement during the early phases of the project when confusion about what should be done, and by whom, caused a strong negative bullwhip effect that lasted over the project life-cycle. Similar results on importance of stakeholder involvement were reported by Nahyan et al. (2019). Klakegg and Haavaldsen (2011) focused on governance functions supporting decision making, planning and execution of projects at the front-end of projects taking an owner's perspective to ensure that a project meet its intended objectives. They found that defining a clear decision-making process and controlling quality of documents used as a basis for decision making was the most important governance functions in the Norwegian public projects. Problems in the front-end of major public projects that resulted in lack of relevance were identified as user needs and project objectives that were either unknown, misunderstood or ignored. Reasons for lack of sustainability of projects were identified as lack of commitment to the project from key stakeholders, conflict over objectives and/or strategies concerning the project, low economics and financial benefits compared to and operational costs, and business or other conditions changing between concept stage and final delivery (Klakegg and Haavaldsen, 2011). As a result, the research supports the development and implementation of a governance framework providing a systematic way to unlock long-term value for a project while delivering value to the stakeholders. Thus, with a business model governance framework, there will be proper project selection that addresses the business needs, realignment of design goals with project goals, stakeholder identification and involvement and proper goal setting.

3.3. Risk Governance

Project managers are tasked with the role of managing risk of a project. For this duty to be simple, effective and efficient, good risk management needs to be done from the beginning. Thus, a proper and systematic methodology is required for an effective and efficient risk management approach. Fink (2016) defined project risk governance as deploying organizational structures, processes and relational mechanisms that not only minimize the uncertainty associated with negative project risks, but also maximize the benefits of positive project risks. It involves creating a risk superstructure for projects.

Projects are faced with a number of risks that affects the way in which projects are run or affects its final outcome. According to Ameyaw et al. (2015), projects are characterized by risk factors that significantly impact on variability between the contract sum and final account. They identified eight critical risk factors that cause budget overruns in Ghana to be project funding problems, underestimation of quantities, variation by clients, change in scope works, inadequate specifications, change in design by client, defects in design and unexpected ground conditions (Ameyaw et al., 2015). Such risk factors need to be identified proactively early in the project lifecycle as to which may have adverse effects on the project and ways to assess and manage such risks. Literature, however, shows that risk management in projects is full of deficiencies that affect its effectiveness as a project management function (Serpella, *et al.,* 2014) and in the end, projects' performance.

According to Project Management Institute (2008), project risk management has a prominent position in the framework of project management theory and methods. Kinyua, Ogollah & Mburu, (2015) established an intimate relationship between effective risk management and successful project performance, while Wanyona, (2005) cites the importance of risk management in budget prediction and in estimating future risk impacts, which in turn increases project success. Thus, sound project risk governance within a project will provide guidance for sound and informed decision-making and effective allocation of resources. It allows for early identification of risks and thus proactive arrangements on how to effectively and efficiently deal with each identified risk.

Previously, risk management in projects has been approached using a reactive approach that mostly produced poor results and limits the quality of project management. Moreover, project risk is handled through the application of contingencies and floats which in many cases has been seen to be insufficient to cover the consequences of risks that do occur during project execution. Where this is the case, the result is usually cost and time overruns (Serpella, *et al.,* 2014). To make an effective and efficient risk management, it is necessary to have a proper and systematic risk governance structures methodology. For example, it requires knowledge of the unforeseen events that may occur during the execution of a project, on the actions that work well or not when one of these events happens, on ways to assess a risk or estimate the likelihood that it will occur, and so on. The absence of an effective project risk management function has several negative consequences for participants in a project due to lack of preventive action against the risks and uncertainty that any project presents.

3.4. Monitoring and Control

Monitoring and controlling project work involve tracking the actual performance with the planned project management activities. According to PMBOK (2004), the monitoring of and control process group consists of those processes performed to observe project execution so that potential problems can be identified in a timely manner and corrective action can be taken, when necessary, to control execution of the project. Monitoring and control of a project should take place in parallel with project execution activities so that, while the project is being executed, the project is being monitored and controlled by implementing the appropriate level of oversight and corrective action. This ensures that the project is within acceptable variances of cost, schedule and scope, and that risk and issues are continually monitored and corrected as needed.

While recent studies have linked project monitoring and control to project success, they have focused mainly on the tools and techniques of monitoring and control of projects. Adebayo, Eniowo & Ogunjobi (2018) assessed project monitoring and control techniques used in a state construction company in Nigeria and found the use of Program Evaluation and Review Technique (PERT) for time/schedule control and Earned Value Management (EVM) among other tools for cost control to be effective in meeting set project objectives. Eneh et al., (2018) introduced the use of queuing data structure in project monitoring and control that encodes and enquires approved projects by the government which is executed using First Come First Serve (FCFS) basis. Reis et al. (2018) also proposed tools for project status control and project status overview that enables project management practices to be improved. Even with these tools in place, many projects still suffer from delays, budgets overspend, poor quality among others, often resulting in deserted projects (Enuh et al. 2018). Proper governance will ensure proper execution of monitoring and control tools and techniques, and processes, by providing oversight, checking deviation from plan and implementing the appropriate corrective actions thus enhancing project success.

3.5. Project Context

Project governance needs to be designed in consideration of the project environment. Ahola et al. (2014) identified project governance as both external and internal to the project, and that project governance as internal to a specific project builds on the assumption that unique projects require tailored as opposed to standardized project governance arrangements. Similarly, Danwitz (2018) identified contextual factors to directly affect the design of an adequate project governance framework and indirectly affects the performance of a given project. Nangesh and Thomas (2018) noted that factors influencing success of a project are varied considerably and mostly contextual. This paper

therefore argues that there is no one-size-fit-all project governance framework, but it largely depends on the context of the project. Project context thus moderates the relationship between project governance and performance of projects

This paper, building on past research, suggests a project governance framework that is believed to be useful in explaining the inherent failures in government funded projects. Kenya is facing several undocumented challenges including corruption which mainly occurs at the front end of projects during contracting and during execution, political interference, poor risk management, and conflicts of interests of project executors among others. This study therefore will be useful to the extent of clearly clarifying the issues surrounding project success. This prompted the need to examine the case in Kenya.

4. Discussion

Current project management is noted to focus on the project implementation process, without a macroscopic and overall thinking (Andersen, 2016) and therefore missing out in promoting project value achievement. Effective project governance however should go a long way in ensuring projects deliver the value expected of them. Project implementers should ensure that projects are correctly conceived, and get to be executed in line with best project management practices within the wider framework of the projects' governance processes. The study findings established that project governance is a critical project success factor, but there seems to be a lack of a definitive and comprehensive list of project governance factors or elements (Li, et. al., 2017). There is however no one-size-fit-all project governance framework for all projects. According to Danwitz (2018), project governance practices for a project will be determined by the project context. Kenya, in particular runs a high risk of budget overrun and significance late in project deliveries (Kirira, Owuor, Lino & Mavole, 2019). Thus, proper governance is imperative in these projects to enhance project success.

Contractual governance is one of the governance practices that can help alleviate the many challenges faced by projects, especially those funded by the government. Majorly, these projects are executed through contracts. Execution of these contracts has however not yielded the expected results. They have been faced with uncertainty (Rai et. al., 2012), conflicts (You, Chen, Hua & Wang, 2019) and opportunism (Sarhan et al. 2017). According to Kirira et al. (2019), projects in Kenya are executed by ill-equipped contractors, awarded to on political basis. Contractors focus on reducing costs at the expense of delivering quality products. This may result in re-work that often have to be redone sooner or later, projects running behind schedules and having high-cost overruns. Therefore, if these contracts are to deliver the value expected of them, then they need to be managed well. Proper contractual governance, will ensure proper contract design, a clear definition of the scope of performance, reducing room for opportunism (Luo, Liang & MA, 2013), thus ensuring that contracts are yielding the value expected of them, while at the same time mitigating conflicts and promoting cooperation between parties to a contract (You, Chen, Hua & Wang, 2019). This is in line with the work of Brousseau, Coeurderoy and Cheserant (2007) who were of the idea that contracts need to be designed to deal with specific contractual risks.

Business model governance, on the other hand, will ensure that the right projects are identified and funded, that they are meaningful and value-driven and that these projects runs to successful completion. That is, these projects should be need-based, with a clear description of how the project is intended to create value to the society. Hjelmbrekke et al. (2017) identified the challenge in project performance to be that the design of projects is performed by external resources that lacks knowledge on project objectives. This will result in projects that fail to deliver the intended value. There is therefore need to bring together the external parties and project owners who will then chart the common goals towards delivering project objectives. Stakeholder involvement is also key in delivering the right projects. Zwikael and Smyrk (2015) stressed the need for project governance to establish the accountability and specific duties of stakeholders clearly in the project. Involving the stakeholders especially early in the project will ensure proper identification and execution of projects. Involvement of the right stakeholders will help answer the commonly asked question of whether the projects are required or not. Finally, for projects to remain relevant, there is need to define a clear decision-making process. This will ensure that user needs are identified clearly and that the project objectives are geared towards addressing these needs. This is shown by Klakegg and Haavaldsen (2011) to increase relevance of the project

Risk governance, as another project governance practice, also increases the chances of project success. Uncertainty and unforeseen risk will always emerge since a project is dynamic (Zwikael & Smyrk, 2015) and thus the need for risk management. Studies have shown that while project risk management is widely practiced, the process is informal, inadequate and no measures have been put in place to mitigate the risks (Gitau, 2015). According to Serpella et al. (2014), risk management approach is mostly reactive; with project risks being handled by setting aside floats to pay off risks when they occur which in many cases is insufficient to cover the consequences of risks when they occur. Government funded projects in Kenya are equally faced with uncertainties including project funding, unexpected ground positions, change in scope of work among other challenges. Failure to address these risks early in time will result in project failure. Kirira et al. (2019) noted that risk management in Kenya is undertaken with no commonly agreed procedures and framework for dynamic risks, thus less prediction of such risks. In government-funded projects, this role is evidently missing or is done inappropriately such that project risks are identified too late in the project phase when projects have stalled and little can be done. Project top management should therefore ensure they offer the needed support to the project implementation through allocating sufficient resources and having an effective risk management strategy (Njogu. Namusonge & Oluoch, 2018), especially early during the design stage of the project life cycle (Gitau, 2015). This will ensure that projects risks are identified early and managed accordingly. Project risk governance should not only minimize the uncertainty associated with negative project risks but also maximize the benefits of positive project risks (Fink, 2016).

Governance of monitoring and control processes is essential in project management success. With increasing number of projects under supervision of government, there are greater difficulties in monitoring projects' status (Reis et al., 2018). The result is always budget overspend, poor quality, delays, abandoned projects among others. Proper tools and

techniques for monitoring and controlling project status and progress need to be identified. But most importantly is the need to govern well the process of monitoring and controlling these projects. Involvement of top management is imperative. Proper governance will provide oversight at every stage to ensure that the project is being undertaken as planned and if any deviation, corrective measures are put in place as soon as possible. An area of focus is budgetary control. Lack of strict budgetary control measures compromises project execution (Mutheu & Muturi, 2018) especially in cases where corruption is deep rooted. In Kenya, World Bank (2012) cites factors affecting development projects implementation to be politics, corruption, embezzlements among other factors. Kenya Economic Survey (2020) also reports high levels of corruptions in Kenya. This has been witnessed severally in project implementation in various sectors and the result is budget overruns that leads to stalled projects.

5. Conclusion and Recommendations

The government of Kenya, like other governments around the world, implements its development agenda through projects. Successful implementation of such projects provides an impetus towards economic growth. Kenya's economic development is highly pegged on the performance of government funded projects as a huge part of the development budget is allocated to such projects. Identifying possible project success factors will ensure these projects pay the expected returns. Literature has clearly demonstrated the contribution of project governance to project success. For successful projects to be realized, all the four project governance practices will have to be put in place. Projects in Kenya, in particular, are surrounded with issues regarding contracts and contracting that has attracted corruption and a lot of inefficiencies, they are faced with high risks that have hindered project implementation. There is also improper monitoring of such projects such that inefficiencies are realized much later in the project when damage is already done and finally the lack of a business model, which acts as a formula for project implementation. The result is delays, cost overruns, stalling of projects and others are never started at all despite consuming resources. Thus, the suggested project governance practices in this review will go a long way in ensuring that such issues are identified and dealt with early before causing much harm to the project. Further studies need to be done to validate this research empirically. Still, more research needs to be done on other governance practices.

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