

Project Governance and Project Success: A Study of Saudi Public Sector Projects in Riyadh

Student name:

Abdullatif Abdullah Almosa

Final Project - 3

Faculty of Management - Midocean University

Supervisor:

Dr. Abdulrahim Nader

Faculty member- Faculty of management- Midocean University

Table of Contents

Chapter 1: Introduction	3
1.1 Research Background	4
1.2 Research Problem	4
1.2.1 Theoretical Gaps	5
1.2.2 Practical Gaps	5
1.3 Research Significance	5
1.3.1 At the theoretical level	5
1.3.2 At the practical level	5
1.4 Research Questions	6
1.5 Research Objectives	6
1.6 Research Hypotheses	6
1.7 Research Model	7
1.8 Research Methodology	7
1.9 Scope of The Study	8
1.10 The Suggested Project Structure	8
Chapter 2: Literature Review	9
2.1 Introduction	10
2.2 The independent variable: Project Governance	10
2.3 The dependent variable: Project Success	10
2.4 The relationship between Project Governance and Project Success	11
2.5 Conclusion	11
References	12

1. Chapter 1: Introduction

1.1. Research Background

Projects serve as the primary vehicles through which organizations implement strategic change, deliver new capabilities, and create public value. However, the dynamic nature of projects introduces significant complexity regarding decision-making authority, resource allocation, and alignment with strategic objectives. When projects lack clear direction or oversight, they are prone to scope creep, budget overruns, and strategic misalignment. Consequently, establishing robust project governance frameworks is essential to steer projects toward their intended outcomes.

Project governance refers to the framework, functions, and processes that guide project management activities to ensure projects meet organizational strategic goals. It encompasses the establishment of steering committees, decision-making hierarchies, stage-gate approval processes, and accountability structures. Effective governance ensures that the right people have the right information at the right time to make informed decisions.

In the context of Saudi Arabia, particularly in Riyadh, public sector projects are integral to the realization of Vision 2030. These large-scale initiatives—ranging from infrastructure and smart city developments to digital government services—involve multiple government entities, semi-governmental organizations, and private sector contractors. The complexity of these multi-agency environments necessitates a strong governance structure to clarify roles, mitigate risks, and ensure that project outputs align with national strategic directives.

Although governance is widely acknowledged as a critical success factor, its implementation in the public sector often varies significantly. Some projects suffer from micro-management by senior leadership, while others suffer from a lack of oversight. This dichotomy raises a critical question: which specific governance mechanisms most effectively enhance project success in the Saudi public sector context?

This project investigates Project Governance as the independent variable and Project Success as the dependent variable. The purpose is to examine how structured oversight, clear decision rights, and stage-gate controls influence project time, cost, and quality outcomes in Saudi public sector projects in Riyadh.

1.2. Research Problem

Despite the recognition of governance as a cornerstone of project management, many public sector projects in Saudi Arabia continue to experience delays, budget variances, and misalignment with end-user needs. The core problem lies in the inconsistency of governance

application. Some projects operate with informal steering committees that meet infrequently, while others are burdened by bureaucratic approval layers that slow down execution. The research problem is that project teams and sponsoring organizations may not fully understand which specific governance practices most directly correlate with improved project performance and strategic alignment.

1.2.1. Theoretical Gaps

The literature provides extensive models for corporate governance but comparatively fewer empirical studies focusing specifically on project-level governance in the public sector. Existing research often addresses governance as a subset of program management or portfolio management, without isolating the specific impact of steering committee effectiveness or stage-gate reviews on individual project success metrics. Furthermore, there is a scarcity of empirical research contextualized within the Saudi Vision 2030 implementation framework.

1.2.2. Practical Gaps

In practice, project governance in Saudi public sector projects is sometimes conflated with project management reporting. Governance may be limited to monthly status presentations rather than active decision-making and risk steering. Additionally, the roles of the Project Sponsor and the Steering Committee are often unclear, leading to decision paralysis or, conversely, unmanaged changes driven by powerful stakeholders without formal approval. This study seeks to bridge this gap by identifying actionable governance practices that enhance project performance.

Main Research Question: How do project governance practices influence project success in Saudi public sector projects in Riyadh?

1.3. Research Significance

1.3.1. At the theoretical level

This study contributes to the academic literature by examining the relationship between distinct project governance mechanisms (e.g., steering committee engagement, stage-gate decision-making) and multi-dimensional project success (time, cost, quality, strategic fit). It provides empirical evidence from the Saudi public sector, enriching the understanding of how governance theory operates within a non-Western, state-driven development context.

1.3.2. At the practical level

The findings will assist government project management offices (PMOs) and senior executives in refining their governance frameworks. By identifying which oversight activities yield the highest return on investment in terms of project outcomes, this study can guide the development of more agile yet effective governance structures, reducing bureaucratic delays while maintaining financial and strategic control.

1.4. Research Questions

Main Research Question:

How do project governance practices influence project success in Saudi public sector projects in Riyadh?

Sub-questions:

1. How does the clarity of decision rights and role definition affect project schedule adherence?
2. How does the effectiveness of the Steering Committee influence cost control and scope stability?
3. What is the relationship between formal stage-gate review processes and project quality outcomes?
4. What are the primary governance challenges encountered in Saudi public sector projects in Riyadh?

1.5. Research Objectives

- To examine the relationship between project governance practices and project success in Saudi public sector projects in Riyadh.
- To identify the key governance mechanisms currently utilized (e.g., Steering Committees, Stage-Gate reviews, Sponsor authority).
- To assess how these governance practices correlate with project performance indicators (schedule variance, cost variance, scope creep).
- To provide practical recommendations for strengthening project governance in public sector project environments.

1.6. Research Hypotheses

H1: Robust project governance practices have a positive and significant relationship with overall project success.

H2: Clear definition of project roles and decision-making authority is positively related to improved schedule performance.

H3: Active and effective Steering Committee involvement is positively related to reduced cost variance and budget control.

H4: Formal adherence to stage-gate review processes is positively related to project quality and strategic alignment.

1.7. Research Model

Independent Variable (IV): Project Governance Practices

- Governance Structure: Existence and role clarity of Steering Committee and Project Sponsor.
- Decision-Making Framework: Defined thresholds for change approval and issue escalation.
- Oversight Mechanisms: Frequency and effectiveness of stage-gate reviews and health checks.

Dependent Variable (DV): Project Success / Project Performance

- Schedule (time) performance
- Cost performance
- Scope stability (reduced unmanaged change)
- Strategic alignment satisfaction

Expected direction: Stronger project governance practices → Higher project success.

1.8. Research Methodology

This project will employ a quantitative research approach utilizing a survey method. A survey is appropriate for collecting data on perceptions of governance practices and correlating them with reported project outcomes across a broad sample.

Suggested industry/organization for the empirical study: The study will target Saudi public sector organizations in Riyadh engaged in capital projects, digital transformation initiatives, and

infrastructure development programs. These may include ministries, municipal authorities, and public investment project teams.

Population and sample: The target population includes Project Managers, PMO Directors, Project Sponsors, and Steering Committee members. A purposive sampling approach will be used, targeting an expected sample size of approximately 80-120 respondents who have direct experience with project oversight in the past 24 months.

Data collection instrument: A structured questionnaire based on a 5-point Likert scale. Items will measure the perceived strength of governance structures and the perceived performance of specific projects.

Data analysis: Descriptive statistics will summarize governance maturity. Reliability will be tested using Cronbach's alpha. Hypothesis testing will be conducted using Pearson correlation and multiple regression analysis to identify the governance predictors with the strongest relationship to project success.

Ethics: Participation is voluntary and anonymous. All data will be aggregated and reported for academic purposes only, with no identification of specific projects or departments.

1.9. Scope of The Study

The study is limited to public sector projects executed within Riyadh, Saudi Arabia. It focuses on the governance framework applied during the project execution phase (rather than corporate governance or portfolio governance). It excludes private sector and purely internal operational improvement projects.

1.10. The Suggested Project Structure

This final project is structured into two primary chapters. Chapter 1 provides the introduction, problem statement, and research methodology. Chapter 2 presents the literature review covering the theoretical underpinnings of project governance and project success.

2. Chapter 2: Literature Review

2.1. Introduction

This chapter provides a comprehensive review of the existing academic and professional literature concerning project governance and project success. The purpose is to define the key constructs of this study, establish a theoretical foundation for the research model, and identify the anticipated relationship between governance mechanisms and project outcomes. The review will first define and explore the dimensions of project governance (the independent variable), followed by a discussion on the metrics of project success (the dependent variable). Finally, it will synthesize existing findings regarding the relationship between these two variables, with particular attention to the context of public sector initiatives.

2.2. The independent variable: Project Governance

Project governance is distinct from corporate governance. While corporate governance focuses on the relationship between shareholders and the board, project governance focuses on the alignment of project objectives with organizational strategy and the framework for decision-making throughout the project lifecycle. Turner (2006) defines project governance as the set of structures, systems, and processes that provide the framework within which project decisions are made.

According to the Project Management Institute (PMI, 2016) in *Governance of Portfolios, Programs, and Projects: A Practice Guide*, effective project governance involves four key domains: alignment, risk, performance, and communication. In practice, this is operationalized through several key mechanisms:

1. **Steering Committees:** These groups provide strategic direction and resolve issues that exceed the Project Manager's authority. Their composition and frequency of meetings are critical factors in governance effectiveness (Müller, 2009).
2. **Stage-Gate Processes:** This mechanism divides the project into phases separated by decision gates (or gate reviews). At each gate, the business case is reviewed against actual progress and future risks. Klakegg (2009) emphasizes that stage-gates are crucial for public sector projects as they formalize the point of commitment for public funds.
3. **Role Clarity (Sponsor and Manager):** A significant body of literature (e.g., Crawford et al., 2008) highlights that ambiguity between the role of the Project Sponsor (the governance representative) and the Project Manager (the delivery lead) is a primary source of project distress. Clear delineation of decision rights regarding scope changes and budget adjustments is a cornerstone of good governance.

2.3. The dependent variable: Project Success

Traditionally, project success was measured by the "Iron Triangle": time, cost, and scope/quality (Atkinson, 1999). A project was successful if it was delivered on time, within budget, and met the specified requirements. However, modern project management literature acknowledges a broader, multi-dimensional view of success.

Shenhar and Dvir (2007) proposed a framework that includes:

- Project Efficiency: Meeting time and budget goals (short-term).
- Impact on Customer: Meeting performance specifications and user needs (medium-term).
- Business Success: Delivering value and return on investment to the organization (long-term).
- Preparing for the Future: Creating new opportunities or infrastructure.

In the context of this study focusing on public sector projects in Riyadh, project success is defined by adherence to schedule and budget (Efficiency) as well as the fulfillment of the strategic objectives outlined in the business case (Impact). Given the high accountability standards in government spending, cost control and schedule predictability remain paramount indicators.

2.4. The relationship between Project Governance and Project Success

The theoretical underpinning of this relationship is rooted in Agency Theory. In a project context, the principal (the Sponsor/Steering Committee) delegates work to the agent (the Project Manager). Without proper governance, information asymmetry occurs, potentially leading the agent to make decisions that do not maximize the principal's interests. Effective governance mechanisms—such as monitoring via stage-gate reviews and aligned incentives via steering committee oversight—reduce this agency risk (Eisenhardt, 1989).

Empirical studies consistently support a positive correlation between governance and success. Too and Weaver (2014) argue that a significant portion of project failure is attributable to governance failures rather than project management failures; specifically, failure of the sponsor to define clear success criteria and make timely decisions.

Research by Pitsis et al. (2014) on large public infrastructure projects found that governance structures that integrate flexibility (allowing adaptation) while maintaining strict fiscal controls are more likely to deliver successful outcomes. Furthermore, a study focused on public sector IT projects by Bardhan et al. (2010) demonstrated that formal project management offices (PMOs)

and steering committees significantly reduce cost overruns by providing a mechanism for early intervention when deviations occur.

In the Saudi Vision 2030 landscape, where cross-ministerial coordination is common, the role of the Steering Committee in breaking down silos and resolving inter-agency conflicts is a hypothesized driver of schedule adherence. This study aims to test this relationship empirically within the specific governance culture of Saudi public entities in Riyadh.

2.5. Conclusion

The literature review confirms that project governance is a multi-faceted construct involving structures (Steering Committees), processes (Stage-Gates), and role clarity. It is theoretically and empirically linked to project success, particularly in public sector environments characterized by high complexity and scrutiny. This review provides the foundation for the research model proposed in Chapter 1, positioning governance as a critical independent variable influencing time, cost, and strategic performance in Saudi public sector projects.

References

- Aaltonen, K., & Kujala, J. (2010). A project lifecycle perspective on stakeholder influence strategies in global projects. *Scandinavian Journal of Management*, 26(4), 381-397.
<https://doi.org/10.1016/j.scaman.2010.09.001>
- Atkinson, R. (1999). Project management: cost, time and quality, two best guesses and a phenomenon, its time to accept other success criteria. *International Journal of Project Management*, 17(6), 337-342.
- Bardhan, I., Demirkan, H., Kannan, P. K., Kauffman, R. J., & Sougstad, R. (2010). An interdisciplinary perspective on IT services management and service science. *Journal of Management Information Systems*, 26(4), 13-64.
- Bourne, L. (2016). *Stakeholder relationship management: A maturity model for organisational implementation* (2nd ed.). Gower.
- Crawford, L., Cooke-Davies, T., Hobbs, B., Labuschagne, L., Remington, K., & Chen, P. (2008). Governance and support in the sponsoring of projects and programs. *Project Management Journal*, 39(S1), S43-S55.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57-74.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Klakegg, O. J. (2009). Pursuing relevance and sustainability: Improvement of major public investment projects. *International Journal of Managing Projects in Business*, 2(4), 499-518.
- Müller, R. (2009). *Project Governance*. Gower Publishing, Ltd.
- Olander, S., & Landin, A. (2005). Evaluation of stakeholder influence in the implementation of construction projects. *International Journal of Project Management*, 23(4), 321-328.
<https://doi.org/10.1016/j.ijproman.2005.02.002>
- Pitsis, T. S., Sankaran, S., Gudergan, S., & Clegg, S. R. (2014). Governing projects under complexity: theory and practice in project management. *International Journal of Project Management*, 32(8), 1285-1290.
- Project Management Institute. (2016). *Governance of Portfolios, Programs, and Projects: A Practice Guide*. Project Management Institute.
- Project Management Institute. (2021). *A guide to the project management body of knowledge (PMBOK® guide)* (7th ed.). Project Management Institute.
- Project Management Institute. (2021). *The standard for project management* (7th ed.). Project Management Institute.
- Shenhar, A. J., & Dvir, D. (2007). *Reinventing project management: The diamond approach to successful growth and innovation*. Harvard Business Review Press.

Too, E. G., & Weaver, P. (2014). The management of project management: A conceptual framework for project governance. *International Journal of Project Management*, 32(8), 1382-1394.

Turner, J. R. (2006). Towards a theory of project management: The nature of the project governance and project management. *International Journal of Project Management*, 24(2), 93-95.

Turner, J. R. (2009). *The handbook of project-based management: Leading strategic change in organizations* (3rd ed.). McGraw-Hill.