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Managerial agency (re)producing project governance structure and context: Public-private partnerships in the Netherlands[☆]

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ABSTRACT

Project managers activate their agentic powers in the (re)production of project governance structure and the institutional context of projects. By examining three ongoing Public Private Partnership (PPP) projects within the Dutch policy path, we provide evidence that managers aim to improve their working conditions when enacting three project governing practices: upscaling issues, adapting, and reproducing. Additionally, we show that public project managers mobilized as a group of interest within the public parent organization are able to influence the policy context and improve their control position for future PPP agreements. We identify "emerging associativity" and "ideological legitimization" as core processes of managerial agency, deployed in project practice and influencing institutional contexts.

Contractual arrangements set the governance structure and boundaries of inter-organizational projects by formalizing the distribution of autonomy and control relations considered legitimate at the institutional level (Sydow & Braun, 2018). In the case of Public-Private Partnerships (PPPs), the context of new public management defined efficiency as the main normative criterion for the organization of public project delivery (Arellano-Gault et al., 2013). Accordingly, a PPP contract grants the private party a high level of autonomy to set the most cost-efficient ways to comply with a required service level (Hartmann et al., 2010). Public control of the PPP project delivery is lower than in traditional contracting, reducing the role of public managers in setting procurement and monitoring incentives (Koppenjan et al., 2022). The public project manager is not entitled to define the ways to achieve an expected outcome (Robinson & Scott, 2009).

Previous research noted that PPP managers adapt and blend in practice contractual entitlements when addressing project problems (Benitez-Avila et al., 2019), or put differently, individuals assuming management positions in projects have agency (Näsänen & Vanharanta, 2016). However, previous research has not shown how project managers in PPP projects reflect on the characteristics of contractual structures

with the aim of improving their own working conditions. Furthermore, we have little insights into how these managers engage in strategic action to influence the contractual arrangement *in situ* and the wider PPP organizational and policy environment. By which process do managers mobilize their vested interest in the interplay between governing practices, governance structure and institutional context?

This research addresses this question by investigating the agency of public and private managers governing three PPP projects embedded in the changing policy context of the Netherlands. We mobilize analytical dualism as our theoretical lens, endorsing the turn to social theories for project management research (Florice et al., 2014). Analytical dualism sees agency and socio-cultural structure as different but interconnected strata of social reality that interplay in so-called morphogenetic cycles (Archer, 1995). Through this stratified configuration of social order, structure forms and is formed by the interactions of agents over time. We adopt this process lens to situate managerial agency in cycles connecting governance practices and governance structure at the project level (Benitez-Avila et al., 2019), embedded in a stratified three-level arrangement: project, parent organization and institutional context.

We will show that the dynamics within PPP projects are strongly

Abbreviations: PPP, Public-Private Partnership; DBFM, Design-Build-Finance-Maintenance; RWA, Road and Waterway Agency; GPO, Grote Projecten en Onderhoud; PPO, Programma's, Projecten en Onderhoud; ICG, Inkoopcentrum Grond- Weg- en Waterbouw; SPV, Special Purpose Vehicle.

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predisposed by the initial agreement terms, reflecting the degrees of private autonomy that are considered legitimate for the time being at the institutional level. Within the contractual boundaries, the agentic powers of project managers are constrained to the extent to which the issue at hand heavily compromises parent organizational stakes. We characterize three governing practices (upscaling issues, adapting, reproducing) as processes through which project managers aim to improve their working position while addressing contingencies. Furthermore, we will focus on public managers and show that they can deploy agentic power beyond project fences, take strategic action to balance power within the public organization and influence the PPP policy level.

These results contribute to the recent call to rethink project governance and a stronger appreciation of governing practices and contextual interaction to offset the excessive emphasis on project governance structures in project management research (Song et al., 2022). Therefore, our contribution to project governance literature is twofold. First, we make visible the role of project managers as active actors rather than executors of governance structures, highlighting the purposive contribution of their governing practices to governance and institutional change. Second, we characterize the bottom-up processes through which project managers pursue their vested interest in the stratified interplay between governing practice, governance structure and the wider context of interaction.

1. Rethinking agency in project governance

“Agency” is the managerial capability to reflect on vested interests shaped by the position in governance structures, and take strategic action to improve working conditions (Näsänen & Vanharanta, 2016). Project managers can recognize the asymmetric distribution of control and autonomy in relation to their working partners, which comes with advantages and obstacles impacting their working life (Reed, 2001). In public project delivery, the asymmetric configuration of working dependencies is formalized in contracts. Contracts reflect the ideological policy tide that defines a very specific normativity on how public value should be defined and delivered (Mutch, 2009). In this context, assuming a private or public managerial role comes with an intrinsic motivation for removing obstacles or defending advantages attached to such a position. When conflicts with the counterpart emerge, project managers have some space and predisposition for challenging, adapting or defending the contractual governance structures and their underlying ideological basis.

This project managerial agency was overlooked in the original formulation of project management theory. According to Lundin and Söderholm (1995), project members are executors rather than decision-makers, commissioned by a temporary agreement defining a structure that decouples the project dynamics from the permanent organizations. Consequently, project governance literature typically reduced managerial agency to a discretionary problem jeopardizing the interest of a “principal” (Ahola et al., 2021). However, there is an increasing awareness that projects are embedded in a multilevel organizational arrangement, requiring project managers to deal with often contradictory demands (Söderlund & Sydow, 2019). Scholars have started to appreciate the discretionary power of managers and their creative practices for achieving organizational objectives, dealing with conflicting stakes, and navigating diverse organizational levels (Brunet, 2019; Brunet, 2021; Song et al., 2022). Project managers build legitimacy by combining conflicting organizational logics, playing with different organizational identities and levels (Brunet, 2021; Hetemi et al., 2021; Matinheikki et al., 2019), and blending and re-creating formal structures when dealing with practical contingencies.

We argue that project managers may also integrate wider ambitions in their creative practice, aiming to improve their position in the governance project structure and the larger institutional context. The literature on institutional projects has only marginally addressed this

possibility when referring to projects as instruments in the hand of entrepreneurs to change organizational fields (Winch & Maytor-ena-Sanchez, 2020). However, institutional entrepreneurs can be regarded as “principals” setting up project structures, while project managers are people filling a position within a project governance structure. Project governance literature has neglected managerial strategic action dealing with project issues, and their influence on the wider institutional context defining project governance structures (Song et al., 2022).

2. Analytical dualism for project governance

We situate managerial agency in a loop where project governance structure predisposes governing practices, while these practices can reshape the governance structure and its context of legitimacy. Analytical dualism provides the process framework to understand these complex dynamics by connecting governing practices, project governance structure and the wider context upon two principles (Fig. 1).

First, governing practices of public and private managers are in interplay with the project governance structure over time. This interplay shapes a path of morphogenetic cycles $[T1 \rightarrow (T2-T3) \rightarrow T4]$ at the project level (Archer, 1995). Agency is at the core of governing practices performed through the interaction of public and private managers. This interaction is triggered by a contingency in a specific time interval (T2-T3), and conditioned by the existing project governance structure $[T1 \rightarrow (T2-T3)]$. Accordingly, governing practices eventually reproduce or introduce structural change conditioning future governing practices and interactions $[(T2-T3) \rightarrow T4]$.

Second, the project level is analytically different but simultaneously embedded in higher structural levels in a stratified manner. Governing practices at the project level unfold in a recursive relationship with permanent organizations and institutional context. Since each level is relatively autonomous in the stratified arrangement, the connection between different levels presupposes a downward and upward causation process (Vincent & Wapshott, 2014).

2.1. Downward causation

Downward causation is a top-down process where the institutional context defines how independent permanent public and private organizational entities create a temporary project structure (Fleetwood, 2008). This structure is formalized in a contractual relationship, establishing the levels of control and autonomy for each party according to the legitimate ways by which public project delivery should be organized (Sydow & Braun, 2018). Additionally, the mutual obligations and entitlements between private and public managers -as partners or team members- are only meaningful within the temporary agreement. This internal constitution of identities is not trivial. Outside the contractual agreement, the relationship between the public and private remains contingent. They do not depend on each other to exist. Temporary and permanent levels simultaneously operate and impose competing demands on project managers by virtue of their multiple identities as part of temporary and permanent organizations (DeFillippi & Sydow, 2016).

2.2. Dynamics at the project level

A project path can be seen as a sequence of morphogenetic cycles where project managers are predisposed by the existing project governance structure (c.f. Benítez-Avila et al., 2019). An event triggering competing demands to project managers leads to a situated interaction (T2-T3). This interaction is predisposed by the existing levels of synergy or conflict within and between the project governance structure and operation of parent organizations $[(T1 \rightarrow (T2-T3))]$. In other words, the project managers operate in diverse situational logics defined by the objective synergy or conflict between practical demands, contractual project entitlements and parent organization stakes. Situational logics

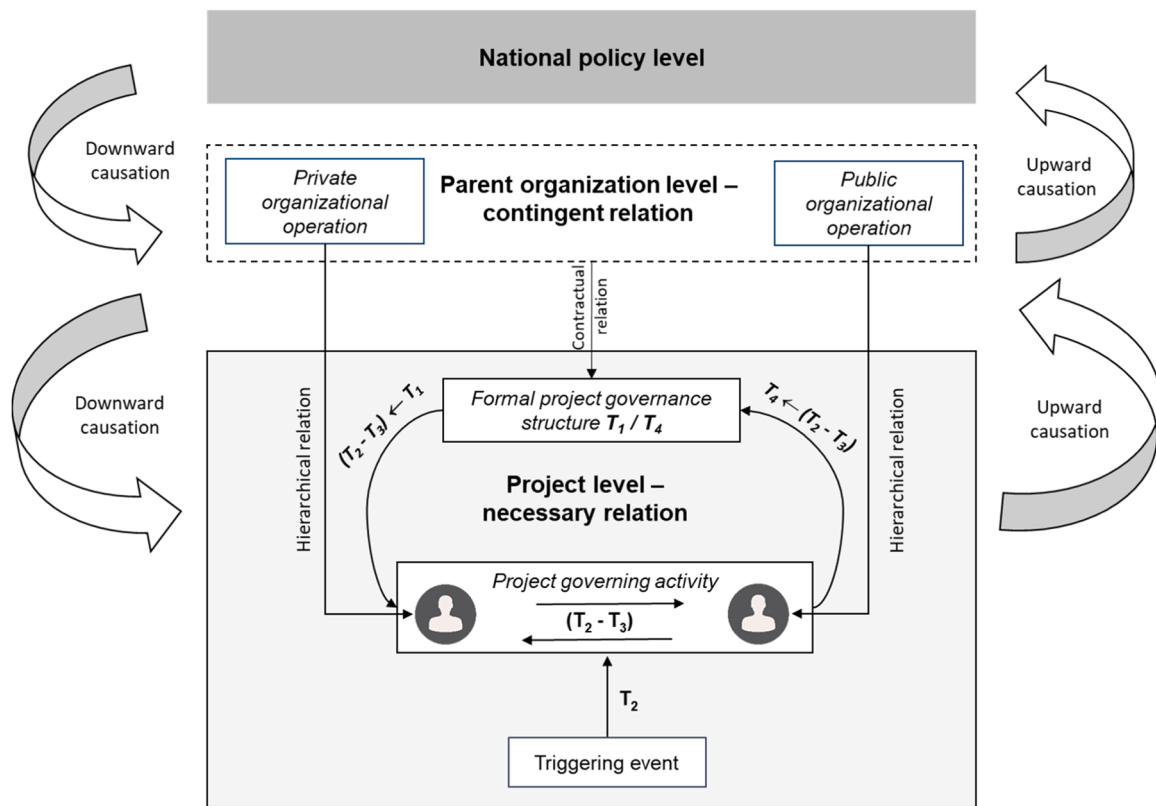


Fig. 1. Analytical dualism framework of managerial agency in project governance.

include solidarity and compromise favoured by horizontal relations at the project level. Situational logics of opportunism and elimination emerge from vertical pressures from parent organizations (Benítez-Avila et al., 2019).

Overall, governing practices at the project level result from project managers prioritizing or reconciling diverse demands faced under their dual position (T_2 - T_3). However, there are few insights into how project managers reflect on their position in projects when they reproduce, adapt, or change the distribution of control and autonomy entitlements within the contractual agreement [$(T_2$ - $T_3) \rightarrow T_4$]. Likewise, it is unclear how project managers voice their interests, considering that diverse project governance structures reflect changing ideological tides (Arellano-Gault et al., 2013).

2.3. Upward causation

Upward causation operates through the engagement of project managers at the organization and field level to influence the governance of future contractual arrangements. The existing governance structures constrain project managers in ongoing projects, so modifying project governance demands them to contest rules at the parent organization and institutional level (Söderlund & Sydow, 2019). Here, also little is known about how project managers can recognize their vested interest and engage with ideological legitimization for transformative action beyond the project level. Considering this lack of understanding of the agentic power of project managers, our research will shed more light on the agency of project managers governing projects embedded in the Dutch context.

3. Research setting

The Netherlands is a suitable research setting to investigate how project managers engage in strategic action and contribute to transforming PPP contractual governance structure and policy. The context of

such strategic action is the ideological revalorization of close public and private collaboration as defined by the 2016 policy (Koppenjan & de Jong, 2018). Close collaboration is the core value of the Dutch corporatist tradition that legitimized pre-consultation, a collusion practice included in Dutch law from 1953 to 1992 (Sminia, 2011). During that period, pre-consultation was the right way to organize infrastructure project delivery upon consensus-seeking, smoothing struggle, rivalry, and competition (Bremer & Kok, 2000). However, the irruption of liberalization forces in the early 90s eroded the legitimacy of corporatist practices (Sminia, 2011). In 1992, the European Commission imposed a fine on Dutch companies for restricting competition. Nevertheless, collusion persisted as an uncontested way to do business (Dorée, 2004). This once legitimated practice became a fraud case in 2002 as actors kept price-fixing regardless of its illegalization in 1998 (Sminia, 2011).

A parliamentary committee debating this fraud articulated the new codes of public-private interaction according to the principle that competition is good (Dorée, 2004), following the "rethinking construction" movement in the UK (Marrewijk & Veenswijk, 2016). The report praised the values of New Public Management, service delivery contracting, and private financing for cooperation with transparency and efficiency (Graafland & van Liedekerke, 2011). The Anglo-Saxon project governance aligned incentives based on the discrete risk allocation, favouring private autonomy and counteracting the corporatist tradition of negotiated public-private coordination. Additionally, private financing was mobilized to upgrade infrastructure (Dewulf et al., 2012). In the Netherlands, this type of project arrangement is known as Design-Build-Finance-Maintenance contracts (DBFM).

After an initial wave of service contracts in the early 90s, DBFM arrangements were introduced in 1998 under the principle of "More value through collaboration" (Koppenjan & de Jong, 2018). This second wave emphasized the soft aspects of cooperation, aligned with the Dutch corporatist tradition. The development of DBFM contracts took off in the third wave of adaptation under the policy "Market, unless" and after the collusion scandal (2004 – 2011). Then, DBFM contracts were procured

with a full emphasis on competition and private autonomy. The fourth wave of PPP development was witnessed from 2011 onwards, boosted by the governmental coalition pursuing as many DBFM contracts as possible in response to the financial crisis.

Additionally, in 2013, the Road and Waterway Agency – RWA (Rijkswaterstaat in Dutch) changed its organizational structure by introducing a client perspective for more efficiency. Hence, the Central Office provided services to Regional Districts. Designing and Building services were provided by an existing division (GPO – Grote Projecten en Onderhoud), while a new one delivered maintenance and operation services (PPO - Programma's, Projecten en Onderhoud). A third unit was in charge of legal and procurement procedures (Inkoopcentrum Grond-Weg- en Waterbouw – ICG).

In 2016, the policy shifted from strongly valuing private autonomy to close cooperation and trust-building. In practice, managers “bend the rigid contract conditions to cope with emerging tensions” (Koppenjan & de Jong, 2018). In particular, conflicts stemmed from the widespread belief that public project managers “no longer[had] to worry how the project is realized, managed or maintained” (Koppenjan et al., 2022). Disputes emerged once the practice showed that the public party could not transfer all risks and completely rely on private party autonomy. The Ministry of Infrastructure and Waterworks articulated the voice of infrastructure practitioners pushing for a change toward close collaboration. Finally, the new market vision endorsed by the infrastructure sector acknowledged “the misfit between orthodox Anglo-Saxon practices and the need to pay attention to the quality of collaboration and relationships” (Koppenjan & de Jong, 2018).

4. Research strategy

We endorse the critical realist approach to a case study, which rests on the importance of context for understanding the generative mechanisms underlying the interaction between organizational structures and agency in wider stratified arrangements (Vincent & Wapshott, 2014). The in-depth analysis of a limited number of context-sensitive entities allows the identification of more generic organizational processes and patterns across stratified levels and time. In our case, we focus on the agency of public project managers and its relationship with stratified levels of PPP organizing (project, parent organization and policy levels).

More specifically, we follow the realist principle to compare embedded entities (here, projects) by selecting-for-structural-difference (Kessler and Bach, 2014). Accordingly, we select three PPP projects of the Dutch Road and Waterway Agency (RWA) as embedded cases, which are also representative of three different PPP policy waves in the Netherlands before 2016 (See Table 1). Converging outcomes across cases when selecting-for-structural-difference provides an insight into the managerial agency, improving their working conditions and resisting tendencies from the initial project governance structure. Furthermore, looking at the projects as embedded entities allows us to research the dynamics beyond project fences, where managers may engage in strategic action on the organizational and field level.

4.1. Data collection

Data collection was carried out after the policy revalorized close public-private cooperation over private autonomy in 2015 when all projects were in their operation phase, providing a higher chance to capture conflicts stemming from hidden defects and how these shape the

Table 1
Cases and source of fieldwork data.

	N31	Second Coen Tunnel	N33
Policy wave	“More value through collaboration”	“Market unless...”	“Value for Money post-2008 crisis”
Short description	Highway between Leeuwarden and Nijega (23 Km)	Maintenance of an existing tunnel in western Amsterdam and construction of a second one.	Highway between Assen and Zuidbroek (38 Km)
Invitation to tender	1-3-2002	22-7-2005	28-4-2011
Prefer bidder announcement	8-12-2003	22-4-2008	1-10-2012
Financial close	10-12-2003	10-6-2008	21-11-2012
Commencement certificate	1-4-2004	1-5-2008	25-2-2013
Completion certificate (planned)	31-3-2008	21-3-2014	30-12-2014
Completion certificate (actual)	13-12-2007	21-3-2014	8-12-2014
Planned transfer certificate	31-12-2022	31-12-2037	30-9-2034
Contractual documentation	14 (2005-2017)	14 (2010-2017)	2 (2015)
Interviews 2016-2019	• Public Contract Manager (Two rounds)^a • Public Project Manager (Two rounds)^b • Private Asset Manager • Private Project Manager • Public head of the district (Internal user)	• Public Contract Manager (Three rounds) • Public Project Manager • Private Contract Manager • Private lender advisor • Public Asset Manager (Internal user) • Public Tunnel Manager (internal user) • Public Senior Juridical advisor I^d • Public Senior Juridical advisor II^d	• Public Contract Manager (Two rounds)^a • Public Project Manager (Two rounds)^b • Private Asset Manager^c • Private Contract Manager • Public head of the district (Internal user)

^a Public Contract Manager for the N31 and N33 is the same person;

^b Public Project manager for the N31 and N33 is the same person;

^c Interviewed at the same time;

^d Interviewed at the same time

managerial interaction and contractual changes. We reconstructed these dynamics by collecting formal contractual documents introducing clarifications, changes, and extensions to the initial DBFM contracts. In total, we identified 30 documented contractual events upon which we structured interviews with public and private managers responsible for the operation phase (12 sessions)¹. This methodological choice allowed us to anchor managerial views to a contractual fact upon which managers could recall their position, interests, and interaction.

The semi-structured interview included questions to establish (i) the situation that led to clarification, change, or contractual extension, (ii) the role of the project manager during the situation, (iii) the type of interaction they recalled, (iv) whether these events are relevant for understanding other contractual events and the current interaction, and (v) if events were related to the changing policy in the Netherlands.

¹ RWA and SPV project managers in charge of the operation phase belonged to different internal units than those in charge of the design and building phase. Public project managers counted on supporting staff, including a contractual project manager. Private project managers also counted on contractual supporting staff, sometimes one person taking operational and contractual responsibilities.

During the interview, we asked managers to emphasize the justifications for their actions and decisions and explain whether the contractual event represented a fundamental change in the levels of private autonomy defined by the front-end agreement and the Anglo-Saxon DBFM model. Additionally, we asked managers to mention other relevant contractual events that shaped the current interaction with the counterpart. Therefore, we conducted two or three rounds of interviews with public managers to clarify new contractual events for which documentation

was not accessible. Additional interviews with internal public users, private lender advisors, and public senior juridical advisors enabled us to triangulate information (6 sessions). Table 1 summarizes the three cases and the data collection.

4.2. Analytical tactics

We transcribed the 12 interview sessions with public and private

Table 2
Project dynamics as morphogenetic cycles.

a. Cycles N31						
Project _(cycle)	Downward causation	T1 Structural level of private autonomy	(T2-T3) Triggering event	Governing activity	T4 Morphogenetic cycle	Upward causation
N31 ₍₁₎	Policy “more value through collaboration”	More value through collaboration from procurement	Major hidden defect in operation due to construction mistake	Addressed at the project level by compromising	Adaptive change counteracting penalty regime by placing the contract in brackets	Not a direct link , and mediated showcasing N31 as a premier example of collaboration -
N31 ₍₂₎		The path of interaction reinforces “more value through collaboration”	Major hidden defect in operation, compromising project closure	To be addressed (possibly) by arbitration (upscaling), regardless of compromising at the project level	Adaptive change , counteracting even more managerial autonomy, and increasing expectations of reciprocity	
b. Cycles Coen Tunnel						
Project _(cycle)	Downward causation	T1 Structural level of private autonomy	(T2-T3) Triggering event	Governing activity	T4 Morphogenetic cycle	Upward causation
CT ₍₁₎	Policy “market unless...” defines levels of private autonomy	Strong reliance on private autonomy from procurement	Higher requirements to open the tunnel by the municipality, lead to an extra cost	Addressed by third-party arbitration (upscaling) due to competition at the project level	Fundamental change at the project level counteracting private autonomy (RWA must take coordination responsibility)	As a direct link turning into a reference for policy change three years later
CT ₍₂₎	Arbitration reduced the levels of private autonomy	Modified level of autonomy, with close coordination out of arbitration	“Unfair” penalties for non-availability during incidents.	Addressed at the project level by solidarity	Adaptive change by reducing the ambiguity of the contract. Spirit of the contract as reference for addressing issues	No direct link , but lessons shared in the community of practice
CT ₍₃₎	New tunnel law	Close coordination, reinforced by the interaction path.	The law defines a free-penalty time for maintenance	Addressed at the project level by compromising	Adaptive change counteracting penalty system by including new law dispositions	
CT ₍₄₎	Arbitration decision reducing the levels of private autonomy		Increasing cost assumed to repair components damaged due to incidents fully		Adaptive change counteracting the penalty system by reducing penalty enforcement	
CT ₍₅₎			The dissatisfaction of traffic operators for the surveillance system service		Adaptive change developing close collaboration, blurring public and private roles when introducing changes	
CT ₍₆₎			The need for an extra lane linked to surveillance	Addressed as an inter-organizational agreement (upscaling)	Reproducing financial control, excluding extra-risk in the change of the scope	
c. Cycles N33						
Project _(cycle)	Downward causation	T1 Structural level of private autonomy	(T2-T3) Triggering event	Governing activity	T4 Structural level of private autonomy	Upward causation
N33 ₍₁₎	The policy defines a discrete allocation of responsibilities and high levels of private autonomy.	Strong emphasis on VfM as a regular transaction.	Change of scope, increasing cost to be solved before availability certificate	Addressed as an inter-organizational agreement under the logic of compromising (upscaling)	Adaptive change reinforced the principle of efficiency by prioritizing the optimization of maintenance activities.	No direct link , but lessons shared in the community of practice.
N33 ₍₂₎		A strong emphasis on VfM, reinforced by the interaction path.	Nuisances to inhabitants due to the agreement for performing maintenance activities	No fully addressed, and the problem upscaled to parent organizations	Reproduction , but the issue was still contested outside project boundaries	
N33 ₍₃₎	The financial crisis (operating as context)		Increasing backlog due to under-design and hidden defects	Addressed at the project level by enforcing the contract	Reproduction reinforced the penalty regime emphasizing even more initial allocation of legal responsibilities.	
N33 ₍₄₎	Policy focused on VfM defines a discrete allocation of responsibilities		Pending tasks that can also be framed as a change of scope			

project managers and divided them into segments relevant to understand managerial agency in the multilevel arrangement of project governance (see Section 2.2). Therefore we selected segments where informants

- (i) referred to the front-end governance arrangement considering the historical conditions of the procurement moment (*downward causation*),
- (ii) described interactions upon contractual events within the governance practices of the three projects (*dynamics at the project level*), and
- (iii) described strategic action impacting organizational and institutional levels (*upwards causation*).

We extracted 111 interview segments, which we analyzed through a format containing the elements of basic narrative analysis (Murray & Sools, 2014) and the morphogenetic cycle for ongoing PPPs (Benítez-Avila et al., 2019). Through this interpretation, we identified the interview segments enabling the reconstruction of the three project paths as a sequence of morphogenetic cycles [T1 → (T2-T3) → T4]. For such reconstruction, we triangulated the information of segments referring to the same contractual event (but narrated by a different actor). Each cycle describes the interaction (T2-T3), including the triggering event and the governing activity by which such event was addressed (contractual modification, informal agreement, enforcement, or upscaling conflict at the higher organizational level). Additionally, it describes the degree of private autonomy institutionalized in the existing project governance structure (T1), and the extent to which the interaction led to change, adaptation, or reproduction of the autonomy conferred to the private actor by the initial contract (T4).

Returning to our research question: By which process do managers mobilize their vested interest in the interplay *between governing practices, governance structure and institutional context*? To answer this, we conducted a cross-comparison of the morphogenetic cycles presented in Table 2. This analysis led to the identification of convergences leading to an emergent conceptualization of the governing practices in (T2-T3), where managers deploy agentic powers (see Section 6). This is how managers reflected, prioritized, and found ways to enact competing structural demands at the project level (T1), leading to the adaptation or reproduction of project governance (T4). We complemented the characterization of managerial agency at the project level with the analysis of the third group of interview segments referring to the strategic action of public project managers beyond project fences, reflecting on the wider context of PPP policy and the dynamics of their parent

organization (see Section 7).

5. Results

Project dynamics were strongly defined by the governance structure of the initial agreement (downward causation), and public and private project managers had limited capacity to introduce changes. Only one fierce conflict leading to arbitration fundamentally changed the level of autonomy conferred to the private actor and directly influenced the policy shift at the institutional level (Second Coen Tunnel Project – upward causation). On the other hand, public project managers in charge of the operation phase created a community of practice for sharing knowledge about project contingencies and contractual practices. This space mediated the feedback of project events on the public parent organization and procurement policy (upward causation). Fig. 2 situates the three projects in the multilevel arrangement of PPP governance in the Netherlands. Arrows summarize downward and upward causation, and colours represent the degree of private autonomy.

5.1. N31 project

The front-end project governance did not fundamentally change but it was only adapted to the new contingencies emerging at the project level. The project was procured in the second wave of DBFM in the Netherlands under the "more value through collaboration" policy. This policy considered financial considerations as a subsidiary of public-private learning and collaboration. In particular, project managers agreed not to enforce specific clauses to address contingencies reinforcing the "more value through collaboration" principle. The public project manager mentioned how the N31 project became an example of building a collaborative relationship with the contractor. During the situated interactions, actors prioritized an open discussion for exploring possibilities to address the problem before enforcing contractual entitlements. Such insights were shared in a "community of practices" inside the RWA. Table 2a represents the project dynamics as two morphogenetic cycles leading to an adaptive change of the initial emphasis on more value through collaboration.

5.2. Second Coen Tunnel project

The degree of private autonomy defined in the front-end contract was fundamentally changed due to contentious arbitration (2012). The excessive reliance on private autonomy conflicted with the regulatory environment, which turned into a dispute when the local authority

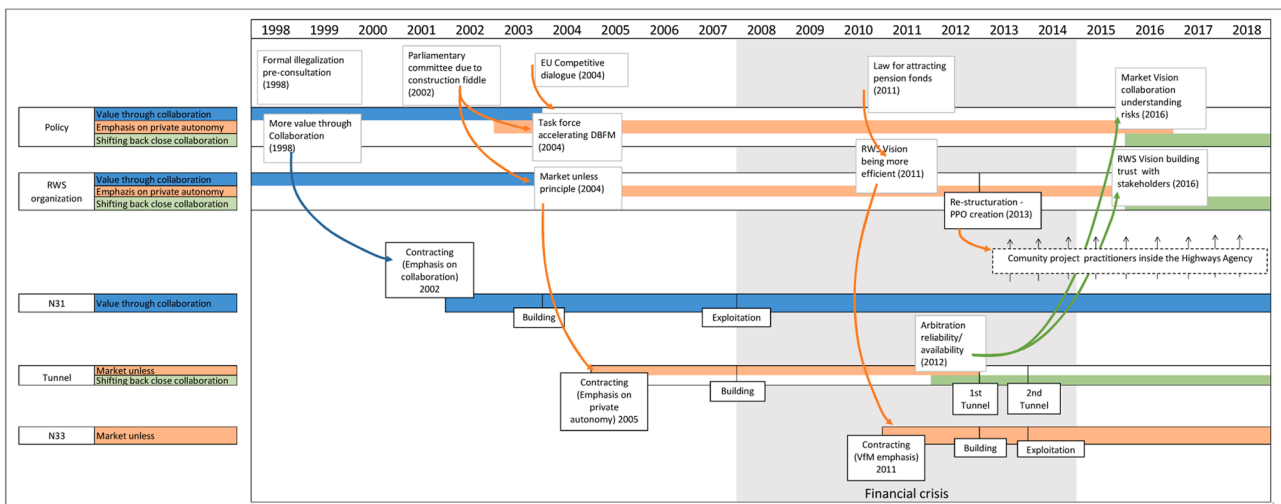


Fig. 2. PPP multi-level embeddedness of three DBFM projects in the Netherlands (1998-2018).

demanding higher investments for issuing permits. The point of discussion was the extent to which the "availability" implied responsibilities (and costs) for acquiring all legal permits. The arbitration compelled project managers to collaborate closely and delegitimized the excessive private autonomy. This event triggered an upward causation process, making the project an infamous case of excessive autonomy upon which the entire sector should learn. Table 2b represents the project dynamics as six situated interactions reinforcing the fundamental change introduced by arbitration.

5.3. N33 project

The level of private autonomy defined at the front-end contract did not fundamentally change, and the project governance was frequently enforced in adversarial interaction. Interaction reinforced discrete allocation responsibilities, providing a weak relational basis for addressing conflicting situations. Therefore, interactions for addressing unforeseen events were predisposed by the priority of gaining efficiencies without engaging other stakeholders impacted by these decisions (e.g. long interruptions negatively impacting local governments). These stakeholders imposed additional pressures in a context where massive SPV layoffs impacted the private capability to deal with existing

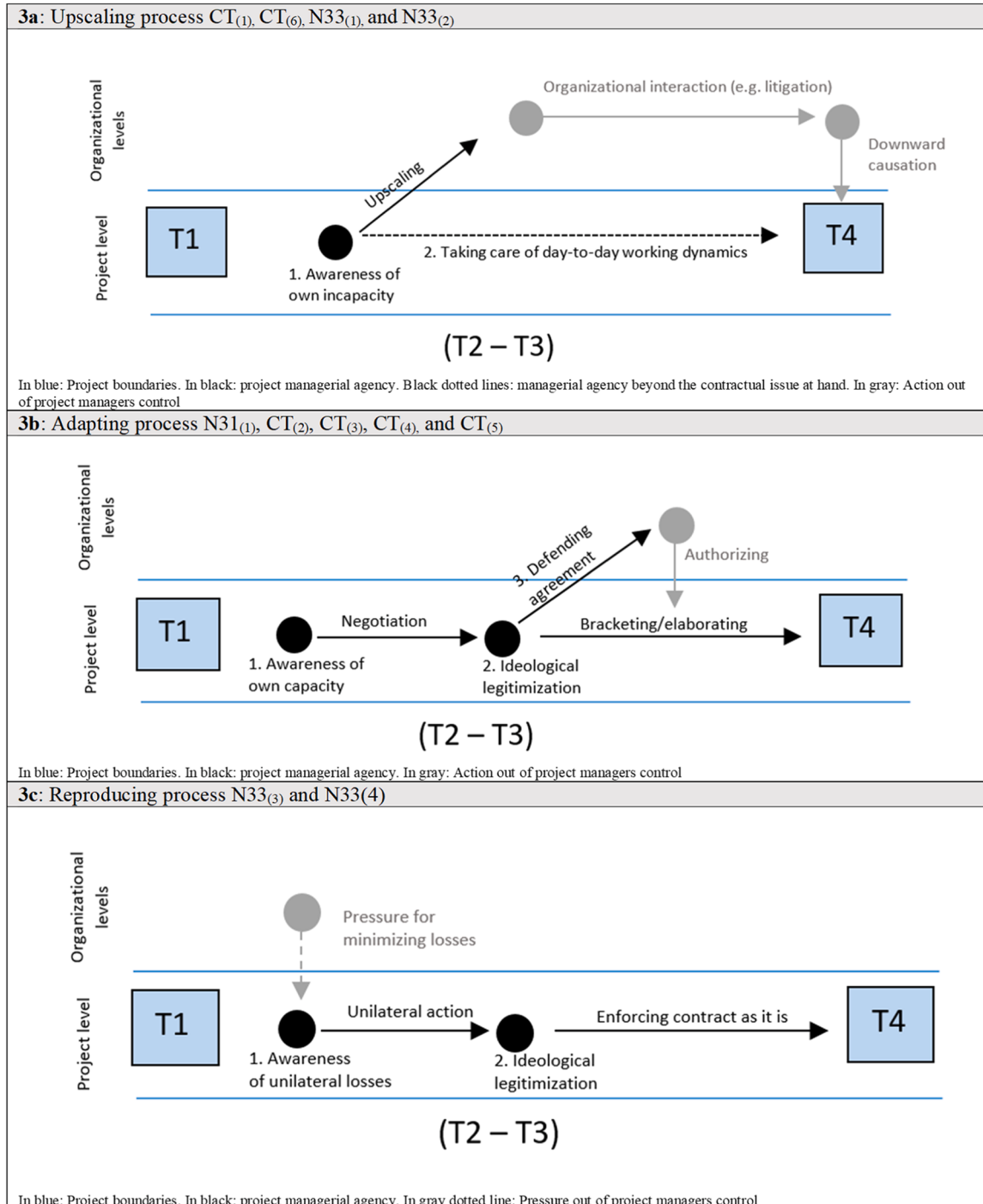


Fig. 3. Managerial agency within governing practices (re)producing governance structure.

design and construction flaws. These contingencies were shared as lessons learned in the community of practice. Table 2c represents the project dynamics reinforcing the initial emphasis on the discrete allocation of responsibilities.

6. Managerial agency when dealing with project issues

The project managers aimed to improve the conditions of their working actions when addressing problematic issues at the project level or upscaling the issue to the parent organizations. Dealing with issues at the project level led to adaptive change or reproduction of the project arrangement. Adaptation unfolded upon a situational logic of contention or compromise, where the project managers aimed at improving working collaboration or unilateral position. Reproduction unfolded only on a logic of contention, so improving the control position was the priority. The upscaling issues imply that the (re)shape of the project governance structure depended on the interaction between the parent organizations (e.g., arbitration). In such circumstances, the project managers defended pleasant working relationships upon the situational logic of solidarity and beyond the material conflict between the parent organizations. Fig. 3 conceptualizes governing practice as the process by which managers integrate their concerns for improving working relations while addressing project issues and leading to the reproduction and change of project governance structure.

6.1. Upscaling from project level to parent organizations

Upscaling is a governing practice where project managers bring a project issue to higher levels of decision-making within permanent organizations, sometimes leading to arbitration. This process characterized CT₍₁₎, CT₍₆₎, N33₍₁₎, and N33₍₂₎. Here, agentic mediation was limited. Hence, project governance change depended on the decision made by higher levels of the parent organizations. We represent the upscaling process in two stages (Fig. 3a). In the first stage, project managers acknowledged their incapacity to deal with the problem, avoiding the negative consequences of deviating from the contractual regime or ignoring the organizational stake. In the second stage, project managers defined their vested interest as the concern. They aimed to ensure that an eventual rivalry in the litigation process would not compromise working dynamics at the project level. Overall, the change or reproduction of the initial contractual governance resulted from downward causation. Change in the project governance structure resulted from an interaction between actors outside the project manager's control.

In CT₍₁₎ and N31₍₂₎, managers in the first stage explicitly recognized that the complexity of the problem and eventual extra costs were outside the scope where they could act. In N33₍₂₎, managers reached a dead-end when dealing with demands by local authorities to reduce maintenance nuisance. In CT₍₆₎, the public contract manager restrained himself from pushing for contractual changes that would increase the risk premium defined by the SPV lenders. Furthermore, the public manager was aware that pushing for a change would lead to a higher SPV risk profile and would involve the RWA in litigation. Therefore, the change was eventually upscaled to the parent organizational level.

The second stage was only present in two cycles leading to upscaling (N31₍₂₎ and CT₍₁₎). In N31₍₂₎, project managers committed to avoiding the adversarial meaning of eventual litigation. They reasonably discussed the problem based on the mutual understanding that managers must comply with demands imposed by the parent organizations. When the conflict is escalated to arbitration, the expectations of future collaborative relations at the project level are detached from losses for the parent organizations. For example, the public project manager in CT₍₁₎ regarded the arbitration as "part of the game," but personally, he did not let the problem affect the interaction with the contractor.

6.2. Setting issues at the project level through adaptive change

Adaptive change is a governing practice leading to marginal adjustments within the PPP governance structures upon compromising and solidarity. This process characterized N31₍₁₎, CT₍₂₎, CT₍₃₎, CT₍₄₎, and CT₍₅₎. Settling issues leading to adaptive change consisted of three stages (Fig. 3b). In the first stage, managers acknowledged their capacity to negotiate the problem. They recognized an opportunity to place the contract between brackets for further clarification or elaboration. The second stage consisted of the ideological legitimization of such adaptation, which partially – but not fully contested – the ideological grounds of Anglo-Saxon contracting. Finally, the third stage consisted of strategic action for defending and institutionalizing the project governance change at the parent organization level.

N31₍₁₎ and CT₍₄₎ illustrated the first stage when managers placed the contract between brackets. In N31₍₁₎, contractual entitlements granted autonomy and, therefore, the possibility to disregard a request of immediate action from the RWA to fix a defect. The private party could have argued that the contract did not require action until the defect compromised availability. However, managers started an open discussion on how to fix the problem before engaging in a contractual dispute. Such collaborative interaction was favoured by the situational logic of compromising at the project level. Hence, after a technical investigation, the emergent agreement waived contractual penalties for non-availability, minimized contractor losses, and led to immediate action. Waiving penalties in CT₍₄₎ followed a similar logic.

CT₍₂₎ and CT₍₃₎ illustrate the first stage leading to contractual elaboration. Project managers engaged with the vested interest to set a workable environment at the project level without comprising the core stake of their parent organization when clarifying the penalty regime. Such awareness operated upon the situational logic of compromising, emerging from a lack of contractual specification. Therefore, managers elaborated charts which eventually were understood as part of the contractual documentation for executing penalties. CT₍₅₎ illustrates both, placing a contract between brackets for further elaboration. The public manager introduced a verification process of the solution and prices offered by the private party, placing the discrete allocation of responsibilities defined by the contract between brackets.

The second stage is illustrated by CT₍₂₎, CT₍₃₎, CT₍₄₎, and CT₍₄₎, where managers coined the idea of the "spirit of the contract." This syncretic principle blended the Anglo-Saxon ideology with the call for closer collaboration from the arbitration in CT₍₁₎. Therefore, system penalty modification and verification processes were legitimized according to the idea that increasing close collaboration did not fundamentally subvert the service delivery component. In the case of N31₍₁₎, managers mobilized available ideas and even tapped into the ideological inconsistencies of DBFM contracting. According to the N31 public project manager, there was a kind of paradoxical framing of DBFM as a partnership given its Anglo-Saxon grounds setting discrete responsibilities rather than close collaboration. Therefore, placing between brackets was legitimized by the revalorization of the Dutch tradition.

The governing activity of the public project manager in the Coen Tunnel case illustrated the third stage. He often had to "conspire" with his private counterpart to contain demands and gain support from permanent units at the organizational level (CT₍₂₎, CT₍₃₎, CT₍₄₎, and CT₍₄₎). Here "conspiring" indicates solidarity, considering the shared interest after reaching a compromise. In this situational logic, the public project manager defined his position as a "broker" whose role was to create conditions for bringing together his private counterpart with other members of the RWA. Furthermore, modifications in N31₍₁₎, CT₍₂₎, CT₍₃₎, CT₍₄₎, and CT₍₄₎ required formal authorization from the ICG lawyers. Such authorization required that project managers articulate the technical agreement (reached in stage one) with an ideological (stage two). In other words, formalizing project governance change required blending technical with ideological legitimization to keep the DBFM blueprint's integrity.

6.3. Setting issues at the project level through reproduction

In our cases, governance structure reproduction occurred where previous choices led to material losses shaping a sort of zero-sum situation. This governing practice characterized N33₍₃₎ and N33₍₄₎. In these cases, managers acted based on contractual entitlements and prioritized parent organizational conflicting stakes. Reproduction operated in two stages (Fig. 3c). In the first stage, managers unilaterally concluded that sticking to the contract letter could minimize losses, prioritizing the parent organization's stake over the working relationship with the counterpart. In the second stage, project managers legitimized the unilateral action – often adversarial – mobilizing different intakes on PPP ideology.

In N33₍₃₎, the first stage occurred when both parties faced a malfunctioning component in a bridge. Component malfunctioning resulted from a poor design from the contractor, which was worsened by the incapacity of the SPV to prevent massive layoffs in the contractor's parent organization. Therefore, the RWA did not receive good service, while the SPV had to incur extra repair costs. In this context, private and public project managers pushed for their stake over any concern of a "good working relationship." The lack of capacity pushed the private contractor to behave at the border of a penalty. In turn, the RWA made strict deadlines and even warned the contractor to hire another company. Likewise, the strong emphasis on formalities characterized the situations for addressing pending tasks in N33₍₄₎. Informal previous agreements were asked to be formalized by the public party, while the private used previous certificates to contain requests.

In N33₍₃₎ and N33₍₄₎, the private contractor aimed to legitimize her unilateral action in the second stage. She claimed that "DBFM worked for the RWA." The private party assumed the replacement cost of their building mistakes during the exploitation phase, which resulted from "enormous time pressure and money to deliver the road on time during the realization phase." However, addressing demands only at the edge of the contractual penalty implied a performance pitfall for the public project manager, who, insisted on dealing with the problem through open dialogue. He justified such an alternative, referring to the Dutch ideological tradition. Claiming that the private actor had a negative disposition for open dialogue and creating trust conditions, the public project manager legitimized their strict deadlines in N33₍₃₎ and higher levels of formalization in N33₍₄₎. However, trust as an ideological reference also imposes logical contradictions on the agentic manoeuvre of public managers. One of the public team members expressed her criticism of practising the discourse of trust encouraged by external consultants. She expressed being disoriented, given that pointed trust rhetoric contradicts the contractual conditions and the working reality practice.

7. Managerial agency beyond project fences

Public project managers engaged in purposive mobilization to improve their work conditions through a community of practice. The community illustrates how structural changes are mediated by the creative capacity of people to build new relations and advance their vested interests. Hence, the community of practice is an associative vehicle for improving public project managers' control and autonomy at the project, organizational, and field levels. The development of the community of practice had two phases.

7.1. First phase: the emergence of the community of practice to balance power inside the RWA

The community emerged from the increasing emphasis on market principles at the institutional level, leading to the reorganization of the RWA in 2013. Managerial responsibilities needed to be formally transferred from the well-established GPO to the new, weak PPO, now assuming maintenance tasks. Furthermore, the novel PPO was perceived

as a residual subdivision. Maintenance was considered a less challenging task for ambitious professionals in the organization. A PPO manager explained that maintenance is tasked to low-productive and old personnel. More ambitious personnel wanted to be in charge of the GPO's more creative and valuable design and construction activities.

The reorganization occurred at the same time as the finalization of the Design-Build phase in the Second Coen Tunnel. In this conjunction, the powerful GPO pushed for transferring project responsibilities to the PPO. However, the PPO project manager in charge of the Second Coen Tunnel claimed that the reorganization implied assessing the scope of new responsibilities and processes carefully. Accordingly, he purposively avoided taking over until he could develop the capacity to monitor maintenance operations. Additionally, this PPO project manager invited the N31/N33 PPO managers to gather in a community of practice to grasp better the DBFM contracting. This informal association was key for raising the profile of the PPO within the organization and balancing the power between GPO and PPO. For example, the PPO project managers coordinated actions to selectively decline issues that had to be solved by the GPO. The refused responsibilities included settling extra costs and other formally "open contractual items" from the Design-Build phase.

7.2. Second phase: a community of practice to improve the governing position of RWA managers in DBFM projects

In the second phase of the community, the PPO managers leading the community concluded that a lot of knowledge existed from both the realization (under the GPO) and exploitation phase (under the PPO). Furthermore, public managers from both departments shared a vested interest in counteracting the increasing deterioration of public managerial control in Dutch civil works. The public project manager from the Second Coen Tunnel explained that *"the organization has taken some distance from the work floor. There are so many contracts. In the end, we are responsible, and we make a lot of paper between us and the office towers and the guys working on the floor, and we lack contact with the floor"*. Therefore, the PPO community of practitioners redefined the scope of its activities by increasingly engaging GPO members in their activities. In this context, managers articulated a critical view of the ideological grounds legitimizing strong private autonomy in DBFM contracting. The same manager commented, *"the DBFM contract was always marketed as a contract without concern. You say what you want, they design and build for the next 30 years, and you get a super project"*. But the practice showed that this was not the case.

The community changed from balancing power within the RWA to a collaborative space for building working relations between the GPO and the PPO. Furthermore, the community created a space for coordinating actions and similar responses when dealing with the private party in DBFM contracts. For example, a novice member of the PPO team explained that she could rely on the community of practitioners to develop stronger arguments when negotiating contracting issues with the private party in her project. Showing consistency across DBFM projects was critical to strengthening the position of public project managers vis-a-vis private contractors.

Furthermore, the community of practice was a vehicle to articulate public project managers' interests in improving their governing position in future agreements. The community of practices engaged with the ICG, defining procurement procedures inside the RWA and providing advice to the Infrastructure Ministry. Project managers and the ICG shared a mutual interest in gaining knowledge to implement and adapt the DBFM regime. The ICG support was key to the growth and development of the community of practitioners. According to one public project manager, they were *"the oil in the community; they [the ICG] could help us with facts and figures, they helped us with instructions."* Likewise, *"they were also very interested in our practices and examples that we met during operations, and our contact with contractors."* This informal exchange supported the learning process for adapting the DBFM procurement process. One of the

officers of the ICG explicitly explained that current DBFM contracting is more sensitive to the RWA responsibilities in terms of "supporting" the contractor when dealing with powerful stakeholders, even when stakeholder management activities are still transferred in DBFM contracting. Overall, the community articulated the voice of public project managers as practitioners facing tensions due to DBFM contract conditions inside the RWA. The community operated as an intermediate level of the political process led by the Ministry of Infrastructure and Waterworks, which articulated the voice of practitioners emphasizing closer collaboration.

8. Discussion

Project managers alter the contractual governance structures imposed by higher organizational levels, aiming at improving the conditions of their own work while solving project issues in practice (Benítez-Avila et al., 2019; Näsänen & Vanharanta, 2016). For example, project managers aim to avoid higher-level conflicts that hinder day-to-day working dynamics when issues are upscaled to parent organizations. In adaptive change, managers can foster compromising and solidarity for elaborating or placing the contract between brackets to deal with an issue. Hence, reaching an agreement at the project level to adapt the contract creates a vested interest in defending such negotiation at higher levels of the parent organizations. Such alteration based on mutual understanding requires ideological legitimization for its formalization at the parent organization level. In the case of reproduction, there is a unilateral awareness that enforcing existing project governance safeguards the parent organization. Beyond project fences, the community of practices enabled managers to improve their strategic position inside the parent organization and articulate their voice impacting the wider institutional context. Emerging associativity and ideological justification characterize the bottom-up processes through which project managers pursue their vested interest in the interplay between governing practice, project governance structure and the wider context of interaction.

8.1. Emerging associativity

Improving working conditions requires associativity, building new relations, and new identities. At the project level, public and private managers enacted the governance structure in practice with a higher or lower degree of subjectivity by building working relations. In the N31 and tunnel cases, managers built a working relationship that cannot be reduced to contractual exchanges. The creative enactment of contractual relations opened a space for altering in practice the control and autonomy relations embedded in contractual forms. Yet, the capacity to re-create relations at the project level can be inhibited, as the N33 indicates. Here, the interaction prioritized the affiliation with the parent organization. When the new public project manager reacted sceptically to the team-building session with the private counterpart, she emphasized that collaborative practices require a "we identity" that was not in place.

Previous research indicated that technical demands are the main driver of project implementation (Brunet, 2021; Hetemi et al., 2021). We add that technical demand takes place in a situational logic of compromising or solidarity, given the necessary relation at the project level. Such solidarity is made explicit in upscaling and adapting practices. In adapting, public and private project managers have to defend project agreements against their parent organizations. However, we argue that legitimacy tensions remain latent as a concern by project managers in their day-to-day working practice. In other words, we side with Hetemi et al. (2021), observing that struggles for legitimization are endemic at various levels and cannot be reduced to the field level, as suggested by Brunet (2021). Legitimacy is a tension also experienced at the project level. This tension takes shape within the asymmetrical distribution of control and autonomy formalized in PPP governance

structures but established according to the legitimate ways defined by institutional context.

Our data corroborate previous research indicating that the DBFM model was marketed as a contract without less concern for the public party in the early adoption of the PPP policy in the Netherlands (Koppenjan et al., 2022). Such a situation placed public project managers to remain responsible for a successful project but with a weak grip on the material process leading to its performance. We add that public project managers articulated agentic powers to contest the existing PPP policy beyond project fences. To do so, they needed to engage in new ways of association to defend the role of public control in working processes governed by market-oriented principles defining the institutional context of interaction. However, articulation of interest is also mediated by power imbalances within the parent organizations. Therefore, the PPO managers associated with each other to offset power inside the parent organization and later improve their governing position in relation to private parties in future agreements. New relations between once rival colleagues aligned over time, given the common need for increasing public managerial grip on the situation on the floor. Our results suggest that the upward causation through the community of practice contributed to changing the rules by which future projects would be procured and the revalorization of close collaboration at the policy level.

In project management literature, the research on institutional projects introduced institutional change as an explicit objective of projects (Winch & Maytorena-Sanchez, 2020). Our research indicates that project managers deploy their vested interest in improving their relative position in their daily governing practice as much as actors with a role in the wider institutional field. At that policy level, project managers target future temporary agreements. These insights align with previous research on PPPs, showing that actors at the project level can reflect on, regroup, and seize the opportunities to improve their relative autonomy and control position (Benítez-Avila et al., 2019). Therefore, we argue that institutional change can emerge from the daily governing practice of project managers. Still, it requires mediating associative vehicles to turn lessons learned into change vectors.

8.2. Ideological legitimization

The managerial agency has been mainly characterized as a capacity to manipulate shared understandings to improve working conditions (Näsänen & Vanharanta, 2016). Nevertheless, contractual conditions impose objective constraints meant to reduce managerial discretion. Such constraints reflect the legitimate ways to distribute autonomy and control relations for the time being at the institutional level (Söderlund & Sydow, 2019). Our research points out that PPP contracts are objective constraints, but they emerge as the materialization of legitimizing ideologies. These ideologies turn into a specific type of shared understanding, which historical shifts are linked to political economy dynamics (Sum & Jessop, 2013). Implementing a new ideological frame in practice leads to an institutional rule that necessarily conflicts with what was previously there (inspired by another ideological frame).

In the case of the Netherlands, the contradiction between the market-oriented and corporatist views of public management situates the day-to-day activity of project managers. Public managers praised close negotiation as typically Dutch tradition and framed their associative activities in the community of practice for adjusting procurement policy in the future. Hence, we add that managerial agency relies on ideological legitimization as a very specific capacity to manipulate shared understanding. Within the project fences, such manipulation is only a stage of a wider process by which project managers can improve working conditions when altering contractual governance structures. Beyond project fences, ideological legitimization is directly articulated toward the very definition of public value and the desirable ways to achieve it. The second phase of the community of practices makes explicit the latent concern of public project managers for increasing the grip on

projects and shifting the policy back from strong private autonomy to closer public-private collaboration. Such concern was openly justified upon the miss-fit of the Anglo-Saxon model and the Dutch values of close collaboration.

Scholars have noted a sort of counter liberalization in public procurement but still have not fully articulated the role of ideas (de)legitimizing existing contractual practices (Winch & Maytorena-Sanchez, 2020). Project managers can mobilize ideas for advancing the vested interest to improve control or autonomy positions. Such differentiation allows disentangling the process by which public project actors mobilize ideological vehicles to legitimize unilateral contract enforcement or adaptive changes. In the N33 project, reproduction was enforced by the contract and legitimized by the claim that DBFM works for the public even if they are not satisfied, as claimed by the private contract manager. It derives from the pure liberalization ideology, prioritizing efficiency over close collaboration. The second cycle of CT and onwards shows how managers referred to the "spirit of the contract" as a way to skip the discrete allocation of responsibilities, introduce governing practices closer to the corporatist tradition, and still comply with the DBFM regime and ideological framing. The struggle for re-legitimizing public management expertise relies on the availability of corporatist ideas to offset the loss of control due to the liberalization at the policy level and modify procurement practices.

Project managers reflect on the legitimization basis of existing contractual practices and engage in strategic action. Therefore, we ascribe to the increasing number of scholars pointing out that project managers aim to conciliate diverse demands for complying with the appropriate ways of doing things in inter-organizational situations (Dille & Söderlund, 2011; Stjerne et al., 2019). Building the legitimacy of new ideas is necessary for defending or challenging the existing distribution of control and autonomy relations. Such ideas are independent of the structural configuration of positions defining working dependencies but are causally efficacious over time, leading to a change of formal contractual governance by legitimizing a space of change at the institutional level.

9. Conclusion

The turn to contextual interaction and practice-based view in project governance put more emphasis on the lived experience and wider institutional factors accounting for the actual implementation of formal project arrangements (Song et al., 2022). By using the theoretical lens of analytical dualism and based on the changing field of PPP in the Netherlands, this research characterized the role of managerial agency in the recursive dynamics between governing practice, governance structure and context of interaction (Archer, 1995). Our results indicate that project managerial agency is often driven by the interest in improving working relations or unilateral control, shaped by the levels of autonomy conferred to the private actor by the front-end contract. At the project level, we identified the three governing practices of upscaling, reproducing, and adapting that project managers use to improve working conditions when addressing project issues. We also showed that public project managers associated as actors with a professional interest could seize opportunities to inform procurement rules.

We contribute to the project governance literature by making visible the role of managerial agency in project governance. Emerging associativity and ideological legitimization are at the core of the bottom-up processes by which managerial agency connects governing practice, governance structure and contextual interaction. Building new relations and identities enables managers to deviate from project governance structures to deal with project problems and creates space for strategic action in the parent organization and policy levels. Managerial capacity to reflect on the distribution of control and autonomy relations formalized in the governance structure enables them to justify their practice as motivation for contesting or defending those distributions in the parent organization and policy context. Project managers are active

actors reproducing, adapting and changing project governance structures and contributing to institutional change.

This research speaks to project managers and policymakers responsible for safeguarding the integrity of public services and goods. Public project managers can embrace their agency as a positive transformative force by bringing into light how their practice reveals inconsistencies in governance designs, making explicit the extent to which those inconsistencies reflect the ideological tides legitimate for the time being at the policy level. They can expect to see their agential powers fully developed when making explicit connections between governing practice, governance structure and institutional contexts. As a disclaimer, we make no evaluative statement of the overall performance of Dutch PPPs. However, our results are aligned with existing assessments of PPPs outcomes and processes in the Netherlands (Koppenjan et al., 2022).

Additional limitations open new research opportunities. We acknowledge that our research takes the particular historical contingencies in the Netherlands as an empirical context. However, informal associativity, ideological legitimization/contestation, and bottom-up processes characterize project governance regardless of the institutional setting. Therefore, we believe the identified mechanisms can be found in other settings, and future research can expand our process view to organizational arrangements for delivering public goods and services. Additionally, our multilevel governance analysis focused on the public procurement organization, given that PPPs are regarded as fields with a centre-state logic. Therefore, further research could study the dynamics of multilevel governance of temporal organizing from the private perspective.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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