

## EXPLORING THE IMPACT OF PROJECT GOVERNANCE ON PERFORMANCE OF PUBLIC SECTOR DEVELOPMENT PROJECTS IN SRI LANKA

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### INTRODUCTION

Project governance represents a transformative approach to oversight, implemented at the project level, to address issues and furnish guidelines to steer projects effectively. It addresses the broader aspects of stakeholder management and alignment with strategic objectives. Effective project governance is crucial for achieving project objectives as stakeholders become increasingly involved (Alade et al., 2022). However, the complex nature of public sector development projects can lead to issues due to poor stakeholder participation. Public sector project performance evaluation in development initiatives has become a growing research focus, with project governance becoming a critical topic. In Sri Lanka, successful project implementation has significantly contributed to the country's progress and accomplishments. This study explores the functions and practical application of project governance in Sri Lankan projects, providing valuable insights and recommendations for enhancing project performance, growth, and sustainability in the public sector.

Project governance is a framework that optimizes resource utilization for economic and social benefits in public sector development projects. It involves stakeholder management, conception, development, planning, monitoring, surveillance, and actualization, aiming for specific accomplishments by all stakeholders within a distributive justice framework. Public sector projects can be categorized into internal and external project governance. Internal governance aligns governance structure with organizational capabilities and external factors like regulatory practices, while external governance ensures project execution efficiency aligns with organizational strategy through principal-agent relationships (Ochungo & Amollo Odinga, 2019). Effective governance is essential for achieving financial and non-financial performance, meeting societal needs, and fulfilling beneficiary expectations (Scheepers et al., 2022). This integrative mechanism requires active government and public involvement to facilitate efficient socioeconomic project governance. Thematic project governance provides a framework for contextualizing the adoption of governance practices in enhancing public sector project performance. A practical legal, procedural, and regulatory framework is essential for project stakeholders' success. Project governance is essential for ensuring that projects are on track to meet their goals, controlling resource consumption, and guaranteeing the practical completion of deliverables (Musawir et al., 2017). Effective collaboration between project management and governance is crucial for stakeholder satisfaction and achieving targeted goals. Projects in developing countries like Sri Lanka often need help with issues such as poor performance, delays, or failure due to underlying project governance challenges. Researchers, policymakers, and regulators have underscored the pivotal and contentious role of project governance in modern global perspectives on performance,

recognizing its critical significance in ensuring the success of public sector development projects (Weerasekara et al., 2021). The literature review emphasizes that project governance is a manageable subject that deals with project management in public sector projects. Public sector development projects utilize various control mechanisms and systems as specified in empirical reviews in other countries to achieve their performance. Therefore, this study investigates the impact of project governance on the performance of public sector development projects in Sri Lanka.

## **METHODOLOGY**

This study uses a qualitative approach to analyze the performance and governance processes of public sector development projects in Sri Lanka. It uses secondary literature and scholarly journal articles to conduct a comprehensive search, contextualizing the research theme's significance and relevance (Ismail et al., 2021; Vaismoradi et al., 2013). Thematic evaluation is performed to identify implicit or overt patterns in the selected papers. Online scholarly databases like Emerald, Elsevier, Science Direct, and Springer are meticulously searched. Thematic areas (cross-sectional collaboration, project management, project governance, stakeholder engagement, project procurement, sustainable procurement practices, the performance of foreign-funded projects, benefits management and project success; stakeholders' perceptions of project performance, and project governors' perceptions, and many more) are identified through abstracts, literature context, and keywords like "Project Governance," "Project Governance Practices," "Project Performance," and "Public Sector Development Projects" to filter out gaps specific to the Sri Lankan context. A three-phased strategy for the literature review is retrieving relevant articles, eliminating irrelevant papers through filtering, and assessing selected articles based on alignment with the study's aims and analytical framework. The findings are synthesized to address the empirical gap aimed to be resolved.

## **RESULTS AND DISCUSSION**

Developing economies worldwide strive to improve their public sectors, with developed nations like Sri Lanka aiming to become the "Wonder of Asia" through various economic development strategies. However, Sri Lanka faces challenges in effectively managing public sector development initiatives, including limited financial resources, lack of standards and capacity, and political interference. The Department of Project Management and Monitoring oversees various infrastructure development projects. However, projects often need more support due to poor planning, unclear scopes and goals, role ambiguities, and procurement delays. To promote economic growth and prosperity, Sri Lanka must focus on effective governance, logical planning, explicit scopes and objectives, and efficient resource allocation and procurement in public sector development projects (Kodithuwakku, 2022). Strengthening project governance by incorporating well-structured frameworks and methodologies in Sri Lanka's public sector development projects will enhance efficiency, effectiveness, and overall project outcomes, leading to sustainable development and prosperity in the country. Project governance is crucial in public sector development projects, mediating between the project-driven framework and project administration. All stakeholders must diligently fulfill their duties and responsibilities, utilizing project resources in line with the project's scope, cost, and work breakdown structure. Effective control measures must be implemented to ensure compliance with legal and structural mandates, particularly in the public sector governed by national constitutions. Conceptualizing project governance is essential for achieving targeted project results, transparency, and realizing strategic goals, thus improving project performance

(Gunawardana et al., 2021). However, Sri Lankan public sector scholars still need to fully explore the role of project governance and its impact on performance in public sector development initiatives. Key factors contributing to poor performance or project failure in Sri Lanka include delays in third-party confirmations and approvals, land acquisitions, contractor performance, material shortages, procurement delays, public protests, and financing and treasury management issues. The study suggests that incorporating theoretical and empirical insights from previous researchers can enhance project governance practices, thereby improving project performance and contributing to sustainable development in Sri Lanka's public sector development projects (Bandara, 2015).

## CONCLUSION AND IMPLICATIONS

Project governance is crucial for the success of public sector development projects in Sri Lanka. It prioritizes stakeholder satisfaction and credibility in decision-making, leveraging project management expertise, standards, procedures, and guidelines. A proper governance system ensures that stakeholders' opinions are represented and project-related choices are legitimized. With effective governance processes, the most vocal voices are heard, increasing the likelihood of crises and project failures. A comprehensive project governance system is essential for critical stakeholders' involvement, efficient procurement processes, collaboration with beneficiaries, rigorous post-monitoring, cost-benefit analyses, regular updates to guidelines, alternative methodologies, and safety and welfare considerations. Further research is needed to understand project governance practices in other developing nations' projects.

**Keywords:** Development projects, performance, project governance, public sector, Sri Lanka

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