

Surviving the Innovation Paradox: the Case of Megaproject X

Marcel B. Veenswijk

Professor on Management of Cultural Change
Department of Culture Organisation and Management
Faculty of Social Sciences
Vrije Universiteit Amsterdam
De Boelelaan 1081
1081 HV Amsterdam

m.veenswijk@fsw.vu.nl

m.veenswijk@casema.nl

Surviving the Innovation Paradox: the Case of Megaproject Xⁱ

Abstract

In this paper a European case study, called Mega Project X (MPX) is presented. It describes one of the major innovative transport infrastructural projects, which was developed in the Netherlands during the last decennium. The focus is on the internal competing values, tensions and contradictions within the organizational living environments of the project organization, which follows from a so called 'innovation paradox'.

The case is an example of the popular separation approach to handle this innovation paradox and learns us about the potential internal and external weaknesses which may result from this strategy of public sector innovation.

Key words: public sector innovation, project management, cultural change, innovation paradoxes

Introduction

Public sector organizations seem to get caught up more and more often in a so-called *innovation paradox*. Innovating and acting upon new developments is regarded as being a prerequisite for the provision to citizens of accurate service, flexibility and social legitimacy. It calls for an involved position of the government, a daring (risk-taking) attitude of civil managers, an ample responsibility of professionals and, generally: a client perspective, in which innovations are characterized by helpfulness. At the same time, this position disrupts the classical 'basic' role as a neutral, distant actor and an accountable government responsible for codification, regulation and standardization. While the client, or 'commercial' logic focuses on individual needs and services, the administrative or 'moral' perspective implies a general interest, if necessary against the interests of those involved (Lane, 2000, Evans, 2002, Veenswijk, 2001).

Over the past few years, the innovation paradox has been manifest around the world in numerous domains of government, raising the question which responses could suffice to render this complexity manageable. In organizational studies, there by now exists a wide consensus that traditional, unilinear and 'one best way' organizational models are no longer a realistic option for this, but rather lead to an undesired form of mimetic isomorphism and a lack of resiliency. Therefore, in order to handle this paradox, public services have developed numerous strategies and approaches dealing in particular with the internal competing values, tensions and contradictions within the organizational living environments (Dunford & Palmer, 1998, Stohl & Cheney, 2001).

In this contribution a European case of public sector innovation is presented which deals with the innovation paradox in a multiple way: the Dutch Mega Project X (MPX). MPX is inspired by the New Public Management doctrine and uses organizational separation as basic coping strategy. The questions which will be posed in this contribution are (1) in what way do the innovative project characteristics of the MPX, such as those which have been by politico-administrative actors, take shape in the daily living environment of the project team?(2) which internal dilemmas and tensions follow from the innovation paradox within the project, and how do the different parties deal with them? and (3) what lessons can be learned from this separation approach of innovation?

The case reconstruction is a result of intensive study which was executed by a team of a senior researcher and two research assistants. During a period of six months (semi) open individual interviews were held with 20 stakeholders within the project and 20 actors in the context of the Project organization, especially clients (10), representatives of pressure groups (5) and general public (5). Further, key meetings were observed and important documents were analysed. One of the key project managers was asked to reflect on the MPX case. His *practitioner's reflections* can be found between the case sections.

After a theoretical introduction and a brief context description, the case will be introduced and most important temporal developments in MPX will be discussed and reflected upon. The contribution concludes with a general reflection on the research questions.

Three ways to deal with the innovation paradox: separation, connection and transcendence

In recent innovation studies, three (more or less ideal-typical) types of coping strategies are brought up, which I refer to here as *separation, connection and transcendence* (see Bartunek, 2004, Hernes, 2005). Separation stands for detachment: the decoupling of innovative ideas and groups in relation to civil cultures which are predominantly oriented towards procedures and the status quo. In contrast, connection focuses on the attachment and homogenization of divergent orientations with regard to the place and meaning of government actions. Transcendence highlights ambiguity and starts from the premise that the essence of public sector innovation lies in the transformation of original core values into a new perspective.

Public services have been developing connective and transcendent strategies on a grand scale since the eighties, especially concerning the so-called '*Cultures of Innovation*'. The main idea is that governments are able to 'support and encourage cutting edge government' through the adaptation of a shared set of integrating values. In this form of value engineering, the 'dysfunctional' values are replaced by new ones and organizational members are expected to identify themselves with the shared, strong organizational identity. In their book *Creating a culture of innovation: ten lessons from America's best run city*, Denhardt & Denhardt describe such specific common values as pride, trust, empowerment and risk-taking, as well as a number of organizational factors, which in the city of Phoenix are decisive for such a successful innovative government service (Denhardt & Denhardt, 2001). In their study, the position is taken that organizational culture is to a large extent manageable and dirigible and organizational member are ambassadors of the core values, which are represented through symbols and (other) cultural artefacts.

Separation strategies of innovation have been used in multiple settings and varieties. Separation highlights the exclusion of cultural configurations and starts from the premise that innovation comes about through disidentification: the pulling apart of the dominant poles of an organizational reality, during which 'the novel' is contrasted as much as possible with the established cultural orientations, symbols and narratives and is provided with its own identity. Although innovation centres are sometimes positioned within the government itself, they often intentionally have the character of a (semi-) private institute which is (culturally) independent of the public service for which innovations are being developed. Examples of this are the Dutch Innovation Platform, SenterNovum and 'virtual platforms' like the Innovating Regions in Europe (IRE) and the European Innovation Programme on Innovation in the Public Sector (Publin, 2005).

During the past years the so called *Innovative Mega Projects* have become major examples of organizational separation. Many of these projects, often located in policy fields such as Infrastructure, Housing and Health care have had huge political and societal implications. Although the impact of these large scale innovative (often construction) Mega Projects is enormous, academic interest on this subject has been modest and mainly focused on themes related to the rational organization and (political) control in terms of policy programs, contracting, perceived outcomes, and especially risk and economic failure. Flyvberg points out that more and more Mega projects are constructed and semi-autonomous public implementation routes are realized, despite the poor performance record of many of these projects (Flyvberg, 2004). This is not coincidental. Referring to 'the rise of the entrepreneurial state', Osborne and Gaebler (1992) argue that in many western countries, a (neo-liberal) trend towards New Public Management leads to a 'steer-not row' division between (strategic) public policy areas and decentralized / separated implementation units with a strong use of market mechanisms wherever possible, either in the form of quasi markets to introduce competition between public providers, or by contracting out or privatizing services which were previously undertaken directly by the state (Pollit & Bouckaert, 2000).

Critics of a separation approach not only point the potential 'misfit' between the (separated) innovative core and the principal organization, but also conclude a lack of sensitivity form surrounding environments (customers, pressure groups etc) as well as a potential deadlock or 'paralysis' as result of unproductive tensions between project innovations ambitions on the one hand and criteria of time, scope and cost on the other hand (Van Marrewijk, 2005).

In the case of MPX these potential internal and external weaknesses which result from a separation strategy will be focused upon in an episodic form.

The Case of Mega Project X (1996-2006)

Origins and rationale: start of an innovative project concept

The basic concept of the project consisted of a plan to connect Dutch backbone, Amsterdam via a hundred kilometers separate railroad towards the Belgian border. The MPX-project was defined as a result of a political discussion on future mobility in the Netherlands in relation to surrounding countries, in. The project design that followed was described as highly innovative in an organizational and technical way (see also: Van Marrewijk and Veenswijk, 2005). Due to soft Dutch soil, the project required lots of new techniques and readjustments. For example, a no-recess concrete slab construction was designed as foundation at many points of the route and in order to spare the Dutch Green Heart Area and its valuable scenic landscape, it was decided to make a deep, bored tunnel. This (unique) construction with a diameter of almost 15 metres should be the largest bored tunnel in the world.

The organizational concept and configuration was also defined as innovative and 'unique'. A project group – directed by a young entrepreneurial project director - rejected a 'sound blue print' plan in advance (despite governmental pressure), but preferred a participative model of project development. The group that developed the plan was defined as 'public entrepreneurs': a (quasi) autonomous governmental group of professionals with a budget broad mandate. The project was originally designed as an (experimental) public-private constellation in which public and private actors participated and had a joint responsibility for construct and design, as well as for exploitation. Most of the designing was actually the result of the public-private (BOOT) arrangement, and this hybrid organizational construction was reflected in the way the project

organizations were empowered (70% of the employees were hired on a temporal basis, 30% were public employees), exploitation remained a matter of the state. This also counts for the (public sector) hierarchical –machine like- formal construction, which was chosen in order to build the project.

The top managers of the MPX organization were all public employees. The CEO (in Dutch called *Hoofdingenieur-directeur* abbreviated as the HID – the engineer who is the responsible for the technical part of the entire project) reported via the secretary-general of the ministry to the Minister of Transport. The project can be described in four (more or less) successive episodes, with a timeframe of ten years.

Case description: four episodes

Episode 1: radical organizational division as control mechanism (1996-2001)

From the start, the project was divided in separate geographic entities. Every entity contained a set of unique infrastructural artifacts like, bridges, tunnels etc. The most famous artifact (because of its technical superiority and ecologically sound design) and at the same time controversial artifact (because of enormous budget problems) became Bore-tunnel. All of the five geographic entities were interconnected via loosely coupled separate project agencies, which all reported to a principal organization (in Dutch the Centrale Projectorganisatie) in Zoetermeer, a middle-sized city in the Province of South Holland. The interconnection was realized via various ranges of contracts, between the principal and the agencies on the one hand and between private architects, or constructors, and the agencies on the other hand. In total, there were more than 900 (sub)contracts in operation. These contracts were monitored on a quarterly basis, and surveillance took place via a complicated set of ICT-systems.

In the nineties, the MPX project was managed by the infrastructural component of the State Railways. The organization was centred in Capital City. At the Ministry of Transport, Public Works and Water Management, (policy-side) there was a small project management team which provided direction. In 1998, the project management in Country City merged with the organization and took charge of the day-to-day management as well.

In the same period, the State Railways were split up - in conformity with the European guidelines - into a transport operating part and an organization (which was later to become the formal Infra manager) charged with the care of the infrastructure of the railways (construction, maintenance and exploitation).

Reorganizations were also carried out within the Ministry of Transport, Public Works and Water Management, bringing forth, amongst others, a Directorate-General for Passenger Transport (responsible, amongst other things, for the MPX) and a Directorate-General for Freight Transport.

Laws and regulations were going to change, but the consequences were as yet unknown. It was clear that the Railways Act (1875) would be replaced by a new one. The European guidelines (e.g. Technical Specifications for Interoperability) also had to be incorporated therein. A concessions act was going to be passed which was to regulate the relationship between a Transport Operating Company (TOC) and the State. The relationship between the State and the Infra manager was going to be regulated by means of a concession.

The contractual approaches also changed. The original idea was to divide all the work into some forty traditional contracts, and that transportation would be taken care of by the NS. This was rigorously altered. The substructures were put out to tender in five large D & C (Design & Construct) contracts. For the superstructure, a DBFM (Design, Build, Finance and Maintain) contract with a duration of 30 years was awarded. Finally, following an international public tender procedure, a transport concession was awarded..

Some major technological advances were also made. There was as yet no experience of driving at high speed. The familiar ballast railway was replaced by a railway construction without ballast, the Technical Specifications for Interoperability (new European norms) were applied in full, including the new ERTMS (European Radio Traffic Management System) protection system. In addition the planned underground Tunnel (in terms of its diameter in mellow soil) should be the largest in the world.

A conflict arose between the implementation department of the Ministry of Transport, Public Works and Water Management and the management of the project (formally part of the policy-side of the department) about the most appropriate place for supervising the execution of the civil construction. Following a lengthy discussion, this conflict was ultimately decided in favour of the Civil Corps of Engineers (CCE). In the course of 2001, the management of the substructure contracts was transferred to the CCE.

Episode 2: MPX as part of CCE (2001-2003)

In December 2001, the concession agreement with the TOC and the contract for the superstructure (Infraspeed) were concluded. The contract with Infraspeed was also going to be transferred to the CCE, largely because of the many commonalities with the substructures. That led to a situation in which the former project management was only going to supervise the transport component, and all the rest was going to be relegated to the implementation organization of the CCE.

The basic responsibility regarding the accuracy and planning of the data was with the contractors. The organizational philosophy was that responsibility should be ‘decentral unless...’, which meant that central interventions were only allowed in specific situations. In doing so, the MPX organization followed a well known and traditional principle, since decentralization of operating activities has been associated with efficiency advantages caused by improved information management (the use of local knowledge) and management opportunism (by less informed central managers).

Although the (quarterly) reports were available via the intranet, only a small group of professionals were able to read and interpret the report results. Due to these ‘translation’ activities, a serious gap evolved between on the one hand the ‘frontstage’ reality of the project which was dominated by a strange mixture of rational models, figures and schemes of the project and political definitions about the failures of the project, and the ‘backstage’ day-to day reality of the organizational group on the other.

More and more action plans regarding the ‘local setting’ were designed within the subgroups, headed and legitimized by professional ‘project-agency managers’, which by the beginning of 2002 caused major conflicts between the principal (specifically the Project Director) and agencies or project-agency managers’. Central issues in the conflict were: structure and

frequency of reports, lack of trust on accuracy of data between different parties, internal communication structure (who does what) and general aspects of image/identity creation:

- 'principal wants to control us and rule everything out by means of procedures'
- Versus
- 'agencies don't want to share data and do everything in their own (probably malicious) ways'.

According to the project-agency managers these dilemmas should be taken for granted as a (negative) side effect of decentralization, especially the heterogeneous information raised by the individual business units. It is this specific 'information' problem that caused major tensions within the MPX organization. The organizational conflict led to a set of interventions, backed up by the Dutch Minister of Transport. The most important and visible interventions in the organization were, in the first place, the assignment of a new top executive who was held responsible for the whole risk-management process and who became the spokesman of the organization. Secondly, to meet the problem of fragmentation, the organizational philosophy was adapted to 'central, unless'. Finally, a set of organizational development measures were taken, including team building, so called 'dialogue days' between different groups, restructuring of contracting relations and a job rotation of managers who were not supporting the new course of action. In addition, new contracting procedures were introduced and a dramatic clustering of contracts took place.

Practitioner's reflections on organizational concept

The Dutch Civil Corps of Engineers has a lot of expertise in 'hands on' management. However, the contracts are large and functional by nature, one can speak of new and - partly - unknown technology, there is no experience with railway construction and the contracts are subject to financial pressure. In short: there will undoubtedly be adjustments in the designs, and will the CCE then be able to gauge the consequences for the transportation processes and the trains? And are the CCE (Implementation) and the Ministry of Transport (Policy) on speaking terms at all? As in every large project, there is a considerable risk of unpredictable problems. And if those problems really occur, will the talks, which are by definition difficult, not be frustrated further?

To make things even more difficult: is the policy-part of the Ministry of Transport still interested in a project which has for the larger part been transferred to the CCE, a project over which it has lost power and influence? Can the technical expertise prevail in this 'technology-hostile' policy environment? And, within this context, how will a project-oriented MPX Transport component fare in this conventional organization, with few people and many ad hoc political issues?

The solution to these questions were, in our opinion, to be found in a different distribution of work, duties and teams over the Ministry of Transport and the CCE. This had to assure the mutual interdependence of both organizations. This led, amongst other things, to a turn-key, integral transportation assignment for the CCE, the transition of the Transportation Team to the CCE. The Ministry of Transport acts as principal and retains the task of managing the contract with the MPX, to arrange for the necessary laws and regulations. Because of this, the care for

capacity arrangements - considered to be crucial - the complete interface with the TOC for the conventional network and the Infra manager, remained with the Ministry of Transport.

Following intense lobbying at the top of the ministry, the aforementioned was taken care of and so the parties were able to get under way. In Sales, the concept of turn-key was especially much thought of.

Of paramount importance for the execution of this task was the drive of the team. Could they - and did they want to - remain involved in it for a few more years? Was it sufficiently interesting and challenging? Could we keep bureaucracy at arm's length and could we survive somewhere in between policy and implementation?

Episode 3: Institutional transplantation and consolidation (2003-2004)

After the transition from the Ministry of Transport, a team was formed, which was charged with the components of Transport, Safety and System-Integration. System-Integration focused on the integration at the level of a transportation connection between Paris and Amsterdam: in other words, what needs to be arranged, and what needs to be tested at a later date, to enable transportation between Paris, Brussels and Amsterdam. In addition, the responsibility for the treaty with Belgium was organized in this department.

In this phase, a collaboration with the Inspectorate for Transport, Public Works and Water Management was also established for the coordination of the approval of the TOC and the trains. The lines with Infra manager regarding access of the TOC to the rail infrastructure were also put into place, albeit somewhat less formalized than with the Inspectorate.

In the meantime, it became apparent that an additional risk reserve would be necessary for the MPX. This caused a lot of political commotion, and pressure was applied to carry out changes in the project. What is more, the working relationship with the Infra management was considered to be of such importance that they also wanted to emphasize this to the management of the project. This led, amongst other things, to the installation of a tripartite Board of Directors (role model for all the CCE directorates) in which the connection with the Infra manager and the responsibility for the control of the project was strongly emphasized. In addition, the main department of Transportation, Safety and System-integration was split up, as was the main department which managed the contract with Infraspied.

At several times during the implementation phase, the managers of the central MPX-organization were confronted with local problems that were hardly predictable and were caused by the organizational distance between development and design, and local constraints.

A striking illustration of this paradox is formed by the problems that arose about four years ago with regard to the height of platforms at the stations situated along the MPX-railway. Due to a series of European directives by the European Transport Committee – e.g. Directive 2001/16 which is part of the EU Safety Rules – the National Rail Transport Organizations were forced to standardize the high-speed rail system. These directives are proclaimed by the EU to ensure the interoperability of the networks, not only in the field of technical standardization, but in the field of passenger safety as well. One of these directives directly concerns the height of platforms and it was this directive that caused tensions in the MPX organization.

This directive was implemented at a time when the technical blueprints of the stages were already completed. On these technical blueprints, the stages were designed much lower than the standardized height laid down in the EU-directive. Redesigning the stages would be very expensive. A possible solution put forward by the central organization was to adapt the boarding-floor of the trains, but this solution would be even more expensive and would involve higher costs by the suppliers. Eventually, the only solution was to re-design the stages and to make new blueprints.

Understandably, this situation not only made the blueprints much more expensive, but it also gave rise to frustrations both at the central and at the local level. It became obvious that the problem was brought about by the fact that the MPX-project was organized as a Mega-project. The paradox here is that the central MPX-organization, which was established to control the budget of the Dutch high-speed rail system, led to the central actors (i.e. the MPX-directors) wearing blinkers, as a consequence of which local problems were overlooked. The other way around also appeared: the local actors were not always able to convince the MPX-directors that local constraints could have an impact on the organization as a whole.

Practitioner's reflections on team development

This reorganization in itself had been expected. However, its size and personal consequences were unexpectedly large. It led to a great emotional dip among the members of the team: did we really wish to work in an environment which did not shy away from such - in our perception - unfair measures? And what were the implications for our tasks, our role and our drive?

We had also asked ourselves: and what could we have done differently, and better? We already knew the answer to this question, by the way: the team was and remains the odd one out. It had a completely different environment: predominantly public-law relationships and no directive relationships, in contrast to the private-law contracts in the rest of the MPX. Had we known this beforehand, we would have launched a communication offensive at an earlier date. As it turns out, that did not suffice.

Then, I was asked the following question: do you wish to stay, and would you be prepared to manage the safety component? I politely declined, and indicated that my personal preferences went out towards the original transport component, even after consultation with (and support from) the Ministry of Transport. Scenario analyses of the future taught us that the project should be realized in the interactions with the world outside: the Ministry of Transport, Belgium, SNCF, the EU etc., and that the autonomy of the management of the project organization would be much less than people realized. It also taught us that safety was going to play a less important role than most of the people in the MPX thought.

These analyses and long conversations motivated the team, and myself, to carry on with it. We also managed to assemble, from those who remained, the team we wished to have. A few people got a (strategic) double function in other departments. We very 'single-mindedly' went in search of reinforcement which we were able to find, and we agreed that we would lie low for half a year and go with the flow. After that, we would see.

Episode 4: Changing the message (2005-2006)

As of January 1, 2005, the new Railway Act came into force. In addition, it became clear how the control concession with the Infra manager was going to develop. All manner of regulatory affairs, which had been unclear up until that time, quickly came into focus. It also became clear that many things were going to have to be arranged differently from what had been previously foreseen. Because of the completion of the substructures of the MPX and the initiation of work on the superstructure, the focus logically shifted more and more from the project to the transportation component. And this resulted once again in tensions.

More and more control-oriented issues about the transportation component came up, such as: ‘we wish to make agreements with the MPX’, or ‘the MPX should do X’, or ‘when will the MPX do Y’ etc. Questions which did not square with the nature of the agreement with the MPX, a rather functional and distant (public) agreement, respectively did not square with the formal position of the management of the MPX. Often questions arose around specific responsibilities of project managers versus responsibilities the Ministry of Transport or the Infra manager. These comments were not taken well, and also the interpretation of their role as a team - behind the scenes, informal, influential, helpful, statutorily pure, helping everyone to assume their assigned roles, and hold them to it – came under pressure as a result.

In short: it was time to review the opinions within the MPX. However, the integral transport system, the turn-key delivery, still appeared to be powerful messages for the entire management of the MPX - and not only within, but also outside since even the Ministry of Transport sometimes appeared (meanwhile) to be difficult to convince to take the steps which we desired. They hid (in our opinion) behind ‘the integral transportation system’ & ‘turn-key delivery’.

Practitioner's reflections on external developments

What should be done differently? The message of turn-key integral transport systems turned out to have unexpected and unwanted side-effects at this stage of the project. Time to change the message. The new mission had to become the phased transfer of functions to all parties involved in their legal roles. The second message was: instead of being integral, we are actually going to differentiate more: that is your job and this is mine. To define the latter turns out to be easier said than done; it appeared there was room for a lot of discussion. The causes: differences in definition, a lack of knowledge about approval processes and yet again the non-parallel interests. In conclusion: in this public-law context, the MPX needs to make itself - in our view - quietly scarce, especially to remain behind the scenes, to help the future players assume their roles, and then to take its leave.

These messages are less appealing (sexy) and ego-boosting than the previous message. Moreover, they drive at the discontinuation of one's very own organization - and that is not an easy task either.

Weaknesses of the MPX separation approach: lessons learned

What can we learn from MPX as an example of the popular separation approach? From the start of MPX project, much store was set on innovation by means of a decentralization-oriented strategy. The (one-sided) focus on contracting was seen as a crucial vehicle in the battle against overspending, but this strategy appeared to be insufficient. The case brings us to three - heuristic - lessons.

Lesson one: 'Know who is responsible'. The separation strategy of MPX leads to structural unproductive power struggles between the innovative core and the 'mother' organization.

Although 'in theory' the project responsibilities were clear, the MPX project team became ensnared in an organizational spider's web of parties which all claimed the control of the project. On the frontstage, it was the Minister and the top management of the Ministry of Transport who directed the project and was responsible for the quality and dependability of the project. In actual practice, the project team and the ministry reached a state of (apparently) continuous conflict about concluded contractual agreements, costs and responsibilities. The phased transfer of responsibilities appeared to be a planned, controllable exercise but, because of the impossibility of settling on a clear delineation of tasks, turned out to be completely unpredictable.

Lesson two: 'Contracting does not solve the issue of responsibility'. In MPX, the one-sided fixation on 'partial' contract indicators become an important barrier for integral project evaluation.

In the MPX case, the quarterly contract reports more and more acted as internal benchmarks and vehicles for administrative and organizational improvements ('standard issues' for instance were - in terms of time and cost – technical development, risk calculation, human capacity, environmental developments and communication) for central management. Although this system suggests a clear cut vision on project evolvement, in actual practise there was no integral system in which progress of the interrelated parts was monitored. The (relatively) separated contracts were related to specific artefacts (e.g. bridges, tunnels, platforms) and cost overruns on these sub-contracts did not act as triggers for redesign of the other related project artefacts. In fact, contract-realty in MPX became more and more detached from the 'day to day' organizational practices and the problems that were experienced in terms of internal cooperation, communication, team spirit and trust in the quality of the project outcome.

Lesson three: 'Separation leads to (a certain amount of) professional 'ivory tower' entrapment'. In MPX the creative entrepreneurial project team isolated and marginalized themselves.

In the different stages of the MPX project there appeared to be large gaps between the creative project experts and the 'bureaucratic' managers, located at the Ministry of Transport. The initial project team became highly isolated as their innovative, participative model of project development turned out to be a large financial risk. The professionals of the project team were convinced of their own 'success formula' and focused themselves on the positive responses from their project environment. Criticisms were denied or seen as acts of 'power play' by management of the ministry of transport. A set of 'heavy' organizational interventions, such as the assignment

of a new top executive, the shift to a new 'central unless' philosophy, the start of so called 'dialogue days' between decentralized project professionals and central executives brutally interfered with the project team's views and dramatically changed the project culture.

Conclusion

In MPX, the separation approach to handling the innovation paradox lead to multiple organizational weaknesses. Entrepreneurship, innovation and courage, identified as critical issues by almost all key MPX players at the frontline, become completely subordinate as a result of daily concerns and cost-related arguments. In the actual practice of the project team members, innovation appears to boil down to a simple struggle for survival by means of the creative translation of common agreements, pushing and pulling around points of contention, establishing internal coalitions and looking after one's own interests.

The conclusions and lessons are based only on the MPX project and as such are specifically related to this case. However, the case invites us to reflect on the effectiveness of separation strategies regarding public sector innovation, especially as a fundamental component of a widely adopted doctrine of New Public Management. Many recent studies of New Public Management have cast serious doubts on the innovative force and unequivocal benefits of separation-based (partial) NPM programs (Hernes, 2005). The case which is presented here is in line with those findings. It shows that the dominant view of separation as a successful strategy for organizational innovation is at least one-sided and needs to be thoroughly revised.

About the Author

Marcel B. Veenswijk, PhD is professor and chair of Cultural Change Management in the department of Culture, Organization and Management at the Vrije Universiteit Amsterdam. He publishes on cultural change, intervention strategies and organizational innovation, especially in the context of public sector organizations and has wide experience as a researcher and consultant. He is Editor-in-Chief of *Intervention Research. International Journal on Culture, Organization and Management*. In 2005 he published *Organizing Innovation, New Approaches to Cultural Change and Intervention in Public Sector Organizations*. Amsterdam, Berlin, Oxford: IOS Press.

Sources

Bartunek, J. (2004) The Importance of Contradictions in Social Intervention, in: *Intervention Research* 1(1): 103-113

Clegg, S.R., M. Kornberger & T. Pitsis. 2005. *Managing and Organizations: An Introduction to Theory and Practice*. London: Sage

Denhardt,, J. & R. Denhardt. 2001. *Creating a culture of innovation: ten lessons from America's best run city*, PWHC. Endowment for the business of government

Dunford, R. & I. Palmer. 1998. Discourse, organization and paradox. In D. Keenoy, T. Grant and C. Oswick, *Discourse and organization*. London. Sage. 214-221

Evans, P. 2002. *Hybridity as an administrative strategy*. Conference paper CLAD, Lisboa 10-2002

Flyvbjerg, B., M.K.S. Holm & S.L. Buhl. 2002. Underestimating Costs in Public Works Projects. *Error or Lie? American Planning Association Journal* 68(3): 279-295

Flyvbjerg, B. 2004. *Improving the Role of Parliament in Decision Making and Realization With Regard to Infrastructure Project*. Lecture held in The Hague in the Committee on Infrastructure Projects, May 3, 2004

Glor, E. 2005. Key factors influencing innovation in government. *aThe Innovation Journal: The Public Sector Journal* 10(3): 1-19

Goffman, E. 1959. *The Presentation of Self in Every Day Life*. New York: Doubleday Anchor Books Ltd.

Guardian Unlimited, *Trouble at sea*, 13-10-2005

Hernes, T. 2005. Four ideal-type organizational responses to New Public Management reforms and some consequences. *International Review of Administrative Sciences*. 71(1): 5-17

Hood, Christopher. 2000. Paradoxes of Public-sector Managerialism, Old Public Management and Public Service Bargains. *International Public Management Journal* 3

Jacobs, J. 1992. *Systems of survival. A dialogue on the moral foundations of commerce and politics*. New York: Random House

Kenwyn, K., D. Smith & N. Berg. 1997. *Paradoxes of Group Life: Understanding Conflict, Paralysis, and Movement in Group Dynamics*. *Public Administration Research and Theory* 12(3): 309-332

Lane, J. E. 2000. *The public sector, concepts, models and approaches (3th edition)*. Thousand Oaks, London, New Dehli: Sage

McLaughlin, K., P. Osborne & E. Ferlie, eds. 2002. *New public management : current trends and future prospects*. London: Routledge

Osborne, D & T. Gaebler. 1992. *Reinventing Government*. Reading, MA, Addison-Wesley

Pitsis, T. S., S. R. Clegg, M. Marosszeky, & T. Rura-Polley. 2003. Constructing the Olympic Dream: A Future Perfect Strategy of Project Management. *Organization Science* 14 (5): 574-590

Pollitt, C. & G. Bouckaert. 2000. *Public Sector Reform: A Comparative Analysis*. Oxford: Oxford University Press

Pollitt, C. 2001. Clarifying Convergence: Striking Similarities and Durable Differences in Public Management Reform. *Public Management Review* 3:471-492

Publin. 2005. *Innovation in the public sector*, Report No. D9

Quinn, R. & K. Cameron. 1988. *Paradox and Transformation: Toward a Theory of Change in Organizations and Management*. Cambridge, Massachusetts: Ballinger

Stohl, C. & G. Cheney. 2001. Participatory processes/paradoxical practices: Communication and the dilemmas of organizational democracy. *Management Communication Quarterly* 14: 349-407

Van Marrewijk, A. & M. Veenswijk .2005. Anthropologists at work in the Tunnel: Cultural Intervention and Change in the HSL-Zuid Project, pp. 45-55 in A. van Marrewijk & P. Verweel (eds) *Exploring Organizations. The Development of Organizational Anthropology in The Netherlands*. Amsterdam: SWP Publishers

Veenswijk, M. 2001. *The dynamics in cultural change of public organizations*. Amsterdam, West-Lafayette: Rozenberg Publishers

Veenswijk, M. & J.L.M. Hakvoort. 2002. Public-Private transformations. Institutional shifts, cultural changes and altering identities: two case studies. *Public Administration* 80(3): 543-555

ⁱ The author gratefully acknowledges Peter van Kleunen for his contribution and reflections to previous version(s) of this article