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Cool Projects, Boring Institutions: Temporary Collaboration in Social Context

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Practice gives words their meaning
(LUDWIG WITTGENSTEIN, *Remarks on Colour § 317*)

Economic geography during the last two decades made its mark, with some success, in transforming simplistic models of economic governance from solid analytical foundations into conceptual construction sites. From the 1980s onwards, investigations into the social and spatial logics of an increasingly broad and complex spectrum of inter-firm relations turned conceptions of 'firms as islands of hierarchical co-ordination in a sea of market relations' into mere caricatures (RICHARDSON, 1972, p. 883). Joint ventures, strategic alliances and collaborative supplier relations in industrial districts increasingly blurred the lucidity of the market vs. hierarchy dichotomy *à la* WILLIAMSON, 1985. During the 1990s, such hybrid organizational arrangements in the 'swollen middle' between markets and hierarchies (HENNART, 1993) became more and more theoretically anchored in the notion of networks (see POWELL, 1990; NOHRIA and ECCLES, 1992; GRABHER, 1993). Inter-firm networks were seen as an increasingly relevant unit of economic action and, consequently, an appropriate unit of analysis. Although firm boundaries no longer were taken for granted but conceived as a strategic parameter, firms were still regarded as key actors in making (and breaking) network agreements.

More recently, the search for ever more fluid and market-responsive organizational forms has directed attention towards projects (see LUNDIN and SÖDERHOLM, 1995; MIDLER, 1995; LUNDIN and MIDLER, 1998; LINDKVIST et al., 1998; EKSTEDT et al., 1999; HOBDAY, 1998, 2000; GANN and SALTER, 2000). The debate on projects as 'temporary systems' with 'institutionalized termination' (LUNDIN and SÖDERHOLM, 1995) seems to suggest a further shift (or widening) of focus from the inter-firm to the inter-personal level. In fact, some authors (BOLTANSKI and CHIAPELLO, 1999) see project teams, whose success is measured in part precisely in their transience, as *the* new unit of economic action.

The short-cyclical nature of projects, however, challenges some of the key assumptions of organizing that inform much current reasoning in economic geography. The limited duration of project-based organizing appears hardly reconcilable, at first glance at least, in particular with basic causalities that underpin current debates on learning (see, for example, ASHEIM and COOKE, 1999; MASKELL and MALMBERG, 1999; for a critical review, see OINAS, 2000, pp. 60–66). These accounts stress the importance of *long term* relationships for the generation of trust which is regarded as a normative precondition for successful learning and innovation, particularly when complex tasks are involved.

Projects, however, often entail high-risk and high-stake outcomes, yet they seem to lack institutional safeguards like 'conventions' (STORPER, 1997) and normative structures that minimize the likelihood of failure. They depend on an elaborate body of collective knowledge and diverse skills, yet there is mostly not sufficient time to clarify abilities and competencies of members in order to plan for a detailed division of labour in advance. Most importantly, there seems to be not enough time to engage in the usual forms of confidence-building activities that could compensate for the absence of a stable institutional context through the development of personal relations of mutual trust (MEYERSON et al., 1996, p. 167).

AIMS AND APPROACH OF THE SPECIAL ISSUE

The aim of this Special Issue of *Regional Studies*, in conceptual terms, is to provide analytical keys for resolving these apparent paradoxes of project-based organizing. We start from the assumption that a solution to these paradoxes has to be found in the interrelation between 'temporary' projects, on the one hand, and the 'permanent' organizations,[1] ties and networks around which they are built, on the other (see EKSTEDT et al., 1999; SYDOW and WINDELER, 1999; GANN and SALTER, 2000; GRABHER, 2001b). Phrased differently, the Special Issue is not intended to lend empirical

support to arguments of an increasing and, eventually, complete replacement of more traditional permanent forms of organization by (allegedly) new temporary systems. Rather than relations of substitution, we seek to explore interdependencies between projects and the firms, networks, localities and institutions that feed vital sources of information, legitimization, reputation and trust that provide the very preconditions for the 'projectification' (MIDLER, 1995) of production.

By delving into the interdependencies between temporary and permanent organizations, the Special Issue aims at venturing into a conceptual gap that is reproduced in current academic debates. On the one hand, the new 'learning' orthodoxy stresses, as mentioned, the importance of long term relations for learning and innovation processes within and between firms and regions. To the same extent that this orthodoxy celebrates long-termism and 'systemness' of inter-organizational relations, it seems to ignore learning in and across temporary or episodic projects (see SÖDER-LUND and ANDERSSON, 1998, p. 181).

The literature on project management, on the other hand, is largely moulded by engineering approaches towards 'optimization' that focus on critical factors for 'successful' design, management and execution of projects (see, for example, MORRIS, 1994; KERZNER, 1995). This literature is based on a perception of the project 'as a distinct, manageable activity system that, once having been designed using the proper scheduling techniques, can be isolated from the environment' (BLOMQUIST and PACKENDORFF, 1998, p. 38). In other words, this focus is restricted to projects only, leaving out the permanent ties and organizations in and through which projects operate (GANN and SALTER, 2000, p. 958).

The papers in this Special Issue are positioned between these two strands of literature. By investigating into the interdependencies between projects and their environments, the Special Issue aims at providing conceptual co-ordinates for further investigations into the relations between temporary and permanent organizational forms. By opening up a discussion on projects, we do not propose to introduce yet another organizational master design to an economic geographic readership. Nevertheless, we are convinced that projects under the current conditions of increasing demands for customized 'packages' of products and services, and a deepening division of labour between firms due to outsourcing and concentration on 'core competencies', have become an increasingly influential organizational practice (see EKSTEDT et al., 1999; EKSTEDT, 2001; HOBDAY, 2000, p. 875)

In empirical terms, the spectrum of industrial settings and regional contexts covered by the Special Issue is intended to explore the practical relevance of projects. Project organization no longer seems to be confined to industries which traditionally have been characterized by the 'one-off' nature of the production process

like construction,[2] ship-building, engineering (for example, WINCH, 1986) or film (see FAULKNER and ANDERSON, 1987; DEFILLIPPI and ARTHUR, 1998). More recently, project organization seems to have taken hold in industries like automobiles, chemicals, or textiles in which projects have not previously been part of the canonical repertoire of organizational routines and practices (see LUNDIN and MIDLER, 1998; EKSTEDT et al., 1999; TÖDTLING et al., 2001; see also BOLTAN-SKI and CHIAPARELLO, 1999). The extent to which project-based organizing is shaping emergence and consolidation of the new media sector will be discussed in a forthcoming Theme Issue of the journal Environment and Planning A.

The spectrum of industrial settings analysed corresponds with the degree of diversity of conceptual approaches of individual contributions to this Special Issue. Whereas some studies are written from a predominantly economic geographic perspective, others view projects through the perspective of economic sociology, management and organization science. Admittedly, such diversity of approaches risks conceptual coherence, a most notoriously lamented weakness of edited collections. However, without detracting from the editorial responsibility to limit such bias, it might be worthwhile to bear such risk – if heuristic surplus in a comparatively new field of (geographic) inquiry is yielded.

The introductory paper aims at providing a synoptic reading that interweaves contributions to this Special Issue and the forthcoming Environment and Planning A Theme Issue with the 'received wisdom' of project management accounts. First, the paper briefly sketches the emergence, spread, professionalization and institutionalization of projects as a distinct organizational 'form'. Second, it proposes a classification of defining features of project organizing which is robust and broad enough to cover the variety of industrial and regional contexts explored, and yet is specific enough to denote the particular characteristics of projects vis-à-vis other organizational forms and processes. Third, the introduction investigates into the societal context in which projects typically operate; it demonstrates that networks, localities and institutions are feeding essential sources of project-based organizing. Theorizing on functions of the societal context is, in a sense, theorizing about structural limitations of project-based organizing or, phrased differently yet again, thinking about the realm of permanent organizations. Fourth, the introduction aims at locating this particular realm of permanent systems by analysing the role of firms as 'incubators' and 'sponsors' of projects and in providing organizational arenas for cross-project learning.

PROJECTS AS FORM: PROFESSIONALIZATION, CERTIFICATION, INSTITUTIONALIZATION

'There always have been projects, even if they were

not called that way' (LUNDIN and MIDLER, 1998, p. 1). Until the late 1950s, the term project was mainly associated with 'draft' or 'proposal'. This connotation still prevails today when, for example, an architect proposes a 'project' for a new building or an investment banker presents 'projects' for new investment opportunities to clients. In this more traditional sense, the notion of the project denotes a *proposed idea* or *object* (ENGWALL, 1998, p. 32). The current understanding of projects evolved in the middle of the twentieth century and is associated with a new development and procurement philosophy of the US Department of Defense.

Instead of fragmenting and pre-specifying the development of military technologies along traditional functional disciplines (for example, mechanical or electrical engineering), these technologies were described in relation to their objectives, i.e. military parameters of weapons. The pacing of these concentrated efforts was crucial: parameters had to be met, goals had to be accomplished according to a grand scheme designed to win the armaments 'race'. Development processes that earlier were conceived as separate activities were now conceptualized as an integrated entity, called a 'program', 'system' or 'project'. The overwhelming scale of these projects in terms of financial and scientific resources as well as their ambitious timing created formidable problems of co-ordination and control. Experiments with various forms of organizational control ultimately led to the professionalization of the role of the 'project manager' (LUNDIN and SÖDERHOLM, 1998, p. 19).

From the 1960s onwards, the conception of projects and project management developed by the US military-industrial complex (GADDIS, 1959) diffused widely into the business world and, increasingly, beyond. 'Research projects', 'theatre projects' or projects in social work became standard organizational practices which emphasize the *process of realizing an idea* or *objective*. Admittedly, the differences in connotation between the traditional and the current connotation of projects are small, but significant (see ENGWALL, 1998).

The diffusion of the notion of projects into a broad spectrum of economic and societal spheres is fuelled by mimetic processes of organizational imitation. Moreover, the last decades witnessed increasing efforts of standardization and certification or, in the sense of THÉVENOT, 1984, growing societal 'investment in the form' of the project. Such investment manifests itself, for example, in the foundation of professional associations like the US-based Project Management Institute (PMI) and the younger European-dominated International Project Management Association (IPMA). Both contribute to the legitimization of the form through conferences and trade journals like the *Project Management Journal (PMJ)* and the *International Journal of Project Management (IJPM)*. Through these infrastructural investments, the project as a distinctive form increasingly gets codified in forms, formulae, manuals and text books (see, for example, PMI, 1987, 1996).

Whereas journals like the *IJPM* and the *PMJ* mainly cover issues of technical optimization of project organization and propagate current latest 'best practice' (see THEMISTOCLEOUS and WEARNE, 2000), first systematic analytical accounts are related to the conception of projects as 'temporary systems' (GOODMAN and GOODMAN, 1976; GOODMAN, 1981). The very notion of *temporary* systems denotes *the* essential feature of projects around which common definitions, despite semantic variations, are built. Phrased in more explicit terms, projects are defined by their temporal *limitation* and not, as implicitly suggested in rather loose applications of the term, by their *duration*.

Based mainly on their research on theatre production, GOODMAN and GOODMAN, 1976, p. 494, define such temporary systems as 'a set of diversely skilled people working together on a complex task over a limited period of time'. The breadth of subsequent efforts to conceptualize projects, to some extent, reflects the spectrum of industrial and organizational contexts in which they are performed. In most common classificatory exercises, projects are located within three main contexts (see LUNDIN and SÖDERHOLM, 1998, p. 15).

First, projects are standard organizational practice in industries which are virtually exclusively populated by 'one-off' activities. The example *par excellence* is the construction and engineering business; consulting services represent a more recently most dynamic expanding field in which projects are dominating practice. Second, projects populate other industrial fields only partially but crucially when projects are restricted, in the typical case, to research and development activities. Third, rather than standard practice, projects are used as an organizational vehicle for exceptional efforts like, for example, organizational restructuring or computerization.

PROJECTS AS PROCESS: TASKS, INTERDEPENDENCE, POWER, DEADLINES

A robust classification of defining properties of projects with heuristic validity across different contexts and settings might be built around the following five features. First, the legitimization of a project is based on a particular *task* that either might be complex and non-routine or rather standardized. The particular task of a temporary system, in LUNDIN and SÖDERHOLM's, 1995, p. 440, conception is equivalent with a permanent organization's devotion to goals. While goals primarily provide foci for decision making, a task focuses on action. Such an action-oriented perspective directs attention from the more traditional 'project as idea' to the 'project as process' view.

Second, *interdependence* characterizes the definition as

well as the accomplishment of the task. Particularly in cases where the task is complex and cannot be decomposed in detail autonomously *ex ante* 'members must keep interrelating with one another in trying to arrive at viable solutions' (GOODMAN and GOODMAN, 1976, p. 495). The strength of these interdependencies is elucidated in the observation that projects are not only *for* a particular client but also, to some extent, a project *with* a client (GIRARD and STARK, 2002, forthcoming). By stressing that the course of a project is not programmable, the 'complexity and ambiguity ... is not defined away but it is emphasised' (SAHLIN-ANDERSSON, 1992, p. 144).

Third, the project is assembled by a *contractor* or, corresponding with the particular semantics of the respective business context, by a project leader, integrator, broker, producer, impresario, etc. (see, for example, BRINER *et al.*, 1996). Beyond the obvious role in managing projects, the contractor might be seen as the 'link pin' on which trust is focused. This is the more crucial the less time project members have to develop personalized trust to all other project members (MEYERSON *et al.*, 1996, p. 171). Particularly in the case of more complex projects, the role of the contractor has crystallized into a distinct professional profile. In the more traditional construction sector (GANN and SALTER, 2000, p. 967) and in a new media context alike (GIRARD and STARK, 2002, forthcoming), independent contractors are increasingly populating the professional ecology of project-based business.

Fourth, the role of the contractor is also a most visible manifestation of the general phenomenon that projects are embedded in, and reflect the *power* relations between and within, participating organizations (LOVELL, 1993; ZELLER, 2002, this issue). Power, on the one hand, moulds the asymmetry of framing key coordinates of projects such as deadlines, divisions of labour and revenues. In particular large-scale projects might develop finely tuned and strict internal hierarchies, resembling military analogies and, in fact, even might echo its terminology (BLAIR, 2001). On the other hand, power in projects is also unmasked when neophytes are barred from access either explicitly or, more subtly, through such barriers as informal codes of conduct (EKINSMYTH, 2002, this issue).

Fifth, meeting *deadlines* is a main criterion for evaluating project performance (see WENGER and SNYDER, 2000). Deadlines are *the* constituent feature of projects as 'temporary systems' with 'institutionalized termination' (LUNDIN and SÖDERHOLM, 1995, p. 449). Deadlines and, during the course of a project, milestones 'appear to have the potential to function as "globalizing" mechanisms preventing participant people and organizations from being guided by overly localistic and atomistic orientations' (LINDKVIST *et al.*, 1998, p. 948). In this sense, project schedules preserve the diversity of, and tensions between, professional and organizational cultures from turning into collaborative

paralysis. Milestones in financing and 'staging' of venture capital funding, for example, are also instrumentalized to focus attention in research-driven project contexts which, as POWELL *et al.*, p. 294, this issue, demonstrate for life-sciences ventures, 'is no small feat'.

Deadlines and milestones might be no less important in the symbolic sense of a *'carte blanche'* (SAPOLSKY, 1972), legitimating execution without interference from outside: 'As long as the show was on time, it was not important ... how it was achieved' (HARTMANN *et al.*, 1998, p. 272). Moreover, institutionalized termination cannot simply be reduced to a discrete point in time but, in fact, has to be seen as a procedure that spans a considerable period of time. Termination, in other words, constitutes a 'trading zone' in a temporal sense (GALISON, 1998) in which experience is summarized, evaluated and transferred to the organizational home base and subsequent projects.

The reference to 'home base' and 'subsequent projects' is indicative here. It elucidates that the practice of project-based organizing, obviously, is only captured insufficiently in the notion of the *temporary* system since 'individuals have other "homes" before, during and after being involved in a temporary organization' (LUNDIN and SÖDERHOLM, 1995, p. 442). In the perspective developed in this Special Issue, projects are embedded in layers of networks, localities and institutions (GRABHER, 2001b). These multiple layers, on the one hand, contribute key resources for the performance of projects. On the other hand, however, they also imply multiple perceptions and loyalties of the project members. The embeddedness of projects in personal ties and social structure, put briefly, is as much a source of vital ingredients as it is a persisting cause of tension and conflict. In this view, projects appear as 'political issues on the organizational agenda rather than as closed activity systems' (BLOMQUIST and PACKENDORFF, 1998, p. 38).

NETWORKS: REPUTATION, POOLS, LATENCY

Projects apparently operate in a milieu of recurrent collaboration that, after several project cycles, fills a pool of resources and 'gels' into latent networks. Project organizing is mostly directed towards the actual realization of a potential that is generated and reproduced by the practice of drawing on core members of (successful) prior projects to serve on derivative successor projects. Such chains of repeated co-operation are held together (or cut off) by the reputation members gain (or lose) in previous collaborations (DEFILLIPPI and ARTHUR, 1998, p. 126; JONES, 1996; BLAIR, 2001; PRATT, 2002, forthcoming). Project business, essentially, is reputation business: 'Who you know matters almost as much as what you know' (CHRISTOPHERSON, 2002, forthcoming). In general, it is rather this particular 'know who' and, to a lesser extent, the 'know how'

that tends to become tacit knowledge (GANN and SALTER, 2000, pp. 969).

Reputation in project organization refers, first and foremost, to the techniques of the trade, particularly in industrial settings like media, in which crucial skills are hardly codified in certificates. Second, the success of projects, more generally, depends on co-operative attitude, reliability and other inter-personal skills that, rather than objectivized in formal degrees, are bound to personal experience. An indication of the strong orientation towards these skill sets is the typical *curriculum vitae* in new media which 'has become a presentation of skills and projects rather than a chronology of positions' (CHRISTOPHERSON, 2002, forthcoming).

Human capital and social capital appear thus inextricably interwoven and determine if an actor either occupies a central or peripheral position in the pool of potential co-operation partners – or is excluded altogether from getting access to these networks of reputation (EKINSMYTH, 2002, this issue). The smaller this pool and the thinner talent, the quicker information on performance diffuses and, hence, the more vulnerable reputation becomes (MEYERSON *et al.*, 1996, p. 171). Although vulnerable indeed, reputation tends to be 'sticky'. In other words, you are probably not *just* as good (bad) as your last project.

The practice of project organizing is thus shaped both by past experience and affected by the shadow of potential future collaboration. This recursive inter-relation between activities and relations in the current project and those that are enduring the actual project might transform latent networks either into 'project networks' of legally independent organizations (SYDOW and STABER, 2002, this issue), or else latent networks in settings which are virtually exclusively populated by projects might crystallize into 'serial project-based enterprises' (PRATT, 2002, forthcoming).

LOCALITIES: NOISE, ENCULTURATION

Repeated project collaboration quite often, though by no means necessarily, takes place in densely-knit clusters. At first glance, the logic of co-location is driven by the more or less obvious benefits of spatial proximity around which much of current economic geographical reasoning revolves. First, as unremittingly stressed in particular by the 'new' economic geography (KRUGMAN, 1991, 1995; see also MARTIN, 1999; FELDMAN, 2000), co-location of project partners allows for significant savings of different variants of transaction costs like search costs, costs of transacting, and supervising and enforcing contractual agreements. Second, co-location provides for favourable preconditions for rapid face-to-face interaction (see SASSEN, 1995; SCOTT, 1997, 1999) which accelerates localized learning processes (see MASKELL and MALMBERG, 1999). The tighter the project schedule and the less a clear

separation of specific tasks can be programmed, the stronger are the imperatives for face-to-face exchange. And finally, spatial proximity facilitates the continuous 'monitoring' of the relevant pool of resources and potential collaborators. Performance of potential partners in other projects, their reliability and availability are key parameters of such monitoring.

While these standard arguments are hardly controversial, they seem to capture the logic of co-location of project partners only partially. Whereas the notions of 'monitoring', 'scanning' or 'supervising' suggest intentional and strategic activity, I rather would like to propose the view that actors who are located – literally – *in* the pool are exposed to 'noise' (GRABHER, 2002, this issue). That is, actors are not deliberately 'scanning' their environment in search of a specific piece of information but rather are surrounded by a concoction of rumours, impressions, recommendations, trade folklore and strategic misinformation (PRATT, 2002, forthcoming). The point, in fact, is not the richness and diversity of the noise as such. Rather, co-location facilitates the emergence of 'interpretive communities' (BROWN and DUGUID, 1996, p. 68) which filter and process noise into patterns of signals. Phrased differently, rather than the mere availability of information, processes of 'negotiating meaning' tie project clusters together (see GRABHER, 2002, this issue).

Moreover, agglomeration of potential project collaborators provides for favourable preconditions for 'hanging out' (BARRETT, 1998, p. 616) in local communities of practice. These communities of practice serve as a sort of informal training ground for disseminating knowledge that goes far beyond technical competencies of the trade but also includes language and dress codes and, more generally, the codes of conduct and *'habitus'* (BORDIEU, 1977) of the particular community of practice (WENGER, 1998). From this viewpoint, learning is not about acquiring knowledge; it is much more about becoming an *insider* (BROWN and DUGUID, 1996, p. 69).

In this view, peripheral participants rather than explicit 'expert knowledge' are acquiring the embodied ability to behave as community members. In short, they are *encultured*. For example, participants learn to tell and appreciate community-appropriate stories, discovering in doing so the narrative-based resources. To acquire a repertoire of appropriate stories and, even more importantly, to know what are appropriate occasions for telling them, is then part of what it means to become member of a community of practice (*ibid.*, 1996, p. 69). In research-driven project contexts like the life sciences, for example, imperatives of co-location of project members imply far more than the mere spatial dimension: 'to understand science, one has to participate in its development' (POWELL *et al.*, this issue, p. 293).

Hanging out is facilitated in project settings in

particular in which participants alternate between 'frenetic activity and enforced idleness' (DEFILLIPPI and ARTHUR, 1998). Such periods of idleness are used by senior members, in media industries for example, to demonstrate specific craft routines to neophyte members. Viewed through the narrow perspective of productive efficiency, idleness appears an indulgent squandering of resources that, consequently, has to be minimized. In the perspective proposed here, the tolerance of this idleness is a basic precondition for 'learning-by-watching' (DEFILLIPPI and ARTHUR, 1998, p. 132) and, more generally, reflexivity.

While peripheral participation in projects seems strongly tied to particular geographically fixed places, core members increasingly appear to operate in and through 'project spaces' (ZELLER, this issue; see also BENGTSSON and SÖDERHOLM, this issue). Such project spaces, on the one hand, might be entirely confined to virtual localities when, for example, communication is channelled through project-specific mailing lists or password-protected websites. On the other hand, core members who are managing an entire portfolio of projects increasingly rely on communications technology. More traditional forms of using communications technologies are thereby, in a sense, reversed. Instead of controlling various projects from the organizational homebase, communications technology provides a means for multiplying face-to-face interaction with participants in a whole range of projects while keeping in touch with the organizational homebase. In short, 'homebase comes visiting' (THRIFT, 2000a, p. 686).

The physical infrastructure for this managerial practice consists of geographically extended networks of 'touch down' areas (in hotels or at branch offices abroad, for example) located at or close to the different off-site projects. The importance and reach of these networks also reflect the non-substitutability of face-to-face interactions at critical stages before or during a project when 'it is important to gesticulate' (chief knowledge officer of PriceWaterhouseCoopers, Ellen Knapp, quoted in THRIFT, 2000a, p. 686; see also LEONARD and SWAP, 1999). Imperatives of face-to-face interaction thus do not necessarily imply co-location at a particular geographical place for the entire project duration. At least some aspects of project management seem to become increasingly disembedded from specific project places. Face-to-face interactions hence are not substituted by communications technology, but technology is used by project managers as a means for compressing cycles of periodic face-to-face interactions at geographically dispersed project sites – while keeping in touch with the organizational homebase.

INSTITUTIONS: SWIFT TRUST, SYSTEMNESS, LEARNING BY SWITCHING

In addition to these multiple layers of personal networks, virtual and physical localities, project organizing draws, deliberately or unconsciously, on a range of institutional sources. On a rather general level of conventions, norms and regulations, institutions provide the critical ingredients for the emergence of 'swift trust' (MEYERSON et al., 1996). Swift trust, most importantly, is category-driven trust, that is actors can deal with one another more as roles than as individuals. Expectations, consequently, are more standardized and stable and defined more in terms of tasks than personalities: 'We trust engineers because we trust engineering and believe that engineers are trained to apply valid principles of engineering' (DAWES, 1994, p. 24).

A similar function as by roles might be played by organizational forms (i.e. trusting the form of the project as such), by organizational cultures and by industries which shape expectations on the basis of a more or less stable body of principles and practices. Moreover, conventions, norms and regulations accelerate and stabilize the formation of inter-personal as well as inter-organizational expectations (MEYERSON et al., 1996; SYDOW and STABER, this issue, pp. 217–19).

The stabilizing functions of category-driven trust, however, unfold only in project contexts in which these categories – like professions, for example – have clear boundaries (see GIRARD and STARK, 2002, forthcoming). That is a context in which specialists in one field can 'black box' the inputs from specialists in another. In a field like new media where these categories are fluid and where boundaries constitute overlapping areas rather than clear demarcations, sources of this sort of category-driven 'swift trust' might be rather difficult to mobilize.

Moreover, the role of institutions in project organizing is not confined to the provision of a basic societal infrastructure upon which to act in a rather passive fashion. The formation and stabilization of inter-organizational perceptions in a more specific and active manner also appears on the agenda of initiatives of institution building in regions as diverse as old industrial areas (TÖDTLING et al., 2001) and media clusters (SYDOW and STABER, 2002, this issue). Organizationally crystallized in local 'development agencies' in the broadest sense of the term, institution building might aim at mobilizing *latent* networks and *potential* pools of resources which, by their very definition, lack transparency. By targeting this trivial yet effective obstacle to the formation of local linkages, agencies thus provide cognitive preconditions for converting latent pools into productive resources for collaboration by uncovering complementarities.

Local agencies might also be devoted to facilitate a transformation of episodic project collaboration into more enduring project networks. In this capacity, they increase the 'systemness' of collaborative patterns or, in other words, they contribute to a transformation of a merely spatial agglomeration into a systemic cluster (TÖDTLING et al., 2001, pp. 23–24). In the absence of any traditions or individual experience of inter-

organizational collaboration, agencies, to a limited extent at least, are able to take on the role of the 'linchpin' on which trust can be focused and 'delegated'. In this way, they substitute for the lack of any personalized trust. While these two targets might require local agencies to modify their repertoire of instruments, they hardly would imply a more fundamental change in the traditional understanding of their mission.

Against the background of post-socialist transformation, DORNISCH, 2002, this issue, however, elaborates a further function of institution building that interferes with collaborative practices in a way that implies an outright reversal of more established notions of promoting local development. More specifically, local learning processes do not necessarily occur through sustained interaction but through 'switching' in which minimal connectivity between projects is present. Diffuse 'learning by switching' evinces itself through decoupling occurring within particular projects and through the competition motivating movements from project to project. Learning by switching, potentially at least, breaks up collaborative dead-ends and interrupts positive feedback loops of spiralling downward (*ibid.*, pp. 317–18). Studying project-based organizing, more generally speaking, thus might yield insights into organizational antidotes against lock-in dynamics inherent in networks.

FIRMS: INCUBATION, CROSS-PROJECT LEARNING, BRANDS

Initiatives of local institution building to govern project-based organizing aim at substituting the particular role that, in other contexts, is fulfilled by firms which are building project networks around them. The role of firms, however, is more complex than that of a permanent organization which provides infrastructure for an *external* ecology of projects between firms. Rather, the *intra*-organizational ecology of firms in project-based fields is populated by both temporary and permanent systems. In other words, firms *are* both project and project-infrastructure. On the one hand, their resources are temporarily and partially allocated to temporary and unique project tasks. On the other hand, they have to sustain a range of ongoing and repetitive business processes which are instrumental in organizing individual projects as well as in managing portfolios of projects (GANN and SALTER, 2000, pp. 955–58). These permanent processes are instrumental for project-based organizing in several ways.

Although the project is *the* prototypical form of conducting research, more complex research projects involving a diverse range of collaborators, roles and skills can be performed only after a certain 'incubation' and lead-up period. In other words, projects are leveraged off from a platform of deliberation, preparation and pre-selection that is not provided for by the project

in itself. This is, expressed in the graphic language of business practice, 'very hard for a[n] … independent company to handle … which is hustling from job to job and needs immediate cash return' (manager of a media firm, quoted by LASH and URRY, 1994, p. 124).

Despite various opportunities for 'learning-by-watching' and participation in communities of practice, project-based organizing notoriously lacks *formal* structures and incentives for cross-project learning (EKSTEDT *et al.*, 1999, p. 60). Since the 'learning silos', typically built around functional departments are mostly absent, project-based organizations are exposed to the risk of 'learning closure' (HOBDAY, 2000, p. 885). Irrespective of good individual project performance, the high pressured work environment may leave little organizational space for systematic formal training and staff development. Formal activities associated with organizational learning and improvement – like skills networks, post-project reviews or technical mentoring – might simply not be performed. These emblematic deficits of structures, as well as incentives with regard to both incubation and training, mirror the absence of organizational redundancies in project-based organizing: 'there is no fat at all in [this] system' (LASH and URRY, 1994, p. 124; see HOBDAY, 2000, p. 888).

Finally, the proliferation of project-based organizing is mostly attributed to its ability to provide efficient solutions to the problem of flexible allocation of *productive* resources. Their inherent flexible and episodic character constitutes a systemic limitation when reach and persistence of market presence is called for. Indeed, it is not by coincidence that project-based organizing has been pioneered in markets for capital and investment goods, that is, in markets with highly individualized user–producer interactions. Markets in which economic success increasingly is related to brands rather than to performance-related attributes of products afford considerable financial muscle for building brands and controlling channels of distribution (see LASH and URRY, 1994, pp. 137–38). Taken together, the practice of project-based organizing does not repeal 'classical' textbook assumptions of economies of scale and size. All too easily, the appearance of projects as focused, organizationally and temporarily clearly limited ventures obscures the view on 'big' corporate structures that are nourishing, linking, sponsoring, suspending and preventing projects.

CONCLUSIONS

The formation and operation of projects essentially relies on a societal infrastructure which is built on and around networks, localities, institutions and firms. Relations between temporary and permanent systems, to recapitulate the basic assumption of this Special Issue, are not a matter of straightforward substitution

but have to be regarded in terms of interdependence. 'Cool' projects, indeed, rely on 'boring' institutions.

By delving into the mutual conditioning of temporarily limited, often short-cyclical project organization on the one hand, and permanent ties and organizational affiliations on the other, the presented analysis challenges predominant views in economic geography. The new 'learning' orthodoxy stresses, above all, the vital importance of long term relations for successful innovation and interactive learning processes, particularly when complex tasks are involved (see ASHEIM and COOKE, 1999; MASKELL and MALMBERG, 1999). The canonical regional success story is a success story of stable ties (see also CHRISTOPHERSON, 2002, forthcoming; DORNISCH, this issue, p. 308). The perspective developed in this Special Issue, of course, is not aimed at denying the beneficial aspects of such systemic patterns of inter-organizational linkages altogether. Instead, it intends to probe into the particular preconditions, forms and impacts of learning and innovation that accrue in the interrelation between transient collaborative arrangements and more enduring organizational and institutional arrangements.

Economic geography made its mark in the analysis of network relations and it can contribute as well to the debate on project-based organizing. In contrast to the concerns for organizational optimization that echo through the respective management and engineering literatures (see, for example, JONES and DECKRO, 1993), such an approach would conceive the relation between temporary and permanent systems not simply in terms of a neat complementarity. Rather than celebrating projects as a 'best-of-best' configuration that meets the all-pervasive imperatives of flexibility, economic geographic analysis could extend the view to the inherent limitations of 'hyper-efficient' project-based organizing; the dynamics of tensions between different professional and organizational cultures involved in projects; conflicting loyalties of participants *vis-à-vis* the project and their homebase; the geographies of physical as well as virtual 'project spaces'; and so on.

In focusing on such issues, economic geographic analysis would shift the perspective beyond the perception of organizational practices as being passively 'embedded' in social structure. By exploring the interdependencies between projects, personal ties, local relations and organizational affiliations it, in fact, could play a part in elucidating the mutual constitution of economic behaviour and social structure (see YEUNG, 2001, p. 298). Venturing further into the terrain of the dialectical relationships between temporary and permanent systems, between projects and networks, localities and institutions would also mark a further step away from an economic geography that confines itself to mapping the 'wheres' while it leaves the 'whys' to other disciplines (THRIFT, 2000b, p. 698).

NOTES

1. The term 'permanent' organization in this context, of course, is not applied in the literal meaning of the word. Rather it is intended to depict organizational structures which are built on the assumption 'as if' time were eternal. 'Permanent' organizations are 'planned to exist, if not forever, then for the foreseeable future' (EKSTEDT *et al.*, 1999, p. 41).
2. The quintessential role of project organization in the construction industry is also reflected in the fact that 46% of all papers in the leading trade journal, the *International Journal of Project Management* between 1984 and 1998 were devoted to this industry (THEMISTOCLEOUS and WEARNE, 2000, p. 11).

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