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Beyond project delivery: Successful project internalisation as an organisational process

A qualitative case study in the IT services sector

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1 Introduction

Projects rarely fail at delivery, rather they fail at making a lasting impact. Organisations today invest heavily in large scale projects such as digital transformation initiatives, enterprise resource planning (ERP) systems, and artificial intelligence (AI) solutions, with the expectation that these initiatives will improve efficiency, enhance decision-making, and strengthen competitive advantage. For example, the UK's well-known TSB Bank's IT migration in 2018 aimed to modernise its banking system, yet due to poor implementation, it led to widespread service outages, causing their customers to lose access to their accounts (Edser & Peachey, 2022). This significantly damaged trust towards the organisation (Edser & Peachey, 2022). Despite the extent of these initiatives, many of these projects fall short on delivering the long-term value for the organisations.

However, these projects are often not conventionally considered failures. This is due to them meeting their deliverables, such as being delivered on time, staying within the budget, and keeping the project bounded by its agreed upon scope. However, once these projects are formally delivered, their impact may remain limited. These projects introduce new services and systems, but they remain underutilised, the ways of working within the organisation are not adapted, and the knowledge produced during the project may not be effectively retained. Thus, the anticipated benefits are diluted or lost entirely.

Such cases expose a limited understanding of project success. Conventional performance metrics emphasise efficiency and delivery, however they provide limited insight into whether a project provides long-term organisational value. Thus, one of the most critical phases of project management begins after its formal delivery, when its outcomes must be internalised into daily organisational routines and practices. Without this internalisation, projects risk becoming isolated initiatives that fail to contribute to sustained organisational value.

The concept of project internalisation provides a useful perspective for addressing this issue. Project internalisation refers to the process through which project outputs are embedded within the organisation and become part of its ongoing operations (Patrício et al., 2021, p. 1013; Smyrk & Zwikael, 2012, p. 7). This perspective shifts the focus from short-term project delivery to long-term utilisation.

This thesis seeks to uncover the factors influencing successful project internalisation, and whether these projects generate sustainable organisational value.

1.1 Motivation for this thesis

The motivation for this thesis arises from practical observations and theoretical limitations. In practice, organisations are dependent on projects to implement change, introduce new technologies, and respond to the evolving market conditions. These projects involve multiple stakeholders, complex technologies, and sometimes cause organisational disruption. Thus, their success depends on how well the project outcomes and practices are integrated into the organisation.

However, organisations frequently encounter difficulties in ensuring that project outcomes are embedded and utilised. A common challenge is that new projects are introduced without sufficient alignment with the existing organisational practices of the receiving organisation (Azevedo, Jugdev & Mathur, 2022, pp. 1013-1014). For example, employees may resist change due to uncertainty, or knowledge that is generated during the project may remain fragmented and stagnant (Loch et. al., 2024, p. 310; Janz & Prasarnphanich, 2009, p. 621). In such cases, projects may achieve their immediate objectives but fail to produce long-term organisational value.

These challenges highlight that project success is not confined to simply delivering outputs, but of ensuring that these project outputs are effectively embedded within the organisation. From a

theoretical perspective, project management literature provides extensive guidance on project planning, execution, and control, however the discussion on what happens after a project is completed remains limited.

Therefore, this thesis is motivated by the need to better understand the processes that enable project outcomes to be internalised within organisations. By examining these processes, this study aims to provide insights into why some projects lead to sustained value while others fail.

1.2 Research Gap

Traditional project management literature has focused on performance metrics such as time, cost, and scope (Ashill, Williams, Khan, & Naumann, 2022, p. 2173). These metrics provide a useful tool for evaluating project efficiency. However, these metrics only offer a limited perspective on the overall success of a project, as these performance metrics do not necessarily guarantee long-term organisational value after the official project handover. This suggests that additional factors must be considered when evaluating project success.

Recent studies have recognised these additional factors that are important to post-project delivery, namely knowledge transfers, organisational learning, and the utilisation of project outcomes (Janz & Prasarnphanich, 2009, p. 621; Azevedo, Jugdev & Mathur, 2022, p. 1027; Smyrk & Zwikael, 2012, p. 13). These additional factors highlight that the value of a project is not realised at the point of delivery, rather after project delivery, in which the project outputs are utilised and embedded within the organisation. However, the literature on project internalisation and success remains fragmented. For example, some studies focus on knowledge management, while other examine governance or organisational support. Although these studies provide meaning and valuable insights, they do not fully capture the complexity of project internalisation. These studies lack discussion on how additional factors interact and influence each other in project internalisation.

Simultaneously, theories such as the Resource-Based View (RBV) and the Extended Resourced-Based View (ERBV) emphasise the importance of effectively utilising resources to achieve long-term competitive advantage (Barney, 1991; Bharadwaj, 2000). Similarly, the "organisation" dimension of the VRIO framework focuses on how resources should be structured, supported and exploited within the organisation (Barney, 1991). These perspectives suggest that resources only create value when they are efficiently embedded within organisations. However, these perspectives often lack investigation in project internalisation contexts. This represents a significant gap, as it is these organisational factors that determine whether project outcomes are usefully integrated.

This thesis addresses these gaps by focusing on the internal organisational processes that influence the successful internalisation of projects.

1.3 Research problem and theoretical contribution

Based on the identified research gaps, this thesis addresses the following research problem:

To what extent do internal organisational processes influence successful project internalisation and contribute to sustained organisational value?

To explore this research question, this study uses the Resource-Based View (RBV and the Extended Resource-Based View (ERBV). These perspectives provide a useful theoretical foundation on how organisations create value through the effective use of its resources.

Within this framework, the VRIO model is used as an analytical tool, with emphasis on the "organisations" dimension. While resources may be valuable, rare, and difficult to imitate, they only generate sustained competitive advantage when they are supported by appropriate organisational structures and processes (Barney, 1991). Therefore, project internalisation can be

understood as the process through which resources are embedded within organisational routines and transformed into capabilities.

This thesis makes several theoretical contributions. First, it provides a more integrated understanding of project internalisation by bringing together insights from project management, knowledge integration, and strategic management. Second, this thesis extends the application of Resource-Based View (RBV) and Extended Resource-Based View (ERBV) by examining how both internal and externally sourced resources are internalised within organisations. Third, this thesis shifts the focus from project delivery to post-delivery processes, by highlighting the importance of organisational conditions in determining project outcomes.

1.4 Thesis structure

This thesis is structured as follows. The first section presents the theoretical background of project internalisation, including a literature review of relevant literature and a conceptual framework. The second section outlines the research design and methodology, which details the qualitative case study approach, the data collection methods, and the analytical processes that were utilised in this thesis. The third section presents the empirical findings based on interviews and document analysis. The final section discusses the empirical findings in relation to the theoretical framework and present the implications, conclusions, and directions for future research.

1.5 Research philosophy

This thesis adopts a qualitative approach to examine the internal organisational processes impacting project internalisation. The focus of this study is to understand complex organisational phenomena, such as knowledge integration, governance, and managerial practices, which are embedded within real life contexts.

Within this thesis, project internalisation is treated as a process that develops through organisational routines, interactions, and practices. This understanding is reached by exploring how individuals involved in projects experience and interpret the internalisation process in practice.

The research approach is suited to answer “how” and “why” questions, as these require detailed insights into organisational behaviour and decision-making. By focusing on a single case organisation, this thesis is able to examine these processes within a naturally occurring setting. Furthermore, this study takes an exploratory approach, aiming to identify patterns and relationships between different organisational processes rather than testing a predefined hypothesis. Moreover, the use of semi-structured interviews and document analysis enables the research to capture both individual experiences and organisational practices in a comprehensive manner.

2 Theoretical background

2.1 Literature review

Organisations across industries increasingly invest in large-scale projects such as digital transformation projects, enterprise resource planning (ERP), and artificial intelligence (AI) integrations plans. These investments are evident in real-life business operations. For example, in 2014, the well-known fast fashion retailer Zara introduced ERP systems that allowed their store employees to access real-time inventory data through handheld devices (Ferdows, Lewis, Machuca, 2004). This enabled faster decision-making and efficient supply chain management (Ferdows, Lewis, & Machuca, 2004). A similar example could be observed in the streaming service Netflix, which leverages AI-driven algorithms to personalise content recommendations for each user, which enhances the customer experiences and engagement (Gomez-Uribe & Hunt, 2015). Such examples demonstrate how organisations are embedding advanced technologies into their core operations to improve efficiency, responsiveness, and competitiveness.

However, some of these projects fail to deliver their intended value, because they are not effectively embedded into the everyday practices of these organisations. Some key examples include the American confectionary corporation Hershey's and well-known retail chain Target. In 1999, Hershey implemented a large-scale ERP transformation initiative to streamline order processing, inventory management, and distribution practices. Although the initiative was logical and the correct decision to be able to adapt with advancing technology, the implementation failed and Hershey was unable to process its inventory that was worth 100 million dollars (Koch, 2022; Daveport, 1998, p. 125). The ERP system was implemented too quickly, leaving employees insufficiently trained, and their existing processes misaligned with new workflows (Koch, 2022). Similarly, the well-known retail chain Target aimed to expand its stores into Canada by the use of a new ERP and inventory-management system (Dahlhoff, 2015). However, due to inaccurate data entry and poor integration of systems, their store shelves were often empty (Dahlhoff, 2015). Thus, Target pulled out its stores from Canada in 2015 (Dahlhoff, 2015).

These examples illustrate a recurring challenge. While projects may be successfully delivered in terms of time, cost, and scope, they frequently fail to generate long-term organisational value. In such cases, project outputs remain stagnant, employees may resist the adoption of new systems, and the knowledge gained during the project is not retained within the organisation. As a result, these projects risk becoming isolated initiatives rather than successful contributors of sustained competitive advantage.

Effective project internalisation has been increasingly recognised as a foundation for project success. Project internalisation processes ensure that each project component, such as schedules, budgets, and client and stakeholder goals and expectations are coordinated accordingly and aligned to achieve the intended outcomes (Zwikael & Kloberson, 2006). According to Zwikael and Smyrk (2012), without proper internal project internalisation, projects fail to deliver expected benefits. Literature expands this notion, illustrating that lack of alignment in project internalisation leads to fragmented project execution and reduced project effectiveness (John and Müller, 2016).

To understand how project internalisation contributes to sustained competitive advantage, this thesis adopts the Resource-Based View (RBV) and the Extended Resource-Based View (ERBV) as its theoretical lens (Barney, 1991; Bharadwaj, 2000). The RBV and ERBV theories conceptualise organisations as combinations of heterogeneous resources and emphasise that competitive advantage depends on the organisation's ability to structure, govern, and utilise their resources effectively.

Within this perspective, the VRIO framework is used as an analytical tool, with particular emphasis on the "O" (Organisation) dimension. The VRIO framework is a strategic tool that is used to assess the competitive advantage of an organisation's resources (Azevedo, Jugdev & Mathur, 2022, pp. 1013-1014). This framework evaluates resources based on four specific characteristics: namely a resource may be valuable, rare, inimitable, and have organisational

support (Azevedo, Jugdev & Mathur, 2022, pp. 1013-1014). While resources may be valuable, rare, and inimitable, they only generate sustained competitive advantage when organisations possess the internal structures, processes, and appropriate governance models that are required to fully exploit them (Azevedo, Jugdev & Mathur, 2022, pp. 1013-1014).

Accordingly, this literature review is structured through the lens of the "O" in the VRIO framework, examining how organisational conditions impact successful project internalisation.

2.1.1 Project internalisation

Project internalisation is defined as the active process of transforming project goals and resources into permanent and inimitable organisational capabilities (Patrício et al., 2021, p. 1013). By transforming these resources into organisational capabilities, the project is turned into routines and new practices that allow for development within the organisation (Patrício et al., 2021, p. 1013). While traditional project management defines a project as ending with the delivery of a unique product or service, project internalisation rather focuses on the usability of the project that has been implemented (Smyrk & Zwikael, 2012, p. 7).

From an RBV perspective, this transformation is critical because organisational resources only generate value when they are embedded within the internal organisational processes. Therefore, project internalisation focuses on whether the organisation can absorb and utilise project resources.

A synthesis of prior research suggests that project internalisation can be understood through four key themes: Outputs vs. internalised outcomes, Knowledge transfer, Behaviour change, and Organisational support.

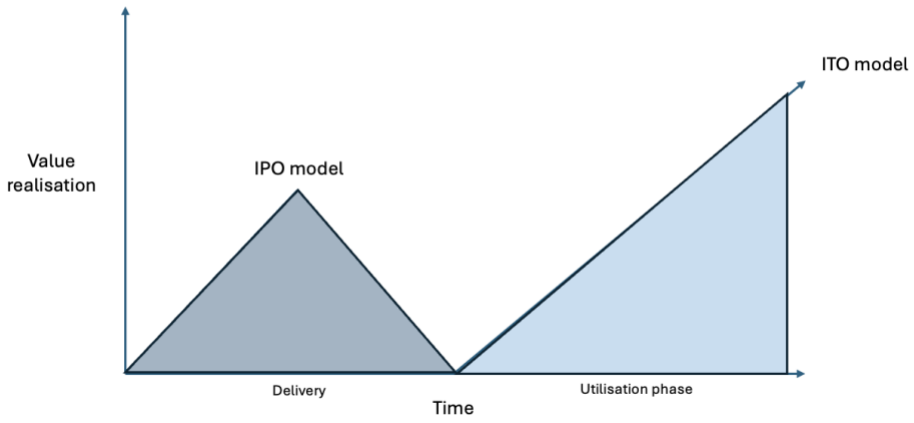
2.1.1.2 Outputs vs. internalised outcomes

The distinction between project outputs and internalised outcomes emerges as a central debate in project internalisation. The Input-Process-Output model (IPO) conceptualises a project as

concluding once a product or service has been delivered to the organisation (Smyrk & Zwikael, 2012, p. 7). Within this framework, the emphasis is placed on output delivery and the achievement of predefined performance metrics. The IPO model is widely utilized in operational and performance-oriented project management, where successful project internalisation is measured in terms of efficiency, scope, time, and cost (Smyrk & Zwikael, 2012, p. 7).

In contrast, the Inputs-Transform-Outcomes (ITO) model challenges the IPO model (see Graph 1.). It argues that a project cannot be considered as complete until it reaches the utilisation phase (Smyrk & Zwikael, 2012, pp. 11-12). This utilisation phase refers to a project's completion when the delivered resources are utilised to generate organisational advantages. This perspective shifts the focus away from the production of outputs and instead emphasises whether those outputs create long-term value for the organisation (Smyrk & Zwikael, 2012, p. 13). From this perspective, value is realised not at the delivery of the project, but at the utilisation phase, thus reinforcing the importance of organisational support in transforming project outputs into beneficial outcomes.

Graph 1. Value Realisation Across Project Lifecycle (IPO vs. ITO)



As shown in Graph 1, the IPO model assumes value is realised at delivery, while the ITO model demonstrates that value emerges during the utilisation phase. This highlights that project internalisation occurs after delivery, when outputs are embedded into organisational routines.

2.1.1.3 Knowledge transfer

Knowledge transfer mechanisms play a pivotal role in project internalisation and are seen as a cognitive and social challenge. For project internalisation to be implemented successfully, dispersed knowledge needs to be combined and taught at the team level (Janz & Prasarnphanich, 2009, p. 621). This new project derived knowledge represents the understanding that the team has about the project and its goals (Janz & Prasarnphanich, 2009, p. 621). However, knowledge transfer or integration can additionally be understood as a process that moves beyond the simple combining of separate pieces of information, known as mechanistic pooling, towards a more generative form of collaboration, also known as generative integration (Newell et al.,2006, p. 229). Generative integration views knowledge transfer as an interactive process in which team members develop new shared understanding through discussion and collaboration (Newell et al. 2006, p. 235). This perspective emphasises the socially constructed nature of knowledge transfer, where interaction and dialogue shape project and team-level understanding. Based on knowledge integration at the team-level, teams are able to adjust their routines and behaviours, thereby transforming organisational knowledge sources into a strategically valuable resource (Mardarovici et al. 2025, p. 926).

This highlights that organisations must enable interaction, dialogue, and shared knowledge generation in order to transform dispersed knowledge into organisation specific capabilities.

2.1.1.4 Behavioural change

A central theme in project internalisation is the understanding that the process of internalisation involves behavioural change within the organisation (Loch et. al., 2024, p. 310). While traditional project management emphasises technical delivery of products or services, project internalisation addresses important human factors such as trust, uncertainty, and resistance.

From this perspective, project internalisation focuses on behavioural alignment of the organisation as well as the individuals involved. This behavioural alignment addresses the reality of integrating new systems into employees' daily practices and habits. Furthermore, alignment within the organisation supports employee job satisfaction, which enhances commitment to new systems and contributes to the realisation of strategic outcomes (Rulandari & Silalahi, 2025, p.2). Satisfied employees exhibit lower turnover and higher effort (Rulandari & Silalahi, 2025, p. 2).

Furthermore, this behavioural change can be understood through the concept of double-loop learning. Argyris and Schön (1996, p. 22) discuss and contrast single-loop learning, which is when individuals adjust within their existing routines, with double-loop learning, which refers to critically examining the assumptions and ways of working and transforming them according to changing environments. In the context of project internalisation, successful integration requires incremental adaptation, as it involves the rethinking of established practices, and the embedding of new ways of working into their organisational routines.

Thus, behavioural change represents the human dimension of organisational support, as resources only create value when employees adopt and integrate them into their daily routines and practices.

2.1.1.5 Organisational support

From a Resourced-Based View (RBV), project internalisation represents the development of organisational processes and capabilities required to leverage organisational resources effectively. In this perspective, project internalisation involves building the organisational infrastructure that can enable the resources that are generated through projects to be transformed into long-term competitive advantage (Azevedo, Jugdev & Mathur, 2022, p. 1014). This perspective aligns with the VRIO framework. Considering organisational support, an organisation must provide the necessary infrastructure to facilitate communication, interaction, and strategic alignment to properly transform project resources into long-term competitive advantage (Azevedo, Jugdev & Mathur, 2022, pp. 1013-1014)

For organisational support to be effective, organisations must establish dedicated roles responsible for internalising external resources into internal routines and processes (Bradford, Guzmán, & Trujillo, 2017, p. 438). Furthermore, project internalisation requires the alignment of decision rights, accountability mechanisms, and organisational controls to be integrated into the organisation's existing resource base (Park et al., 2017, p. 353).

2.1.2 Strategically aligning internal resources

Successful project internalisation is dependent on the strategic alignment of internal resources to support the process of internalisation. Existing literature on project internalisation emphasises that organisations that are capable of coordinating their capabilities and competencies are better equipped to capture the long-term competitive advantage and value of their internal resources.

Drawing on the Resource-Based View (RBV) and the Extended Resource-Based View (ERBV), this following section emphasises that project internalisation is fundamentally an organisational alignment challenge, where the key issue is how these organisational resources are governed, coordinated, and utilised within the organisation.

The theoretical basis of project internalisation lies in the Resource-Based View (RBV), which was first introduced in 1991 by Jay Barney. The Resource-Based View (RBV) conceptualises that an organisation or firm does not simply turn inputs into outputs but operates as an entity with a unique bundle of resources (Barney, 1991; Chisholm & Nielsen, 2009, p. 9). These resources, which can be financial, organisational, human, and technological, are non-uniformly distributed across organisations, which explains for the differentiation between companies with superior performance compared to those that fail (Chisholm & Nielsen, 2009, pp. 9-10). In the context of project management, project internalisation is the process through which an organisation integrates and exploits its resources to achieve specific strategic goals (Azevedo, Jugdev & Mathur, 2022, p. 1013). While meeting traditional “Iron Triangle” metrics such as time cost, and scope, is important, project efficiency only accounts for approximately 36% overall project

success (Serrador & Turner, 2015, p. 37). This indicates that project efficiency alone does not guarantee success. Rather, additional factors must be addressed to ensure that project delivery is conducted in such a manner that it generates measurable long-term organisational benefits.

To assess how project resources contribute and generate organisational competitive advantage, the literature often refers to the Jay Barney's 1991 VRIO framework, which evaluates resources based on four key characteristics: Valuable, Rare, Inimitable, and Organisationally supported (Azevedo, Jugdev & Mathur, 2022, p. 1014; Barney, 1991).

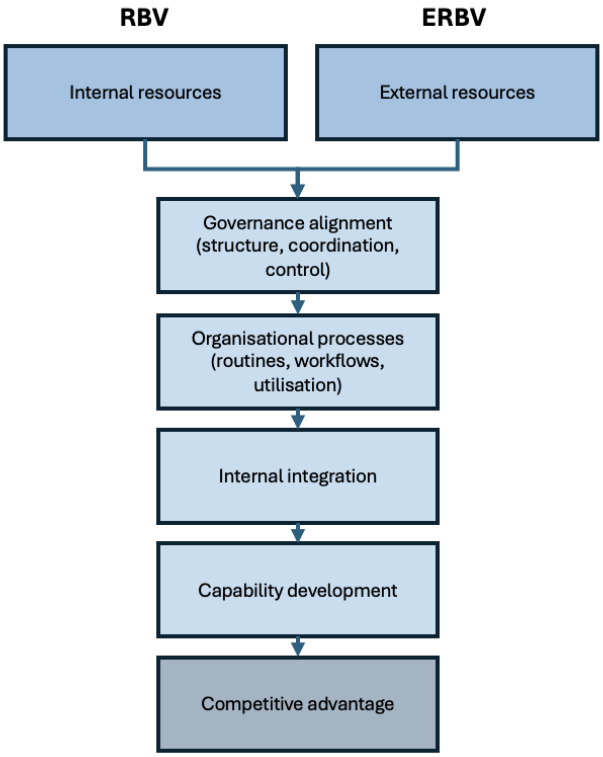
1) Valuable: A resource is valuable, when it possesses economic value, enabling the organisation to exploit opportunities or neutralise threats.
2) Rare: A resource is rare if it is not possessed by many competing organisations, thus allowing for competitive advantage.
3) Inimitable: A resource is inimitable when it is difficult and challenging for competitors to imitate or substitute. Intangible assets, such as reputation or tacit knowledge, are typically inimitable.
4) Organisational support: Organisational support refers to whether the organisation's internal infrastructure and processes are aligned to fully exploit each resource's strategic potential.

A central premise of the Resource-Based View (RBV) is that sustainable competitive advantage is derived from the development of inimitable resources, often conceptualised as Embedded Intangible Assets (Barney, 1991; Mathur, Jugdev, & Fung, 2014, p. 990). These assets are rooted in organisational processes and social contexts, making them difficult for competitors to replicate. A key example of this is the difference between explicit and tacit knowledge. Explicit knowledge can be easily internalised and imitated, for example, through reading manuals or formal documentation. In contrast, tacit knowledge is acquired by learning and doing. Project internalisation is also seen as a process of learning and doing, by building organisational routines, which make project knowledge specific to the organisation and difficult to transfer or replicate

(Chisholm & Nielsen, 2009, p. 11). Both of these examples are inherently social processes. Project internalisation exemplifies the development of tacit knowledge through processes of learning by doing. Effective project internalisation requires organisations to foster relationships and trust, which inherently improve knowledge sharing as well as tacit knowledge within the organisation (Chisholm & Nielsen, 2009, p. 11). Consequently, project internalisation enables organisations to integrate the expertise of different teams into core competitive competences (Chisholm & Nielsen, 2009, p. 14).

As modern organisations increasingly depend on external partners and vendors for specialised resources, such as advanced technologies and expertise, the traditional RBV's focus on organisational resources has been criticised for its limited analytical scope (Park, Lee, Lee, & Koo, 2017, p. 351). This critique has contributed to the development of the Extended Resource-Based View (ERBV), which broadens the scope of the analysis to include valuable resources obtained through external strategic alliances and relationships (Bharadwaj, 2000; Park, Lee, Lee, & Koo, 2017, p. 352). The ERBV claims that competitive advantage is derived not solely from organisation specific resources, but also from the organisation's ability to leverage and strategically position itself within network-based relationships (Park, Lee, Lee, & Koo, 2017, p. 354). Accordingly, for project internalisation to generate sustainable advantage, it must involve more than simply embedding project resources into organisational routines. Project internalisation must also enable the firm to capture economic return from jointly developed or shares resources, as well as from spillover effects from external collaboration, such as unintended learning and knowledge transfer (Park, Lee, Lee, & Koo, 2017, p. 354). Thus, project internalisation under the ERBV framework includes internal capability development as well as strategic capture of co-created external value.

Figure 1. Resource integration under RBV and ERBV



As shown in Figure 1, RBV focuses on internally owned resources, whereas ERBV emphasises externally sources resources (Barney, 1991; Bharadwaj, 2000). These resource streams converge through governance alignment and organisational processes, by capturing value from both internal and external resources (Barney, 1991; Bharadwaj, 2000).

Within the Extended Resource-Based View (ERBV), project internalisation is conceptualised as a governance driven process through which externally sourced resources are embedded and strategically aligned with the organisation's internal routines and processes (Bharadwaj, 2000; Park, Lee, Lee, & Koo, 2017, p. 351). Governance, which can be understood as the allocation of decision-rights, controls, and accountability structures, impacts how integrated resources are coordinated and how value is captured from them (Bharadwaj, 2000; Park, Lee, Lee, & Koo, 2017, p. 351). The mechanism enabling this process is known as strategic alignment (Park, Lee, Lee, & Koo, 2017, p. 352). Scholars identify three primary internalisation pathways:

1) Hierarchy-based alignment: Relies on centralised authority and formal control to optimise efficiency and the consolidation of internal returns (Park, Lee, Lee, & Koo, 2017, p. 354).
2) Market-based alignment: Utilises price mechanisms and autonomy to facilitate flexibility, drive market growth, and deepen relational benefits (Park, Lee, Lee, & Koo, 2017, p. 354).
3) Network-based alignment: Leverages trust and reciprocal collaboration to enhance collaborative learning (Park, Lee, Lee, & Koo, 2017, p. 354).

Project internalisation is beneficial when the organisation deliberately modifies its internal governance structures to correspond with the governance mechanisms of its external partnerships, thus strategically aligning them. A misalignment in governance, such as applying rigid hierarchical control to a flexible and collaborative partnership, can inhibit knowledge transfer and undermine value capture (Park, Lee, Lee, & Koo, 2017, p. 355).

A critical commonality of both the Resource-Based View (RBV) and Extended Resource-Based View (ERBV) in project internalisation is human capital (Barney, 1991; Bharadwaj, 2000). Literature emphasises that technology and infrastructure are only as good as the ability of the organisation to manage them (Grant & Yeo, 2022, p. 534). For example, the possession of valuable IT infrastructure can inhibit performance if the responsible organisation lacks appropriately skilled and competent employees to use the infrastructure effectively (Rulandari & Silalahi, 2025, pp. 4-5). Project internalisation requires skilled personnel and the effective alignment of human as well as technological resources (Rulandari & Silalahi, 2025, p. 7). Without human oversight, technological efficiency alone may bypass accountability, weaken understanding to local contextual knowledge, and diminish quality of relationships internally as well as externally (Rulandari & Silalahi, 2025, p. 7). From this perspective, employee job satisfaction should not be regarded merely as an outcome of effective project internalisation. Satisfied employees tend to exhibit lower turnover, stronger organisational commitment, and greater effort, which are essential for embedding new project routines into the organisation's internal practices (Rulandari & Silalahi, 2025, p. 8).

In the context of digital transformation and the growing use of artificial intelligence (AI), project internalisation increasingly focuses on the development of Human-AI collaboration (Rulandari & Silalahi, 2025, p. 1). From this perspective, human expertise provides critical oversight, and ensures that automated systems operate transparently, ethically, and in alignment with the organisation's strategic objectives (Rulandari & Silalahi, 2025, p. 3). Therefore, human capital remains important to the organisation's ability to translate technological and relational resources into sustained competitive advantage.

2.1.3 Knowledge transfer and integration

Project internalisation is fundamentally a knowledge-intensive process where the primary challenge lies in combining dispersed knowledge into a collective organisational capability (Janz & Prasarnphanich, 2009, p. 621). While traditional project management emphasises the technical delivery of a product or service, the literature on project internalisation suggests that successful internalisation is dependent on the integration of fragmented pieces of specialised knowledge within the organisation.

Building on this perspective, the Knowledge-Based View (KBV) further illustrates how conceptualising knowledge is a significant aspect of project internalisation literature. According to the Knowledge-Based View (KBV), competitive advantage is realised when an organisation is able to integrate and utilise specialised knowledge effectively (Grant, 1996). From this perspective, project internalisation can be understood as a process of knowledge integration, in which dispersed and context-specific knowledge that is generated during projects are embedded into organisational routines and practices.

Moreover, literature consistently positions knowledge transfer (KT) and knowledge integration (KI) as the foundational processes of successful project internalisation (Arar, Poirier, & Staub-French, 2024, p. 88). From this perspective, internalisation is defined as the transformation of

temporary and often external project resources into long-term and organisation-specific capabilities (Park, Lee, Lee, & Koo, 2017, p. 351).

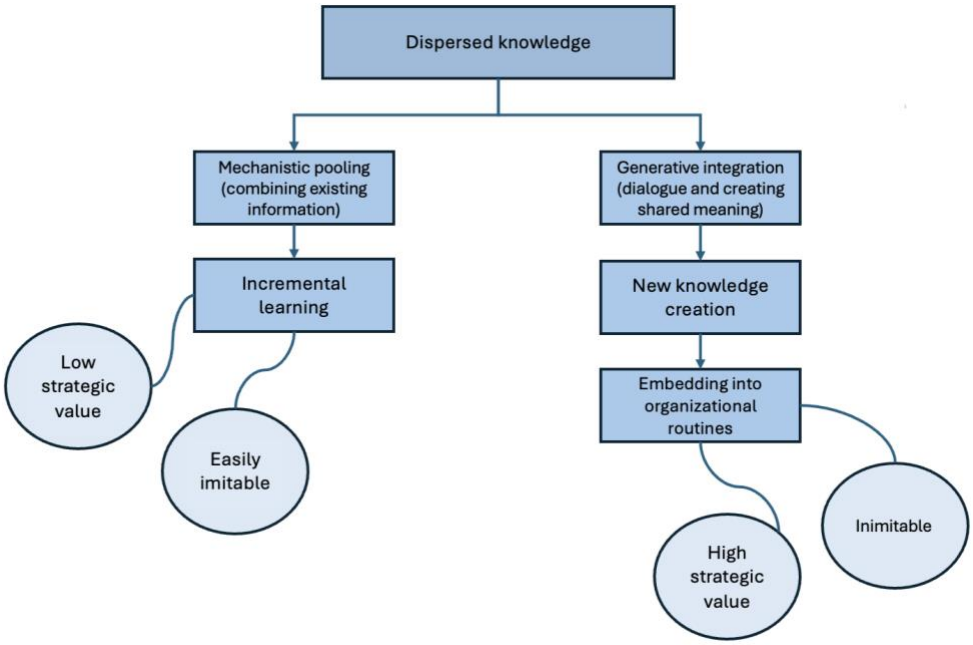
The evolution of project management theory from the Input-Process-Output (IPO) model to the Inputs-Transform-Outcomes (ITO) model fundamentally reframes the meaning of project success. According to the ITO model, a project cannot be considered internalised upon delivery of a tangible product or service. Rather, project internalisation occurs in the utilisation phase, where stakeholders utilise project resources to generate organisational value and meet strategic objectives (Smyrk & Zwikael, 2012, p. 7).

This process of knowledge transfer is essentially a knowledge integration challenge (Newell, Huang, & Tansley, 2006, p. 227). Project teams must combine fragmented and specialised knowledge drawn from different internal and external teams, and translate this into expertise that can be used in operational processes (Newell, Huang, & Tansley, 2006, p. 229). Knowledge integration involves combining context-specific knowledge (e.g. user requirement or organisational constraints) with technology-specific knowledge (e.g. tools or systems) into collective and shared interpretations (Janz & Prasarnphanich, 2009, p. 621)

A critical distinction in project internalisation literature concerns the depth and quality of knowledge exchange during project internalisation. Two models can be identified: mechanistic pooling and generative integration (see Figure 2) (Newell, Huang, & Tansley, 2006, p. 227). Mechanistic pooling refers to the combining of separate pieces of knowledge and information of pre-existing knowledge within the organisation Newell, Huang, & Tansley, 2006, p. 231). This approach may enable incremental refinement of existing knowledge, however, it rarely supports transformation change (Newell, Huang, & Tansley, 2006, p. 230). In contrast, generative integration occurs through dialogue and interaction within a team, where members combine their perspectives to develop new connections, meanings, and insights. This process enables teams to move beyond their existing knowledge frameworks (Newell, Huang, & Tansley, 2006, p. 237). For project internalisation to succeed and drive organisational development, project teams

must engage in generative integration (Newell, Huang, Tansley, 2006, p. 237). The absence of generative integration increases the risk of organisational amnesia, whereby lessons are formally documented but fail to be embedded into organisational routines (Eikelenbloom & Marrewijk, 2024, p. 3).

Figure 2. Knowledge integration pathways and their impact on capability development



As illustrated in Figure 2, only generative integration enables the transformation of dispersed knowledge into organisational routines and inimitable capabilities.

Knowledge integration is inherently relational, as it emerges through patterns of interaction, communication, and dialogical exchange among organisational actors. The effectiveness of knowledge integration depends upon the social capital embedded within the project team (Newell, Huang, Tansley, 2006, p. 228). Two types of social capital are critical in this process: bonding and bridging social capital (Newell, Huang, & Tansley, 2006, pp. 228-229). Bonding social capital refers to strong internal ties within the project team characterised by trust, reciprocity, and shared norms (Newell, Huang, & Tansley, 2006, p. 229). Such ties promote knowledge

redundancy, allowing the project team to share and integrate unique knowledge and expertise by developing shared understanding (Newell, Huang, & Tansley, 2006, p. 231). By contrast, bridging social capital connects the team to external networks and provides access to dispersed knowledge across the wider organisational units (Newell, Huang, & Tansley, 2006, p. 229). Bridging social capital addresses the weak ties of the organisation, by expanding informational reach and introducing diverse perspectives that are essential for innovation (Newell, Huang, & Tansley, 2006, p. 231). Importantly, bonding is a prerequisite of bridging, as in the absence of internal cohesion, individuals may use bridging for personal leverage, such as career advancement, rather than collective project benefit (Newell, Tansley, & Huang, 2004, p. 48). Under such circumstances, knowledge becomes hoarded rather than shared, which undermines the project internalisation process (Koskinen, 2012, p. 293). The role of bonding and bridging social capital in project internalisation are summarised in Table 1.

Table 1. Bonding and bridging social capital in knowledge integration

Dimension	**Bonding social capital**	**Bridging social capital**
Nature	Strong internal ties	External and cross-teams ties
Key mechanism	Trust, cohesion, shared norms	Access to diverse knowledge
Strength	Enables deep knowledge sharing	Enables knowledge diversity
Risk	Rigidity	Fragmentation, lack of cohesion
Role within project internalisation	Embeds knowledge into organisational routines	Introduces new knowledge

Table 1 highlights that bonding social capital enables trust and deep knowledge sharing, while bridging social capital provides access to diverse knowledge sources. Effective project internalisation depends on balance between these two forms of social capital.

Knowledge integration depends upon behaviour such as experimentation, dialogue, and questioning, which requires team autonomy to a certain extent (Janz & Prasarnphanich, 2009, p.

622). Autonomy can be differentiated into product-related autonomy, which refers to the extent to which a team has freedom over e.g. determining product problems and design content; people-related autonomy, which is refers to the degree to which a team has control over team management; and planning-related autonomy, which refers to the extent to which a team has the freedom to manage e.g. work goals and schedules (Janz & Prasarnphanich, 2009, p. 625). When such autonomy is present, project teams are more likely to engage in cooperative learning (Janz & Prasarnphanich, 2009, p. 625). Furthermore, project internalisation requires a shift from extrinsic motivation (e.g. pay for performance) to intrinsic motivation. Extrinsic motivation can inhibit knowledge transfer by encouraging risk avoidance and rule compliance. In contrast, intrinsic motivation fosters curiosity and experimentation, which are essential for generative integration. Autonomy and intrinsic motivation operate as enabling conditions for deep knowledge integration.

Digital technologies increasingly mediate knowledge transfer in the project internalisation process. AI-driven knowledge management systems help overcome the tendency to treat knowledge management mainly as retrospective documentation rather than as a tool for supporting future decision-making (Mardarovici, Suciu, & Tofan, 2025, p. 609). Drawing on the SECI model (Socialisation, Externalisation, Combination, Internalisation), digital tools enhance the combination and internalisation phases by combining fragmented historical data into actionable insights during strategic project planning (Mardarovici, Suciu, & Tofan, 2025, p. 613). Project internalisation occurs when organisations adjust their routines based on the response from AI-driven knowledge management systems (Mardarovici, Suciu, & Tofan, 2025, p. 613).

From the organisational lens of VRIO, successful knowledge integration therefore depends on the organisational conditions such as social capital, team dynamics, autonomy within the team, and communication practices.

2.1.4 Organisational and managerial support

The successful internalisation of projects, meaning the transformation of temporary project resources into permanent and inimitable organisational capabilities, depends on the degree of organisational and managerial support provided in the receiving organisation (Azevedo, Jugdev & Mathur, 2022, p. 1014; Bradford, Guzmán, & Trujillo, 2017, p. 443). The literature of project internalisation emphasises the "O" in the VRIO framework to illustrate the how organisational and managerial support is fundamental and non-negotiable (Azevedo, Jugdev & Mathur, 2022, p. 1014). Without such support, project outcomes risk remaining isolated products that never reach the stage of effective utilisation (Smyrk & Zwikael, 2012, p. 7).

Drawing on the Resource-Based View (RBV), scholars argue that projects contribute to long-term organisational performance when their outputs are valuable, rate, difficult to imitate, and supported by internal organisational structures (Azevedo, Jugdev & Mathur, 2022, p. 1014). Organisational support refers to the internal systems and processes, such as communication platforms, integration mechanisms, and strategic alignment processes, that enable organisations to exploit project resources (Azevedo, Jugdev & Mathur, 2022, p. 1027). Empirical research demonstrates that project performance acts as a link between organisational support and broader organisational outcomes (Azevedo, Jugdev & Mathur, 2022, p. 1019). While technical execution of a project is necessary, it is insufficient for sustainable long-term value (Azevedo, Jugdev & Mathur, 2022, p. 1016). The managerial skill to integrate project resources into broader organisational systems determines whether projects contribute to long-term organisational performance (Mathur, Jugdev, & Fung, 2014, p. 1007). Thus, project internalisation requires deliberate investment and effort in coordination structures, shared knowledge processes, and integrative leadership practices that foster collaboration and learning within the organisation (Azevedo, Jugdev & Mathur, 2022, p. 1027).

As organisations increasingly depend on external partnerships, the Extended Resource-Based View (ERBV) emphasises the importance of aligning internal governance structures with external

collaborators (Bharadwaj, 2000; Park, Lee, Lee, & Koo, 2017, p. 351). A strong alignment between internal decision rights and external governance processes is essential for successful project internalisation (Park, Lee, Lee, & Koo, 2017, p. 359). The literature on project internalisation governance identifies three governance mechanisms (Park, Lee, Lee, & Koo, 2017, p. 353):

1) Hierarchy-based alignment, which relies on formal authority to ensure efficiency and accountability.
2) Market-based alignment, which focuses on autonomy and providing performance-based incentives to enhance responsiveness and growth.
3) Network-based alignment, which builds on trust and collaborative learning to foster innovation.

Project internalisation is compromised when these governance processes are misaligned with the project objectives. For example, the hierarchy-based model of governance may undermine innovation-driven initiatives that require flexibility and experimentation (Park, Lee, Lee, & Koo, 2017, p. 361).

Formal accountability structures are another critical factor of organisational support. A clear distinction must be drawn within project roles (Smyrk & Zwikael, 2012, p. 9). The Project Manager is responsible for delivering outputs within predefined constraints, while the Project Owner is accountable for ensuring that project outcomes are achieved within the business context (Smyrk & Zwikael, 2012, p. 18). Moreover, the Project Executive ensures continuity between project activities and organisational strategy by leading teams, allocating resources, and making alignment decisions throughout the project lifecycle (Campobasso & Hosking, 2004, p. 223). Research indicates that the explicit assignment of roles enhances stakeholder satisfaction and increases the likelihood of successful project internalisation. Tools such as responsibility matrices can help formalise these roles and clarify expectations from the project (Campobasso & Hosking, 2004, p. 222). Without clearly defined roles, projects risk failing at the point of delivery.

A continuous challenge to project internalisation is the structural isolation of strategic projects, often referred to as the “tied island” syndrome. In this syndrome, projects remain formally connected to the organisation, but are operationally detached from its core routines and decision-making processes (Eikelenbloom & Marrewijk, 2024, p. 8). As a result, even successfully delivered project outcomes may fail to diffuse within the organisation.

This isolation is often reinforced by informal practices within the organisation. According to the literature on the “tied island” syndrome, cultures characterised by shaming and blaming discourage experimentation and restrict open knowledge exchange (Eikelenbloom & Marrewijk, 2024, p. 8). Moreover, rigid governance and boundary setting constrain cross-functional learning (Eikelenbloom & Marrewijk, 2024, p. 12). In this context, projects are treated as secondary activities instead of contributing to organisational renewal (Eikelenbloom & Marrewijk, 2024, p. 12). To overcome the “tied island” syndrome, top management must explicitly articulate how project objectives align with broader organisational ambitions (Eikelenbloom & Marrewijk, 2024, pp. 11-12). When leadership positions projects as essential to long-term capability development, it encourages organisational commitment and cross-departmental collaboration (Eikelenbloom & Marrewijk, 2024, p. 12).

Project internalisation increasingly includes behavioural transformations, requiring not only technical adoption, but also shifts in employee routines, perceptions, and interactions (Loch, Jiang, & Si, 2025, p. 312). Managerial support is needed in social and emotional factors such as trust, fear, and resistance (Loch, Jiang, & Si, 2025, p. 311). Nevertheless, managerial support often falls short when priorities focus primarily on technical execution, rather than human and relational factors (Loch, Jiang, & Si, 2025, p. 311). Effective leadership must therefore include fair and transparent stakeholder communication, and clear explanation of decisions (Loch, Jiang, & Si, 2025, p. 316). These practices promote legitimacy and encourage behavioural alignment with new systems. In digital transformation contexts, the manager must also establish structured collaboration, between humans and technology, especially human-AI collaboration (Rulandari &

Silalahi, 2025, p. 1). Embedding human oversight within these automated processes ensures ethical alignment (Rulandari & Silalahi, 2025, p. 3)

From a Resource-Based View (RBV) perspective, resources generate competitive advantage only when organisations possess the capabilities that are needed to utilise them effectively (Barney, 1991; Grant & Yeo, 2022, p. 534). Therefore, organisational support must include continuous investment in workforce capability development (Rulandari & Silalahi, 2025, p. 5). Managers often overinvest in technical tasks like resource planning, but underinvest in conceptual processes such as communication plans, which are more critical (Zwikael & Globerson, 2006, p. 3446). Thus, managerial practices that promote team autonomy, such as allowing teams the freedom to experiment and adapt, can strengthen intrinsic motivation and support the transfer of tacit knowledge (Ali et al., 2013, pp. 47-48). Excessive control and rigidity may discourage knowledge sharing (Koskinen, 2012, p. 293).

2.1.5 The importance of operational flexibility

As discussed, project internalisation can commonly be conceptualised in contemporary project management literature as a critical process through which temporary project resources are transformed into sustained organisational competitive advantage (Hou, Li, & Yin, 2022, p. 268). However, one of the key constraints to successful project internalisation is “dominant design” bias, where organisations apply a standardised and linear approach to different types of projects regardless of contextual differences (Loch, Jiang, & Si, 2025, p. 310). This assumes that all projects are fundamentally similar and can be governed in a uniform manner. This assumption becomes problematic in situations of uncertainty, technological novelty, and behavioural change.

Operational flexibility refers to an organisation’s ability to adapt its processes to the specific levels of uncertainty, complexity, and behavioural change of a certain project (Loch, Jiang, & Si, 2025, p. 311). Although the traditional “Iron Triangle” (time, cost, and scope) remains a widely adopted metric of project efficiency, research suggests that these specific indicators only partially explain overall project success (Ashill, Williams, Khan, & Naumann, 2022, p. 2173). Thus, project

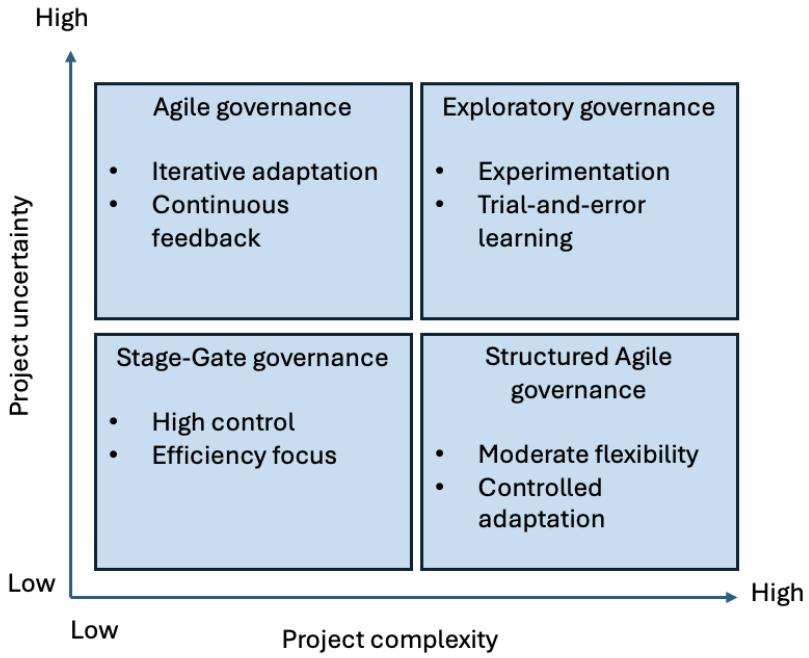
internalisation must go beyond delivery efficiency metrics, and towards strategic value by ensuring that project resources are integrated effectively within the organisation (Smyrk & Zwikael, 2012, p. 13).

Operational flexibility can be achieved through different governance models, namely planned projects known as Stage-Gate governance, fast adaptive projects known as Agile projects, and novel or exploratory projects.

1) Stage-Gate governance is suitable for project conditions of low uncertainty and well-defined objectives, as it breaks down the project goals into sequential steps to be taken (Loch, Jiang, & Si, 2025, pp. 314-315). Thus, the strength in Stage-Gate governance lies in its ability to transform ambiguity into structured and manageable processes (Loch, Jiang, & Si, 2025, pp. 314-315).
2) Agile governance is appropriate for environments characterised by evolving stakeholder preferences or technological volatility (Loch, Jiang, & Si, 2025, p. 315). Agile governance enables iterative development and incremental but continuous adaptation (Loch, Jiang, & Si, 2025, p. 315). Thus, agile governance minimises the risk of project failure by incorporating continuous feedback cycles (Loch, Jiang, & Si, 2025, p. 315).
3) Novel or exploratory project governance is appropriate when projects involve exploring unknown domains. In such contexts, internalisation depends on iterative experimentation, and trial and error learning (Loch, Jiang, & Si, 2025, pp. 315-316). Another key characteristic of this governance model is the ability to pivot strategically when initial assumptions prove unrealistic (Loch, Jiang, & Si, 2025, pp. 315-316).

The relationship between project characteristics and appropriate governance models is illustrated in Graph 2 below.

Graph 2. Project characteristics and governance model



Graph 2 demonstrates that different combinations of uncertainty and complexity require distinct governance approaches. Projects characterised by low uncertainty and complexity benefit from structured Stage-Gate models, whereas high uncertainty and complexity require exploratory governance. Misalignment between project conditions and governance structures can hinder project internalisation by restricting knowledge integration and limiting adaptability.

For projects in high uncertainty environments, operational flexibility must be supported by structural mechanisms (Loch, Jiang, & Si, 2025, p. 320). One such mechanism is system redundancy, defined as the deliberate overengineering of a system to support higher functionality than is immediately required (Loch, Jiang, & Si, 2025, p. 320). Redundancy acts as a buffer against unexpected requirement changes, allowing the project internalisation process to continue without disruption (Loch, Jiang, & Si, 2025, p. 320). Furthermore, in large scale "array" projects, which are complex systems composed of multiple interconnected subsystems, flexibility is achieved by dividing the project into smaller subsystems (Loch, Jiang, & Si, 2025, p. 313). These subsystems are managed as semi-autonomous units with their own value propositions, while an

overarching governance structure ensures coordination between them (Loch, Jiang, & Si, 2025, p. 318). As a result, this approach increases the likelihood that complex technological infrastructures become successfully integrated into the organisation's core systems (Loch, Jiang, & Si, 2025, p. 315).

2.2 Synthesis of the theoretical framework

The literature reviewed in this chapter suggests that project internalisation is a multi-dimensional process that includes resource, knowledge, behavioural, and governance dimensions. While prior research tends to discuss these elements separately, this thesis integrates them into a unified framework to explain how project internalisation transforms resources into sustained organisational value.

From the Resource-Based View (RBV) and Extended Resource-Based View (ERBV) perspectives, project internalisation is conceptualised as the process through which project generated resources are embedded into organisational routines and transformed into capabilities. However, the presence of these project resources does not guarantee value, rather their effectiveness depends on the organisation's ability to internalise, align, and utilise them within their existing processes.

This embedding of resources is known as a knowledge integration challenge, where dispersed knowledge must be transformed into shared organisational understanding. Drawing on the previously discussed knowledge integration literature and the Knowledge Based View (KBV), project internalisation requires organisations to move from simple mechanistic knowledge transfer to generative integration, where new insights and practices are developed collaboratively.

However, knowledge integration does not guarantee internalisation. Behavioural change is required from the organisation's employees to adapt and internalise new practices into their daily routines. This aligns with the concept of Double-loop learning, which refers to organisations not only adjusting their actions, but also reviewing the reasons required for the change.

These changes are enabled, but also constrained by organisational and managerial support. These may include governance structures, leadership practices, and strategic alignment mechanisms. Governance defines how resources and knowledge are coordinated within an organisation, while managerial practices influence how employee engage, trust, and learn.

Therefore, project internalisation can be conceptualised as a process influenced by governance, knowledge transfer, and employee behaviour, through which project resources are transformed into sustained organisational capabilities and value. This synthesis provides the foundation for the conceptual framework presented in the following section, which illustrates how these related dimensions collectively impact successful project internalisation.

2.3 Conceptual framework

Based on the prior research and the literature discussed in the previous section, several key concepts and theories arise that define successful project internalisation. Project internalisation is recognised as a critical process through which temporary project resources are transformed into long-term organisational value. While traditional project management literature focuses on project delivery and specific performance metrics such as time, cost, and scope, contemporary research emphasises the importance of embedding project outcomes into organisational routines.

The conceptual framework for this thesis focuses on project internalisation as the central concept and examines the processes that enable the transformation of project resources into sustainable organisational value. By drawing on theories such as the Resource-Based View (RBV), the

Extended Resource-Based View (ERBV), and the VRIO framework, project internalisation is conceptualised as an organisational process through which project resources are embedded within the organisation and utilised to generate sustained competitive advantaged.

Furthermore, this perspective highlights the key factors impacting successful internalisation. These key factors include knowledge management, organisational and managerial support, strategic alignment of resources, operational flexibility, and behavioural change within the organisation. By combining these factors, project outcomes become effectively embedded into organisational routines and contribute to long-term value creation. The conceptual framework developed in this thesis is presented in Figure 3.

Figure 3. Conceptual model of project internalisation as an organisational process

Figure 3 illustrates how project internalisation functions as the central mechanism through which project resources are transformed into organisational capabilities. The model highlights the role of enabling factors, represented by the 'organisation' aspect of the VRIO framework. These factors collectively determine whether project resources are effectively embedded and contribute to sustained competitive advantage.

2.3.1 Project internalisation

The central concept of this thesis is project internalisation, which refers to the process by which project resources are embedded within organisational routines, capabilities, and practices. Rather than viewing projects as temporary initiatives that end at the delivery of a product or

service, project internalisation emphasises the process through which organisations integrate and utilise project outcomes and enable sustainable long-term value.

According to existing literature, project internalisation involves transforming project resources into organisational capabilities that are difficult for competitors to imitate. This inimitability is achieved when project resources are embedded into an organisation's operational processes, employee practices, and decision-making processes. The embedding process ensures that project knowledge, lessons-learned, systems, and practices are not lost after project completion.

Project internalisation ultimately aims to create value beyond the project lifecycle. This value may be considered improved organisational performance, strengthened capabilities, improved service delivery, or enhanced competitive advantage.

In this thesis, project internalisation is conceptualised as the process of transforming temporary project resources into long-term sustainable organisational routines, practices and capabilities that create value.

Based on the literature review, several factors influence the effectiveness of project internalisation. In the following section, I will conceptualise knowledge management and integration, organisational and managerial support, the Resource-Based View and the Extended Resource-Based View, operational flexibility, and behavioural change.

2.3.2 Knowledge management and integration

Knowledge plays a key role in project internalisation. Projects often involve multiple project teams and stakeholders, which means that the knowledge generated during projects is frequently dispersed across individuals and organisational units. Therefore, one of the main challenges of project internalisation is the integration of dispersed knowledge into collective organisational understanding. Knowledge management enables organisations to capture and utilise knowledge generated through the project lifecycle. This perspective is grounded in the

Knowledge-Based View (KBV), which conceptualises knowledge as a critical resource and emphasises that competitive advantage may only be realised when an organisation is able to integrate dispersed knowledge into operational capabilities (Grant, 1996).

A key concept in knowledge management is generative integration, which refers to collaborative interactions through which project teams members create new knowledge and shared understanding. Generative integration enables organisations to develop new insights and practices that can be embedded within organisational routines.

The effectiveness of knowledge integration depends on the presence of social capital within project teams. Literature on knowledge integration distinguishes between two forms of social capital: bonding social capital and bridging social capital. Bonding social capital refers to strong internal relationships within project teams that facilitate trust, collaboration, and knowledge sharing. These strong ties enable team members to exchange tacit knowledge and develop shared understanding. Bridging social capital connects project teams with external organisational units, allowing access to diverse knowledge sources and new perspectives.

In this thesis, knowledge management and integration are examined as a key mechanism that enables dispersed project knowledge to be combined and utilised within organisations. Successful project internalisation is dependent on organisational structures that facilitate communication, coordination, and strategic alignment.

2.3.3 Organisational and managerial support

An additional critical factor influencing project internalisation is the level of organisational and managerial support provided throughout the project lifecycle.

Organisational support includes the presence of support infrastructure, such as proper communication systems, integration mechanisms, and coordination processes that enable project resources to be embedded within the organisation. Similarly, managerial support plays a

key role in aligning project objectives with broader organisational goals. Effective leadership ensures that project resources are not treated as isolated factors, but are integrated into organisational processes. Furthermore, clear governance structures, such as clearly defined roles, responsibility, and accounting mechanisms help ensure that project resources smoothly transition from the project team to organisational practices.

In this thesis, organisational and managerial support refers to the structures, leadership practices, and organisational infrastructure that enable project resources to be effectively embedded within organisational routines and practices.

2.3.4 Resource-Based View (RBV) and Extended Resource-Based View (ERBV)

According to the Resource-Based View (RBV), organisations achieve sustained competitive advantage by developing resources that are valuable, rare, difficult to imitate, and supported by organisational structures. Project internalisation plays a critical role in this process by transforming project resources into organisational capabilities (Barney, 1991). Similarly, the Extended Resource-Based View (ERBV) extends this perspective by recognising that many valuable resources originate from external organisational collaborations and partnerships. Modern organisations often rely on external vendors and technological partners (Bharadwaj, 2000). According to ERBV, successful project internalisation therefore requires organisations to capture and integrate value generated through these external partnerships (Bharadwaj, 2000). Through resource exploitation and coordination, organisations are able to leverage both internal and external resources (Bharadwaj, 2000).

In this thesis, the Resource-Based View (RBV) and the Extended Resource-Based View (ERBV) provide the theoretical foundation for understanding how organisations integrate and exploit resources to successfully internalise project outcomes.

2.3.5 Operational flexibility

Operational flexibility refers to the ability of organisations to adapt project processes according to changes in uncertainty and technology. The literature highlights that different types of projects require different governance methodologies. The Stage-Gate approach is suitable for projects with clearly defined objectives and relatively low uncertainty, as this governance approach relies on structured processes and checkpoints. Alternatively, the Agile approach emphasises iterative development and continuous stakeholder feedback, allowing organisations to respond quickly to changing environments. Finally, the exploratory approach is used in highly uncertain environments, where experimentation and learning are necessary.

In this thesis, operational flexibility is conceptualised as the organisation's ability adapt its project management processes and governance approaches according to changing environments.

2.3.6 Behavioural change

Project internalisation requires behavioural adaptation within organisations. Introducing new processes and technologies can lead to resistance from employees, especially when these changes disrupt existing routines and ways of working. Therefore, successful project internalisation depends on managing behavioural change within the organisation. In this perspective, leadership plays an important role in addressing employee concerns, building trust, and fostering acceptance within the project teams and organisation.

Furthermore, employee job satisfaction contributes to the project internalisation process. When employees feel supported and engaged, they are more likely to adopt new ways of working and integrate them into their daily routines. This behavioural change can be understood from the lens of double-loop learning, which highlights that effective project internalisation requires re-evaluating current practices and routines and effectively transforming them.

In this thesis, behavioural change refers to the adjustments in employee attitudes, routines, and practices that are required for project resources to be successfully embedded within organisational processes.

2.3.6 Project success

Finally, successfully project internalisation contributes to project success and organisational value creation. While traditional measures of project success focus on meeting certain metrics such as time, cost, and scope, contemporary research emphasises the importance of long-term organisational impact. Projects that a successfully internalised generate lasting benefits for the organisation by improving capabilities, enhancing knowledge sharing, and strengthening competitive advantage.

In this thesis, project success is understood in terms of the long-term organisational value and competitive advantage generated through successful project internalisation.

3 Research Design and Methodology

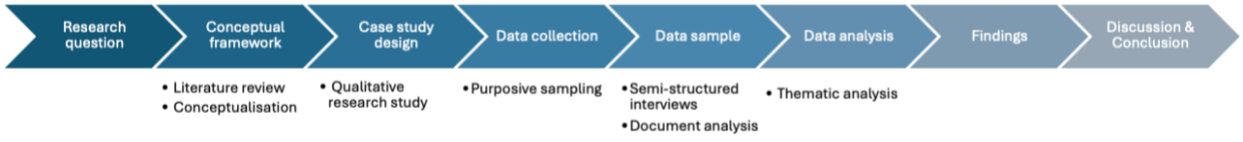
3.1 Research design

This study adopted a qualitative research design to investigate the internal organisational processes that contribute to successful project internalisation. A qualitative research approach is appropriate as this study aims to understand complex organisational processes and phenomena that occur within a specific real-world context (Yin, 2018, p. 35). Some of these organisational processes include, but are not limited to, knowledge management, governance, leadership practices, and resource alignment.

Qualitative research is particularly suitable for answering “how” and “why” questions, as it enables for in-depth exploration of organisational practices (Yin, 2018, p. 61). In the context of project internalisation, these processes are often embedded within project team routines and in social capital, which are difficult to quantify through quantitative methods alone. Therefore, a qualitative design allows the researcher to gain useful insights into how project internalisation processes are understood and implemented in practice (Yin, 2018, p. 49).

The entire research process is illustrated in Figure 4.

Figure 4. Research process diagram



3.2 Research strategy and Methodological approach

This study followed a single-case study research strategy. Case study research is widely used in organisational and project management research as it allows for detailed examination of complex processes (Yin, 2018, pp. 45-46). The identity of the organisation was kept anonymous to ensure confidentiality and to allow participants to speak openly about internal processes.

Furthermore, this study took an exploratory approach, aiming to identify and understand the internal factors that contribute to successful project internalisation. The research in this study sought to uncover patterns and relationships between different organisational processes involved in project internalisation.

The research method for this study is based on theoretical perspectives mentioned in the literature review. These theories provided a conceptual lens for analysing how organisational processes interact and contribute to project success.

3.3 Case selection

This study focused on a single case organisation operating in the information technology services sector in Finland. A single IT consulting company was chosen as the case organisation, as it operates in a dynamic and project-intensive environment where the successful internalisation of projects is essential. The organisation provides digital services, IT infrastructure solutions, and software to both public and private sector clients. Furthermore, the organisation continuously delivers complex projects that are integrated into their organisational operations.

The case organisation was selected using purposive case selection, which allows for choosing a case that is particularly suitable for investigating the research question (Palinkas et al., 2015, p. 533). The case organisation is specifically relevant to the research question, as projects within the organisation frequently involve multiple stakeholders, technological advancements, and

multiple organisational units. Thus, project internalisation is an important organisational capability for the case organisation.

Access to the case organisation was obtained through professional contacts, which allowed for this study to collect in-depth insights into organisational practices and project management processes. The identity of the organisation was kept anonymous in order to protect confidentiality.

3.4 Data collection

The data for this study was collected during March 2026 through semi-structured interviews and organisational document analysis.

Semi-structured interviews are widely used in qualitative research, because they allow the study to explore predefined topics while allowing for flexibility to follow up emerging themes (Kallio, Pietilä, Johnson, Kangasniemi, p. 2956). The interview format allows participants to reflect on their personal experiences and provide detailed insights into how project internalisation processes are implemented in practice (Kallio, Pietilä, Johnson, Kangasniemi, p. 2960).

An interview guide and guiding questions were developed based on the key concepts identified in the literature review and conceptual framework. These concepts include knowledge integration, project governance, strategic alignment, organisational support, and operational flexibility. The interview questions focus on participants experiences with project management processes, knowledge sharing practices, and governance and organisational structures. This interview question guide can be found in Appendix 1.

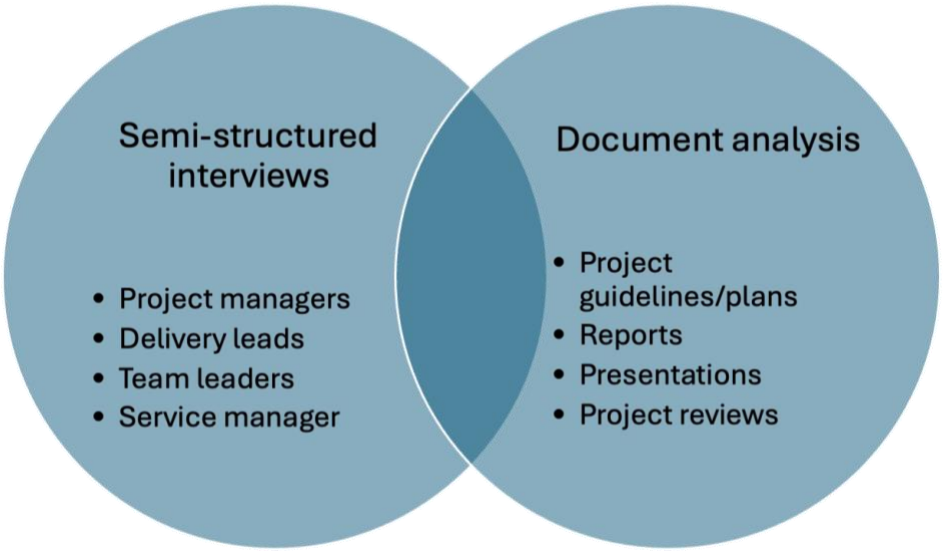
A total of eight semi-structured interviews were conducted through Microsoft Teams for all participants, allowing for consistency in the data collection process. Each interview lasted between 25-35 minutes, which resulted in approximately 4 hours of recorded interview data. All

of the interviews were recorded and transcribed using the Microsoft Teams Co-pilot AI tool, after which they were manually reviewed. The transcribed interviews resulted in approximately 90 pages of textual data.

In addition to the interviews, this study included document analysis of organisational materials related to project internalisation practices. Document analysis can provide contextual data and additional evidence to support interview data (Bowen, 2009, p. 30). These organisational documents included project guidelines and plans, onboarding and transition templates, project reports, and other internal documentation. In total, 8 documents were analysed.

The use of multiple data sources allowed this study to obtain a broader understanding of organisational practices and supports the triangulations of findings (Yin, 2018, p. 170). The data sources are described in Figure 5.

Figure 5. Data sources used



3.5 Data sample

Participants were selected through purposive sampling, which involved identifying individuals who possessed relevant knowledge and professional experience related to project internalisation (See Table 2.). Purposive sampling is commonly used in qualitative research because it allows the study to focus on participants who can provide meaningful insights into the topic being investigated (Palinkas et al., 2015, p. 533).

This study interviewed 8 participants from the case organisation. The participants included individuals who are directly involved in project planning, management, or delivery. Namely, the participants were project managers, delivery leads, team leaders, and other professionals involved in project execution. The role titles of the participants have been generalised to maintain anonymity.

By selecting participants from different hierarchical levels and functional areas, this study was able to capture a variety of perspectives on project internalisation processes within the case organisation (Palinkas et al., 2015, p. 534). This diversity of perspectives is important for understanding how internal processes are perceived and implemented across the case organisation.

Table 2. Participants overview

Interviewee	**Role (generalised)**	**Experience**
Interviewee A	Senior Service Manager	10+ yrs (previous roles) + 5 yrs
Interviewee B	Service Manager	3 yrs (previous role) + 2 yrs
Interviewee C	Service Manager	4 yrs (previous roles) + 4 yrs

Interviewee D	Service Manager and Project manager	3 yrs
Interviewee E	Team Lead	1 yr (previous role) + 4 yrs
Interviewee F	Partnership Lead	5 yrs (previous roles) + 1 yr
Interviewee G	Senior IT Leadership	5 yrs (previous roles) + 1 yr
Interviewee H	Service Manager	5 yrs

3.6 Data analysis

The collected data was analysed using thematic analysis, which is a widely used qualitative analysis method that focuses on identifying patterns and themes within textual data (Braun & Clarke, 2006, p. 80). Thematic analysis involves stages from familiarisation with the data, generating initial codes, searching for similarities, and defining themes (Braun & Clarke, 2006, pp. 86-87). Furthermore, the Gioia methodology was used to categorise the data. The Gioia methodology is a qualitative methodological approach, which emphasises concept development through three main stages: 1) the creation of analytical codes (known as first-order and is data-based) and categories (known as second-order and is theory based), 2) interpreting new emergent themes, 3) the presentation of the study's findings by the use of second-order themes and high-level dimensions (Gioia, Corley, & Hamilton, 2016).

The coding process involved an abductive research approach. Abductive coding is primarily guided by theoretical concepts that were identified in the literature review, such as knowledge integration, strategic alignment, project governance, behavioural change, and organisational support. Furthermore, much like inductive coding, the abducted coding approach allowed for new themes and patterns to emerge from the data.

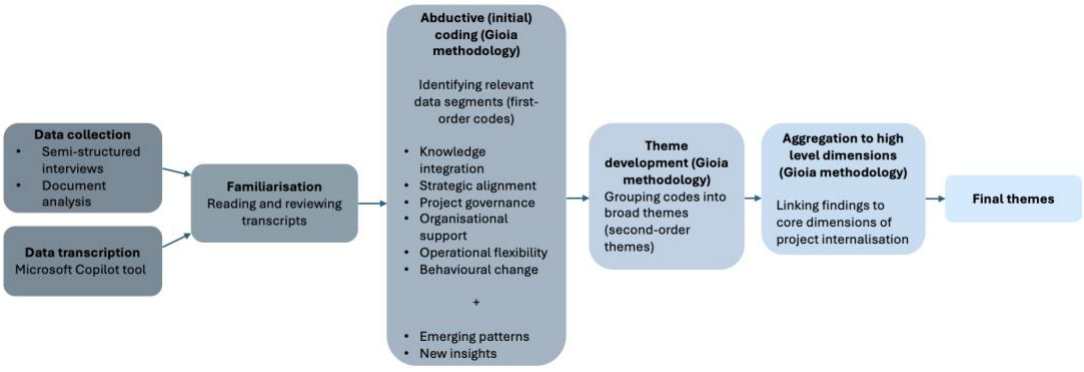
The analysis process was conducted as follows. First, the interviews were transcribed using the built in Microsoft Co-pilot AI tool in Microsoft Teams and then manually reviewed. Second, the interviews and documents were coded, by identifying relevant segments of data that related to the research question of this study. These were assigned as first-order concepts. Third, these first-order concepts were grouped into second-order themes that were based on the theoretical literature discussed previously. Finally, the second-order themes were further categorised to higher-level dimensions, which were identified as core processes in project internalisation. This structured approach followed the methodology of the Gioia method, by enabling a linkage between the empirical data, emerging themes, and previously discussed theoretical contributions. An example of the result is presented in Table 3.

Table 3. Example of Gioia methodology used for thematic coding

First-order concept	Second-order themes	High-level dimensions of project internalisation
"roles were made up on the go"	Role ambiguity	Governance and ownership

The entire coding process is illustrated in below (see Figure 6.)

Figure 6. Coding process diagram



3.7 Triangulation

To enhance the validity of the research findings, this study utilised data triangulation. Triangulation involves using multiple data sources to verify findings and reduce the risk of bias (Carter et al., 2014, p. 545).

In this study, triangulation was achieved by combining interview data with organisational documents related to project management and integration practices. By comparing insights obtained from these different sources, this study was able to determine whether similar patterns and themes emerge across the data (Carter et al., 2014, p. 545).

Triangulation strengthened the credibility of the research findings and provided confidence that the identified patterns from the findings reflect the case organisation's current project management practices (Carter et al., 2014, p. 564).

3.8 Validity and reliability

The quality of qualitative research is often evaluated based on the concept of trustworthiness, which includes validity and reliability (Korstjens & Moser, 2017, pp. 121-122).

Validity refers to the extent to which the research accurately captures the results that are being investigated (Korstjens & Moser, 2017, p. 121). Construct validity can be enhanced by using multiple sources of evidence and by establishing a clear chain of the process (Yin, 2018, p. 79). Validity in this study was enhanced by using multiple sources of data and by grounding the data analysis in established theoretical literature.

Reliability refers to the consistency of the research process. Reliability can be strengthened by maintaining a clear research process, documenting the data collection process, and applying systematic coding procedures during the data analysis process (Yin, 2018, p. 82). To ensure

reliability, this study followed a structured interview protocol and a systemic coding process. By maintaining clear documentation throughout the research process, this study will allow other interested parties to understand and potentially replicate the study (Korstjens & Moser, 2017, p. 121).

3.9 Ethical considerations

Ethical considerations are an important aspect of conducting organisational research (Tracy, 2010, p. 838). Participation in this study was voluntary, and all participants were informed about the purpose of the research prior to the interviews.

The participants were assured that their responses are confidential and that their identities remain disclosed in this final thesis. Furthermore, the interview data was anonymised to protect the privacy of the participants and the organisation.

Informed consent was obtained from all the participants before the interview were conducted and transcribed using the Co-pilot AI tool in Microsoft Teams. The participants had the option to withdraw from the study at any point without any negative consequences.

3.10 Connecting the dots

The methodological choices in this study were closely aligned with the research question and theoretical framework presented in the previous chapter. The research question seeks to understand how internal organisational processes contribute to successful project internalisation. As these processes involve embedded internal factors such as organisational routines, managerial practices, and knowledge sharing practices, a qualitative case study approach provided the most appropriate methodological framework. Moreover, semi-structured interviews allowed this study to capture the individual experiences that were directly involved in

project execution and governance, while document analysis provided the additional contextual information regarding the organisational practices of the case organisation.

Furthermore, the thematic analysis approach enabled this study to identify patterns that corresponded to the theoretical concepts that were identified in the literature review. With thematic analysis, this study was able to carry out an in-depth analysis of how these identified patterns interact in practice to influence successful project internalisation.

3.11 Operationalisation of key concepts

To ensure alignment between the conceptual framework and the empirical research conducted in this thesis, each key concept that was identified in the literature review was operationalised through the interview questions and document analysis (See Table 4.). For example, knowledge integration was explored through questions related to knowledge sharing and collaboration practices, while project governance was explored through questions related to decision-making structures. This approach ensures that theoretical concepts are translated into observable organisational practices.

Table 4. Operationalisation of key concepts

Concept	**How it was studied**	**Example between**
Knowledge integration	Interviews + documents	How teams share knowledge
Strategic alignment	Interviews	Alignment between strategy and project
Project governance	Interviews + documents	Decision-making structures
Organisational support	Interviews	Leadership and infrastructure
Operational flexibility	Interviews	Agility and structure
Behavioural change	Interviews	Resistance and adoption

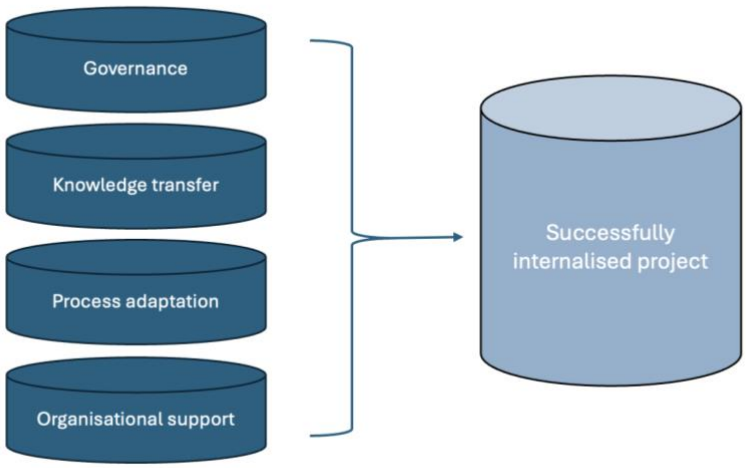
4 Findings

4.1 Interviews

This chapter presents the empirical findings from the semi-structured interviews. The analysis of the interviews was conducted according to the coding scheme and the methodological process that was established earlier in this thesis. Rather than treating project internalisation as a single event, the interviews framed it as a continuous process through which responsibility, knowledge, routines, and decision-making capacity was transferred from one actor to another, primarily in an organisational setting. Across the interviews, participants rarely described successful project internalisation as the completion of a transition plan. Instead, the participants described it as the point at which the receiving team could operate and maintain service quality without constant interference from the former service provider.

Four major themes emerged from the interview material. The first theme concerns governance, role clarity, and ownership. The second concerns knowledge transfer and the challenge of knowledge integration. The third theme concerns process adaption and operational alignment during and after the project transition. Lastly, the fourth theme concerns organisational support, including resourcing, communication, capability, and behavioural factors. It is important to note that these themes are deeply interconnected, as seen from the participants perspectives (see Figure 7.). The participants repeatedly linked unclear ownership to poor knowledge transfer, poor knowledge transfer to weak operational readiness, and weak operational readiness to high dependency on communication and managerial support.

Figure 7. Overview of interview-based themes in project internalisation



4.1.1 Theme 1: Governance, role clarity, and ownership

One of the strongest themes in the interviews was governance, and participants referred to it in a practical manner. The participants discussed governance as an everyday distribution of authority and decision-making rights, rather than the formal compliance requirements of project internalisation. The contrast between projects with clear role definitions compared to projects with vague governance was especially sharp. Some participants described their project internalisation experience as including clear roles from the beginning, the responsibilities of each role being communicated, and the project plan providing a well-defined knowledge base and transfer plan. In contrast, other participants described project internalisation processes as highly improvised, sometimes to the extent that the core roles and responsibilities were only defined after issues had already emerged. One participant captured these contrasting scenarios by stating that roles had “varied a lot... project to project,”, and that in some projects there had been “close to no roles or responsibilities” and these had been “made up on the go”, whereas in others they had been “ very, very clearly defined and communicated from the get go.”

This variation in analytically important as it illustrates that the governance in the case organisation cannot be understood as a fixed organisational characteristic. Instead, governance appears contingent on the project scale, maturity, possible contractual obligations, and the experience of the actors involved. It appears that the governance mechanisms in the case organisation are unevenly distributed. Furthermore, this uneven distribution can be examined by Interviewee A. Interviewee A observed that in major transition projects, roles and responsibilities are “pretty much clearly defined”, because with external suppliers involved, “it was a necessity”, whereas in smaller projects, the roles are assumed rather than clearly documented.

According to the participants, in cases of uncertain project governance, the consequences were immediate. The first consequence was confusion about the ownership of project tasks. Interviewee H explained this phenomenon as follows: “the first challenge is confusion, always confusion..., people doing double work or nobody doing because they think someone else is handling [it].” This statement captures the dual failure of weak governance, namely duplication and omission. In such scenarios, operational reliability is weakened. Several participants linked weak governance to delays in project deadlines, hast decision-making, and avoidable escalation.

Interviewee E described the same pattern in even more forceful language. Regarding clear roles and responsibilities, interviewee E stated that “in most cases it has not [been clear]” and that it had been “a very, very, very messy project almost every time.” The interviewee elaborated that this unclear role and responsibility allocation contributed to arguments within teams. Interviewee E recalled that these arguments were about “whose responsibility each task is”, and by the time agreement was finally reached, “it’s already becoming so late in the project that we need to do hasty decisions.” This account was a strong example of how project governance failure translates into schedule pressure. The project does not necessarily begin with a poor schedule, but poor governance consumes the schedule. Thus, unclear governance wastes time through repeated argumentation and delayed action.

The importance of ownership was introduced in both a negative and positive manner. One interviewee argued that a “clear ownership, clear mandate” is essential, and framed ownership in both strategic and operational terms: “who sponsors the project, who provides the budget, who leads the work, and who has the mandate to make decisions.” Interviewee G made a similar point from a transition project perspective, by emphasising that the receiving-side managers who might not have formal project roles were nevertheless “really important stakeholders”, because they had the responsibility of service delivery after the project was internalised. Interviewee G expands on roles and responsibilities, by claiming that internalisation is “less about transferring the tasks and more about transferring the accountability and also the confidence and the responsibilities and their decision-making capabilities.” This suggested that ownership of the project is not merely the assignment of tasks, rather it is the transfer of accountability from the previous provider to the receiving end.

Another important aspect from the interviews concerned the relationship between governance and experience. Several participants suggested that even weakly defined projects become more manageable if there is at least one experienced actor involved. Interviewee E noted a “clear difference between teams where everybody is inexperienced and teams where there is at least someone who is experienced,” arguing further that there should “at least be someone who is a more senior.” However, this does not merely suggest that seniority substitutes for governance. Rather, it suggests that experienced employees often act as informal governance figures, as they provide direction, interpret ambiguity, and help the team towards action. Thus, formal governance and experiential capability can partly compensate for one another, however the worst case scenario is where both are weak.

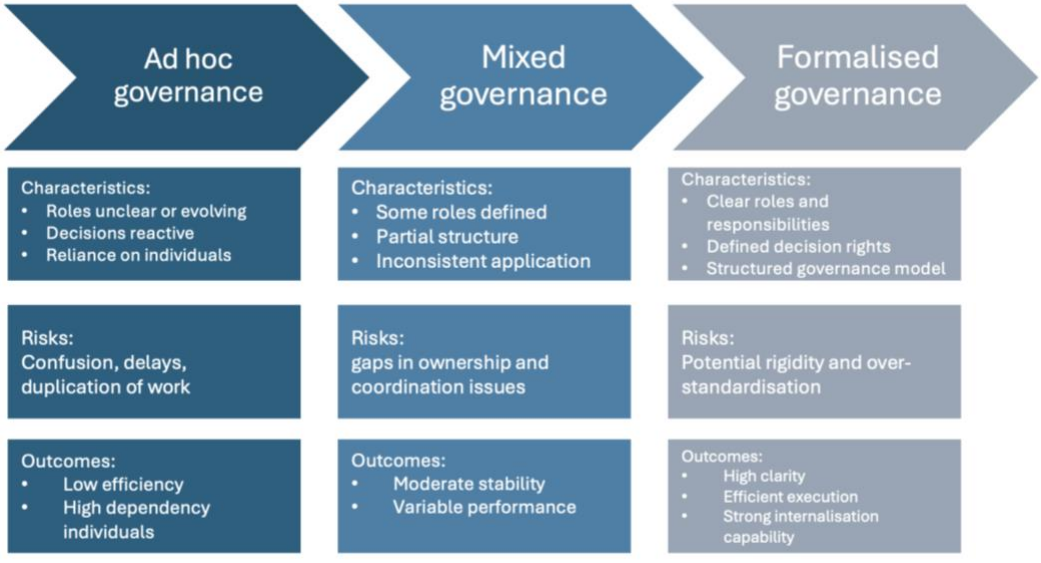
However, not all interviewees described governance as weak within the case organisation. Interviewees G and A provided examples where governance was more structured, especially in larger transitions. In these cases, project plans, organisation structures, scope definitions, and role allocation were described as being agreed upon early in the project process. This highlights that the issue was not the absence of governance capacity, rather it was inconsistency. Larger

transitions appear to force governance discipline, while smaller projects are more vulnerable to unclear governance. Therefore, the interviews suggest that governance maturity is a gradient rather than a simple distinction between order and disorder (see Figure 8).

The governance findings point to three conclusions. Firstly, role clarity is a basic, but not sufficient condition for project internalisation. Secondly, ownership matters more than mere role assignment, as project internalisation requires a decision-making capacity at the receiving end. Thirdly, governance weakness is costly because it consumes time, fragments accountability, and undermines readiness.

The figure below presents project governance as a continuum across project internalisation, highlighting the differences in role clarity, process consistency, and decision-making (see Figure 8).

Figure 8. Governance maturity continuum across internalisation projects



4.1.2 Theme 2: Knowledge transfer and integration

Knowledge transfer was the most extensively discussed topic across the interviews and was consistently treated as the core of project internalisation. The participants referred to knowledge transfer as an uneven and often underappreciated process through which the receiving team attempted to convert external knowledge into internal capability. Moreover, the participants distinguished between the types of knowledge that was relatively easy to transfer with knowledge that continuously caused a challenge in transferability.

Formally, the participants described several knowledge transfer practices. Interviewee D referred to a project transition template involving phases such as primary support, knowledge transfer sessions, shadow support, and an observation period. Similarly, Interviewee G described "extensive" knowledge transfer sessions that were "split into many different levels", ranging from introduction level to high technical detailed sessions. Other participants mentioned recorded sessions, user manuals, and knowledge base articles. These examples illustrated that the case organisation possesses several knowledge transfer practices. This raises a question of which types of knowledge these practices succeed in transferring.

Participants were consistent on one aspect of knowledge transferability. Technical knowledge was generally described as easier to transfer. Interviewee A noted that "purely technical topics" were the easiest, while Interviewee C claimed, "the easiest ones are technical processes...because those are usually very well defined." Other participants similarly noted that services and technologies that can be clearly assigned to specific teams were "very, very easy" to instruct. In contrast, business logic, customer-specific contexts, process understanding, and tacit operational knowledge were consistently described as more difficult to transfer. Interviewee D called business knowledge and logic the "hardest knowledge [to transfer]", explaining that such knowledge often "doesn't make sense unless you really know the reasoning behind it.". Other participants observed that this type of knowledge was difficult to capture into knowledge transfer sessions or formal documentation, especially if this knowledge had been designed and implemented for many years. It appeared that the closer the knowledge was tied to experience

and history, the more difficult it was to formalise. The differences between explicit and tacit knowledge are illustrated in Table 5.

The interviews also reveal that documentation quality was highly uneven, and this unevenness may have caused a risk in project internalisation. One participant recalled a large project transfer in which “information transferred was very bad. It was outdated. It was incorrect.” Similarly, another participant claimed that previous teams occasionally had knowledge but “never documented it” or that the documentation was “out of date completely.” Interviewee A emphasised the same issue in a more analytical manner, stating that there is “a lot of so-called hidden knowledge that is not documented anywhere,” and that “the issue is that we cannot really ask because we are not aware [of] what we do not know.” These recollections illustrated that poor knowledge transfer could lead to failures in project internalisation after the project had been formally adopted, namely when the service delivery was supposed to continue without the appropriate know how.

Although documents, recordings, and knowledge transfer sessions were acknowledged as useful and critical, many participants argued that they were insufficient on their own. Interviewee E recalled that the “best cases” were those where teams could “sit down with the external team and learn from them first and the pick it up for the internal teams.” Another participant argued that “shadow support is probably the most important part”, and that a “hands on approach is needed”, however often this was not properly resourced. Interviewee G described a more developed approach, in which documentation and knowledge transfer sessions were aided with “hands on system exercises”, internal preparatory sessions, and even Google forms-based quizzes to measure readiness and learning curves.

Additionally, the interviews pointed to financial and time constraints as recurring obstacles to knowledge integration. One participant described an earlier experience in which the participants was instructed to transfer knowledge with “minimum effort, minimum time, and absolutely no time for any preparations because it costs money.” Another participant similarly linked weak

shadow support to “financial difficulties”, arguing that the hands-on component was often limited because it was not properly accounted for in the budget. Interviewee F expanded on this topic by claiming that organisations fall short by failing to understand “the human aspect of it, that it takes time to internalise new knowledge.” The interviews continuously emphasised that the actual internalisation of knowledge was slower and more relational than anticipated.

Another recurring contrast concerned the quality of knowledge transfers across projects. Not all participants described knowledge transfers negatively. For example, Interviewee G described projects where the knowledge transferred was of “really high quality”, and where mechanisms such as playback sessions helped to measure readiness of the receiving team. Similarly, Interviewee A described larger project transitions with a “pretty detailed schedule” and a clearly defined structure for what topics had to be covered. These accounts illustrated how the quality of knowledge transfer sessions heavily depended on planning, preparation, and investment.

Overall, the knowledge transfer theme suggested that successful project internalisation required more than simple information movement. Knowledge became internalised when it was utilised after formal delivery of the project. This included combining formal knowledge documentation with dispersed and often tacit and context-bound knowledge.

Table 5. Explicit versus tacit knowledge

Explicit knowledge	Tacit knowledge
Easy to document	Difficult to document
Technical	Contextual
Transferable	Experience-based
Manuals and knowledge transfer sessions	Practice and shadowing
Example: A documented guide explaining how to deploy an application, including commands, configurations, and validation steps.	Example: An experienced engineer knowing that a specific customer’s system fails every month and proactively applying a workaround before any incidents occur.

4.1.3 Theme 3: Process adaptation and operational alignment

The third major theme concerned how existing organisational processes were adapted to accommodate incoming projects, service, or technologies. In the interviews, process adaptation was framed as more ambivalent than prior themes. Participants generally rejected a one-size-fits-all approach and instead viewed adaptation as a balance between standardisation and flexibility in each case. This illustrated that project internalisation was not only a matter of receiving knowledge from the incoming organisation, but that the receiving organisation may have also needed internal change.

One of the clearest examples of the need for standardisation came from Interviewee H, who explained that "mostly we try to fit new service into normal process, because if everything follows the same flow, life is easier." The same participants added that project teams "adjust but to too much" because "if every service has separate process...then it becomes chaos really fast." This example illustrated how standardisation was valued because it protected manageability and service quality control. One participant accounted a transition where some processes changed but "not everything" and noted that it "took some time before it became this new routine." From this perspective, process adaptation was not cost-free, and every deviation from standard practice created a learning and stabilisation burden for the receiving organisation.

However, it should be noted that several participants did not endorse rigid standardisation. Several participants argued that adaptation is occasionally necessary, because incoming projects may have had specific security, regulatory, customer, or domain requirements. Interviewee F claimed that the issue depended heavily on the roles, ownership, and industry contexts, particularly where highly regulated sectors meant that standard internal process "can't be fully adapted" and therefore "you still have to make modifications." Another participant argued that these decisions "must be looked at case by case" to determine whether existing processes fitted "what is being taken over or not."

Futhermore, the interviews suggested that the ease of process adaptation depended on prior organisational maturity. One participant described project transitions where “the processes were already defined at the time when we started,” which meant the team did not need to “come up with the new processes as such.”, suggesting that pre-existing processes appeared to reduce uncertainty. Similarly, another participant explained that the case organisation had improved both transition processes and documentation expectations with the customer over the years. This gradual process strengthening seemed to create a more stable transition environment. In contrast, in environments where process expectations were underdeveloped, project teams improvised more extensively during and after the project internalisation.

An important relationship between adaptation and expectation management was discerned from the interviews. Interviewee F argued that clients occasionally communicated about knowledge transfer sessions with fixed assumptions, particularly how these sessions “should go”. From this perspective, the project internalisation process involved process design as well as expectation calibration about “how often do we need to go through this?” and “how long does it actually take to internalise something new?” Misaligned expectations complicated the knowledge transfer process. By contrast, in scenarios where ownership was clear and there was “good dialogue with the customer,” Interviewee F suggested the project succeeded.

Furthermore, process adaptation was not separated from the knowledge transfer process. The participants continuously indicated that in projects where knowledge transfer was shallow, process adaptation became more difficult as the receiving team lacked the context needed to judge which elements of the incoming project should have be preserved or reshaped. Conversely, in environments where knowledge transfer was structured and the receiving organisation had the correct resources, process adaptation became an opportunity for improvement. One participant explicitly described change as “always a[n] opportunity to make things..better,” asking whether a step was necessary. Thus, project internalisation was perceived as enabling process renewal.

Therefore, the process adaptation theme illustrated that project internalisation was not only a knowledge transfer problem, but challenged integration as well. The project internalisation process required the receiving organisation to determine how the incoming project should have continued within existing organisational structures. The interviews hinted that standardisation was widely preferred, but flexibility was occasionally necessary as projects differed in their technical, contractual, and institutional requirements.

4.1.4 Theme 4: Organisational support

The fourth theme focused on organisational conditions that shaped internalisation. The participants emphasised that the success of project internalisation depended on factors such as communication, access to information, time, budget, staffing (resources), and overall readiness of the team.

One of the key factors that emerged from the interviews was communication. The participants described communication as the central element of project internalisation. Interviewee D stated that “communication is...absolutely...the most important thing, “linking it to project planning, coordination, and problem-solving. Similarly, Interviewee G emphasised that communication and cooperation, both internally and externally, made “always a huge difference.”

One participant summarised their perspective of the key elements in project internalisation by stating that “ownership, real knowledge transfers, access, communication, resourcing” and noting that “if even one breaks, whole thing becomes messy.” This highlighted that communication was not isolated, as it interacted with other elements such as knowledge transfer and governance.

However, a recurring issue raised by the participants was stakeholder involvement. The participants described situations where the sending team was not sufficiently involved during the project transition. Interviewee D recalled a case where “they [did] not consider us at all,” suggesting that earlier involvement could have prevented issues later. In contrast, Interviewee G

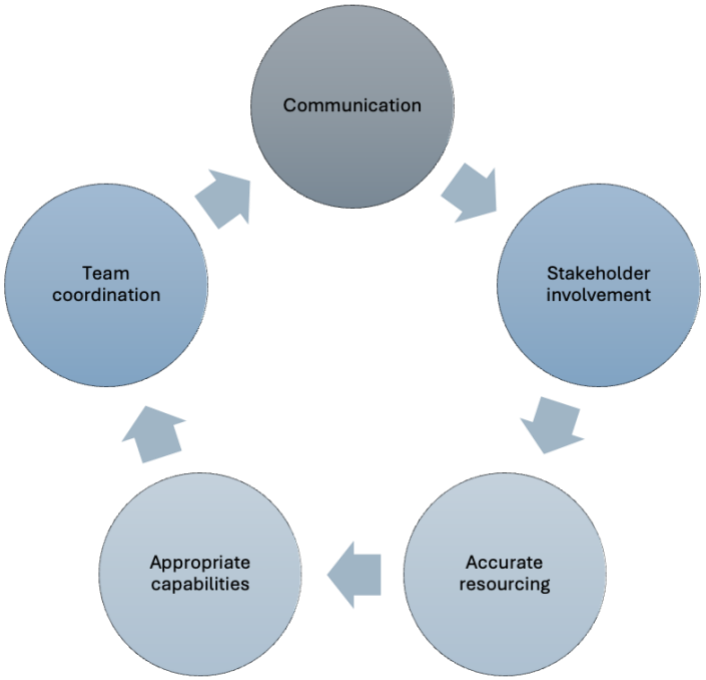
emphasised the importance of involving those who would later be responsible from the service, even if they were not formally part of the project team. From this perspective, project internalisation appeared to be more effective when the receiving organisation was actively involved throughout the process.

Additionally, resourcing and capability were described as critical elements and points of tension. One participant highlighted the need for “proper planning and resourcing,” including identifying required competencies and ensuring that the team had the necessary skills before transition. Similarly, another participant stressed the importance of having a “clear understanding of resources,” including time, funding, and expertise. Interviewee E built on the expertise perspective and noted that projects are more stable when at least one experienced actor is involved. Moreover, resource constraints seemed to be a point of tension according to one participant, who described a situation where knowledge transfer had to be completed with “minimum effort” and “absolutely no time for any preparation because it costs money.” Another participant noted that hands-on support is often limited due to budget constraints. These examples illustrated a gap between organisational intentions and actual resource allocation.

Furthermore, the participants highlighted behavioural and human factors as critical elements of project internalisation. Interviewee D described internalisation as “interesting, but a bit stressful,” reflecting the uncertainty that arose when information was incomplete. Similarly, interviewee F argued that challenges were “very seldomly about...technical hinders, “ and were more often related to communication, coordination, and people-related issues. Another participant noted that problems were “not technical” but often due to “misunderstanding or missing info.”

These observations suggested that project internalisation should have not been viewed as purely technical or procedural, but as a social process that depended on communication, trust, and shared understanding. These organisational conditions are illustrated in Figure 9.

Figure 9. Organisational support conditions for successful internalisation



4.1.5 Synthesis of interview findings

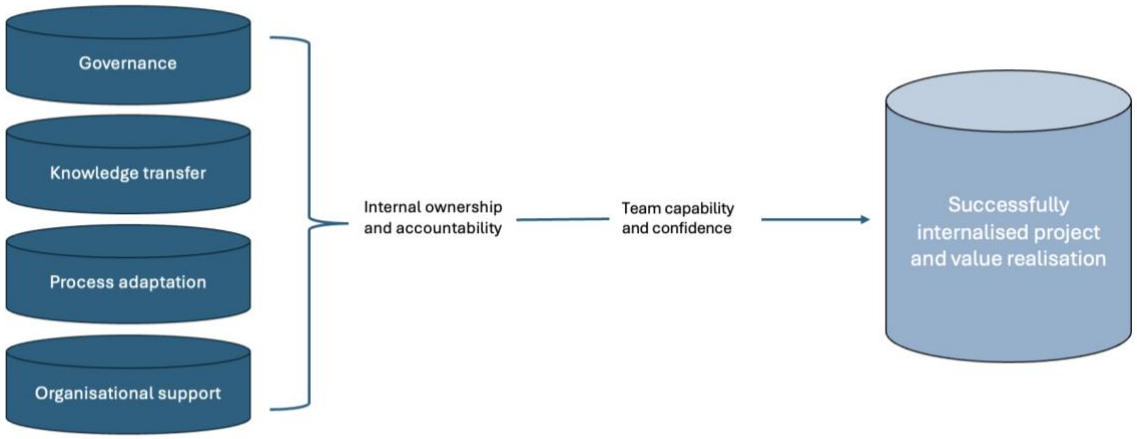
The four themes discussed previously illustrated project internalisation as an interconnected process. Firstly, governance provided the structure by defining ownership and decision-making. Secondly, knowledge transfers provided the content needed to operate the service. Thirdly, process adaptation ensured that the service fit within the receiving organisation's ways of working. Organisational support enabled all of these processes to function.

These findings illustrated that a weakness in one process tended to impact other processes as well. For example, unclear governance led to poor knowledge transfer, which in turn made process adaptation more difficult.

The participants defined successful project internalisation as having operational confidence. A project was considered successfully internalised when the receiving team understood the service,

could act independently, and did not rely on external support. This expanded process is illustrated in Figure 10.

Figure 10. Integrated interview model of project internalisation



4.2 Document analysis

This section presents the findings from the organisational document analysis and connects the findings to the previous section regarding interview data. While the interviews provided insight into how project internalisation is experienced in practice, the documents show how project internalisation is formally structured, described, and standardised within the case organisation.

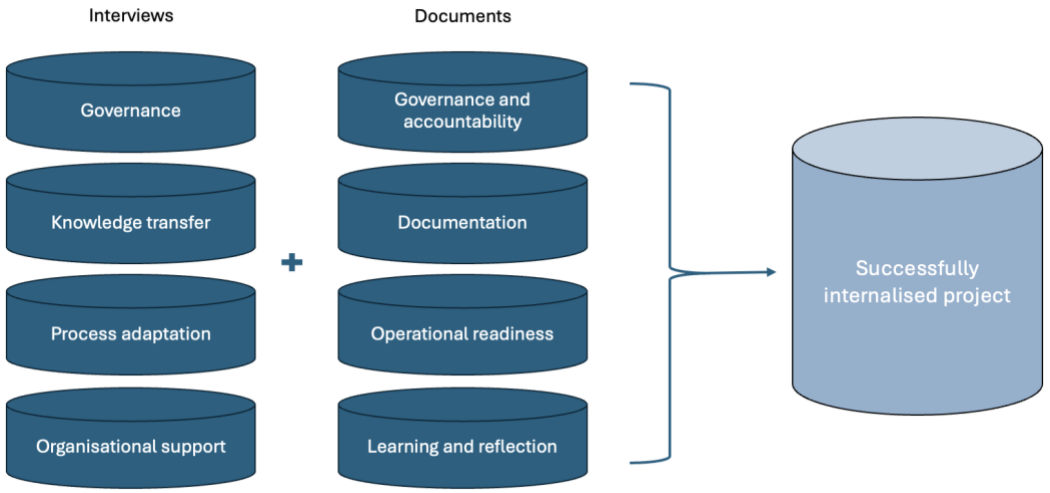
The analysed material includes project management templates, a communication plan template, a deployment plan, a project plan, a project kick-off deck, an end-to-end onboarding checklist, an operational manual template, and a retrospective template. Together, these documents formed a structured framework for project internalisation. They defined the expectations for governance, communication, knowledge transfer, validation, learning, and the transition into ongoing service delivery. The value of these documents was captured from their content and

implications. They showed how the case organisation expected project internalisation to work when it was translated into formal process, templates, and required documentation.

Four main patterns emerged from the document analysis. Firstly, governance and accountability were strongly formalised. Secondly, documentation and controlled information flows were treated as central to knowledge management. Thirdly, project internalisation was framed as a structured, process-driven progression towards operational readiness. Lastly, learning and reflection were formalised in a standardised manner.

Across all four findings, the most important observation was the contrast between formal structure and practical implementation. When compared with the interviews, the documents presented a more stable and controlled view of project internalisation. The documents suggested that risks can be managed effectively if the correct structures were in place. However, the interview data did not directly support this view. Thus, the documents were analysed in comparison with the interview data (see Figure 11.).

Figure 11. Documentary infrastructure supporting project internalisation



4.2.1 Formalised governance and accountability

The emphasis on governance was reflected in the detailed requirements that were mentioned across key organisational documents. The project plan templates required explicit descriptions of project organisations, decision-making structures, responsibilities, scheduling, transfer of responsibility, and project closure. The template required that a designated team had the responsibility to govern the project as well as have the decision-making rights related to the scope, schedule, costs, results, and approvals. Similarly, the deployment plan template required an organisational overview, key roles and responsibilities, personnel allocations, handover arrangement, acceptance criteria, and rollback logic. Furthermore, the communication plan template formalised governance by specifying stakeholder groups, communication needs, channels, frequency, and assigned responsibilities. Lastly, the operational manual outlined governance bodies, meeting structures, escalation forums, service status routines, and operational reviews.

The level of formalisation was visible not only in the structure of the documents, but also in the tone. The documents were written with the assumption that internalisation was stabilised by allocating decision-making rights, deliverables, responsibilities, and routines explicitly in advance. For example, the operational manual stated that its “main goal is to ensure the Parties are able, jointly and in an efficient manner, to manage and control the relationship, contract and delivery.” and that governance team had to ensure “a complete and cohesive delivery of IT services.” These statements illustrated a mechanism for maintaining control and coherence across both contractual and operational aspects of the project internalisation process.

However, when compared with the interview findings, a clear contrast emerged. In the documents, governance appeared to be structured and predictable. For example, the roles were defined, escalation paths were clear, and responsibilities were assumed to be agreed upon and understood. In contrast, the interview findings revealed that in practice governance was improvised and dependent on individual experience. The documents represented how

governance was intended to function, while the interviews showed how it was experienced in real life situations.

The onboarding checklist provided a powerful bridge between governance as a design, and governance in practice. The checklist conveyed governance into a set of concrete tasks, including updating contact details, defining escalation points, aligning service expectations, and conforming responsibilities. However, the onboarding checklist revealed a limitation. By structuring governance into a series of tasks, it created the impression that project governance was fully established once these tasks were completed. The interview findings suggested that this was not always the case, and that even when roles were formally defined, ambiguity remained if responsibilities were not fully understood or actively enacted. This highlighted an important distinction between formal governance and enacted governance.

4.2.2 Documentation and knowledge structures

A second major finding from the document analysis was the manner in which knowledge was formalised. Knowledge appeared primarily as something that can be codified, stored, reviewed, and distributed.

For example, the project plan required documentation lists, accessible project data, communication plans, risk lists, verification documents, and customer approvals. Similarly, the communication plan included meeting plans, shared repositories, emails, messaging, and status reports. The operational manual expressed this in a more explicit manner, by instructing teams to describe “all practicalities” needed for daily activities, to keep the documentation tools up to date, and to maintain application specific operational knowledge, contact lists, governance forums, service levels, and onboarding/offboarding procedures up to date. Furthermore, the onboarding checklist framed successful transition as dependent on service descriptions, known issues, working instructions, test plans, and documented approvals.

Documentation was treated as a central mechanism for ensuring continuity, consistency, and control. For example, the deployment plan template explicitly stated that a well-prepared deployment plan was required so that changes were executed “in a structured and coordinated manner in order to reduce the risk of failure.”

However, a clear tension appeared when comparing these documents to the interview findings. The documents assumed that codified knowledge stabilised project internalisation, whereas the interviews emphasised that the most difficult type of knowledge was the type that was not easily codified. This tension was particularly evident regarding tacit knowledge. While the documents provided the structures for capturing explicit knowledge, they did not offer clear advice on how business logic, contextual judgment, and accumulated experience were transferred and internalised. A clear example of this was in the operational manual which described the procedures for incident management, change enablement, and service operations, however it did not fully capture the nuanced understanding that developed through long-term practice of the service.

While maintaining documentation was important in itself, it also reinforced the assumptions that knowledge was centrally stored and controlled. This was in contrast to the interviews, which suggested that aspects of knowledge remained distributed, experience-based, and difficult to formalise. This created a gap between knowledge storage and knowledge integration. Documentation supported the knowledge storage effectively, but knowledge integration required additional processes, such as interaction, discussion, and hands-on experience. Thus, the documents were strong tools for transferring information in a structured way. However, based on the interviews, knowledge integration required that this information was actively interpreted, applied, and validated in practice.

From this perspective, documentation was understood as a necessary but incomplete components of project internalisation, as it provided a foundation for knowledge transfer, but did not itself ensure that knowledge became embedded within the receiving organisation.

4.2.3 Process-driven internalisation and operational readiness

A third key finding from the document analysis was the operationalisation of project internalisation. The documents represented project internalisation as a staged, process-driven progression towards operational readiness.

This operationalisation was found in the deployment plan, project plan, and onboarding checklist. Firstly, the deployment plan outlined a sequence of activities moving from overview and scope definition to dependencies, risks, scheduling, organisational resources, verification, rollback procedures, acceptance, handover, and the gradual phase out of previous systems. Secondly, the project plan structured project internalisation into phases such as scope definition, execution, transfer of responsibility, acceptance, and project closure. Thirdly, the onboarding checklist provided a detailed task-based view, including the contact setup, knowledge transfer activities, process alignment, access management, testing, risk mitigation, and approvals. Together, these documents illustrated project internalisation as a procedural sequence, in which the steps needed to be followed in the correct order to achieve operational readiness.

Combining these documents provided clear benefits in the project internalisation process. It helped to ensure that critical tasks were not overlooked and that dependencies were identified in advance. For example, the deployment plan explicitly stated: “The purpose of the Deployment plan is to describe how the IT system is deployed into its target environment so that the system is fully available to its end users.” This highlighted the intention to move beyond technical deployment towards full operational readiness.

However, when compared with the interview data, a limitation arose. The documents tended to equate process completion with readiness, where the interviews suggested that readiness involved more than completing tasks. The participants in the interviews described situations where all formal steps had been completed, yet the receiving team still lacked the confidence or

practical understanding of the incoming project. This suggested that process completion did not necessarily guarantee operational capability.

This phenomenon was found particularly in the onboarding checklist. It ensured that all necessary tasks were addressed, but it did not fully capture whether the team was prepared to operate independently. From this perspective, the onboarding checklist was effective at preventing omissions, but less effective at assessing operational readiness. This distinction highlighted an important difference between procedural readiness and functional readiness. The documents primary addressed the former, while the interviews emphasised the latter.

4.2.4 Retrospection and organisational learning

The fourth major finding concerned the depiction of learning and reflection processes in the documents. Compared with the governance and process structures, this area was oriented towards improvement and future development.

The retrospective template was particularly central to project internalisation. It provided the structured format for reflecting on project outcomes, encouraging teams to consider what worked well, what could have been improved, and what actions should be taken in future projects. The template explicitly framed this process as a learning oriented activity, by describing it as a “blameless retrospective” and as an “opportunity to learn and improve and succeed even better in upcoming projects.” Similarly, this framing was present in the project plan, which included project closure activities such as evaluation, documentation of lessons learned, and sharing of final reports.

Together, these elements suggested that learning was intended to be an integrated part of the project internalisation process. This framing was important because it indicated that the case organisation did not treat project internalisation purely as a delivery activity, but also as a source of organisational learning.

However, one key issue concerned the extent to which learning was carried forward. While the retrospective template provided a structured process to capture project insights, it did not guarantee that these insights were systematically applied in future projects. In practice, learning remained localised at the project level, rather than becoming embedded at an organisation level. This limitation was reflected in the broader structure of the documents. While they provided clear mechanisms for capturing information, they were less explicit about how this information was embedded into earlier stages of future projects, such as governance design, knowledge transfer planning, and process adaptation.

Thus, learning risked becoming episodic and dispersed, rather than combined and progressive. Each project generated insights, but these insights were not always integrated into the organisation's ongoing practices. This finding from the document analysis aligned with the interview data, where participants suggested that lessons learned were not always systematically reused.

4.2.5 Cross-source synthesis: what the documents add to the interviews

A more nuanced understanding of project internalisation emerged from analysing the document analysis data alongside the interview data.

According to the interview data, project internalisation was presented as a complex, uneven process shaped by governance, knowledge transfer, process adaptation, and organisational support. In contrast, the document analysis presented a more structured and controlled view of project internalisation, by outlining organisational expectations through templates and manuals.

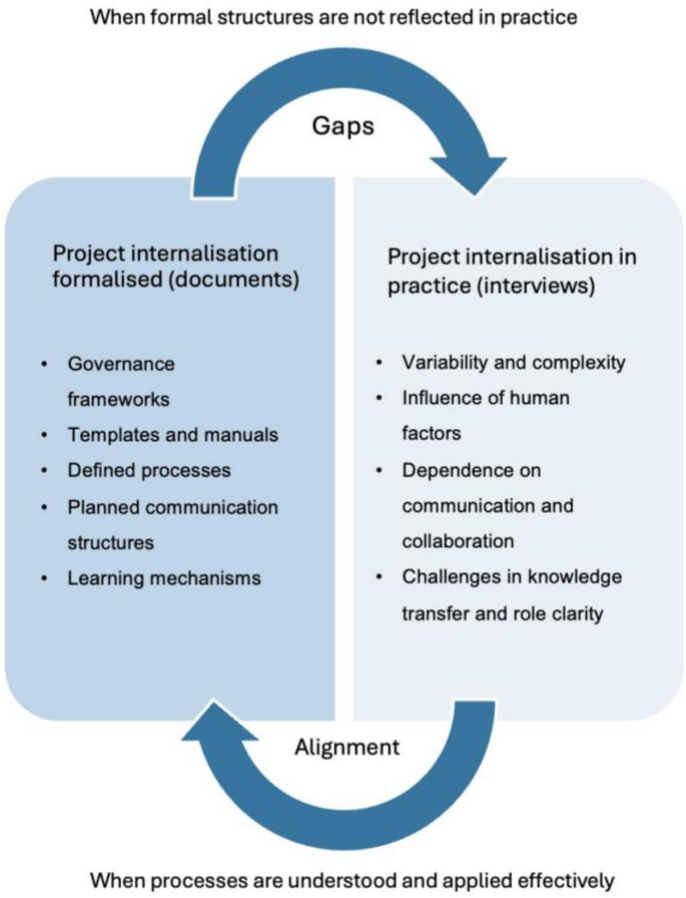
This comparison highlighted an important aspect of this study. The case organisation does not lack project internalisation structures. The documents show that a comprehensive framework already exists. However, the interviews illustrated that these structures do not always translate directly into practice. Formal completeness did not eliminate challenges such as role ambiguity, incomplete knowledge transfer, and unrealistic expectations.

The relationship between the documents and interviews was complementary. The documents represent the intended model of project internalisation, while the interviews illustrated how this model is practiced in real life situations. Internal organisational processes contribute to successful project internalisation, however their impact depended on how they are implemented.

The key examples of these complementary structure was seen as follows. Firstly, governance processes were effective when roles were actively understood and exercised. Secondly, knowledge management processes were effective when they supported not only documentation but also integration and application. Thirdly, the communication process was effective when stakeholders were actively involved. Lastly, learning processes were effective when insights were carried forward into future projects.

From this perspective, successful project internalisation depended on how these existing formal processes were implemented (see Figure 12.).

Figure 12. Triangulated model: formal infrastructure versus internalisation in practice



4.2.6 Synthesis of document analysis

The document analysis demonstrated that the case organisation had developed a substantial formal infrastructure for project internalisation. In these documents, governance structures were clearly defined, communication was planned, the processes were structured, and learning mechanisms were realised. These elements together provided a strong foundation for managing successful project internalisation. These documents presented project internalisation as a structure organisational process, rather than as an ad hod or purely technical activity.

However, compared with the interview data, it became clear that formal structure alone was insufficient. Project internalisation depended on how these formal processes were interpreted,

applied, and experienced in practice. Compared with the documents, which emphasised structure, control, and predictability, the interviews highlighted variability, complexity, and the importance of human factors. The interview data showed that project internalisation is not linear or fully controllable, and that project outcomes depended on factors such as experience, communication, and organisational agreements.

The findings from the interviews and documents supported a central aspect of project internalisation. For project internalisation to be successful, the organisation must have the ability to transform formal structured into practical capability. Templates, processes, and documentation provided the necessary framework for project internalisation, but value was realised only when these elements were effectively utilised by individuals and teams. Thus, project internalisation should be understood not only as a formal process, but also as a capability that combines structure and practice.

5 Discussion

This thesis set out to investigate how internal organisational processes contribute to successful project internalisation in a case organisation that operates in a project-intensive IT service environment. By drawing particularly on the Resource-Based View (RBV), the Extended Resource-Based View (ERBV), and the VRIO framework, the literature review illustrated project internalisation as a process through which temporary project resources were transformed into long-term organisational value. The empirical findings from the interviews and documents confirmed the relevance of these theoretical assertions. However, the empirical findings exposed that project internalisation was not successful by the presence or absence of enabling factors. Rather, the primary challenge was in how these factors were enacted and utilised in practice.

Project internalisation in the case organisation was experienced as a continuous process after the project was delivered to the receiving team. The participants claimed a project was successfully internalised when the service could operate independently and maintain service quality without the constant interference from the formal project or service provider. Thus, the focus was on operational capability, rather than formal completion or handover of the project. This empirical finding supports the theoretical argument made by Smyrk and Zwikael (2012) that project success should be understood through the utilisation of outputs rather than through the delivery of the project alone. However, the empirical findings emphasised how project outputs need to become organisationally sustainable and valuable.

In comparison, traditional project management theory assumes that a project can be considered successful when it is delivered on time, is within budget, and according to the agreed scope. However, the empirical findings of this thesis illustrated that reaching formal milestones did not guarantee operational success. Thus, this study strongly supports prior research and literature arguing that delivery efficiency explains only a small part of project success (Serrador & Turner, 2015).

This section is organised around the key themes that emerged from the empirical material and the theoretical framework. The first part examines the concept of project internalisation and its relevance theoretically. The next parts examine governance and ownership, knowledge transfer and integration, process adaptation and operational alignment, and organisational support. A final part presents the importance of a cross-source investigation and lastly presents new findings that arose from the empirical research.

5.1 Project internalisation as an organisational capability rather than formal completion

The literature discussed and challenged the traditional project management assertion that projects end when outputs are delivered. Smyrk and Zwikael's (2012) Inputs-Transform-Outcomes (ITO) model is particularly important as it places value realisation from a project in the utilisation phase of project internalisation. From this perspective, project internalisation is successful when project outputs are embedded into organisational routines and contribute to strategic outcomes. The interviews supported this view, as was seen by the participants' answers. The participants described project internalisation as a state of operational readiness in which the receiving organisation or team could solve issues, make decisions, and continue operations without the dependency of the former organisation or team. Moreover, the interviews added a more structured definition to the utilisation phase discussed in the literature review. According to the empirical findings, the utilisation of project outputs was understood as operational confidence. From this perspective, project outputs were not truly internalised solely because they existed, but because they were enacted in practice. This suggests that project internalisation should be understood as a capability formation process rather than as a passive absorption into the organisation.

This perspective is highly compatible with the Resource-Based View (RBV). Barney (1991) argues that resources generate sustained competitive advantage only when organisations possess the structures and capabilities needed to exploit them. The empirical finding supported this point, by

showcasing that project internalisation was the bridge between project resources and organisational capability. A project may create value, assets, designs, and knowledge, yet these resources remain underdeveloped and utilised until the receiving organisation has internalised them independently. Thus, organisational support reflects its ability to turn project outputs into valuable resources.

The empirical findings raised an interesting case of how projects were formally successful but strategically a failure. In the document analysis, project internalisation appeared to be highly structured, and included documents such as project plans, deployment plans, onboarding checklists, and operational manuals. These documents contained the necessary phases of project internalisation, advice on deliverables, and a clear communication on responsibilities. However, the interviews illustrated how following the formal structure alone did not guarantee the desired outcome. Therefore, the empirical findings suggested that the core challenge of project internalisation was to transform formal design into practical organisational competence.

Project internalisation should be viewed as an organisational process through which temporary and often dispersed resources are converted into operationally sustainable capability. This is especially relevant in the context of the Extended Resource-Based View (ERBV), where valuable resources originate not only inside the organisation, but also through external vendors and partners (Bharadwaj, 2000; Park et al., 2017). In such circumstances, project internalisation is the process by which externally sourced value is transformed into internal operational capability.

According to the empirical findings, the different factors in project internalisation were embedded unevenly or at the not at same pace. For example, different types of knowledge were internalised at separate times. This variance is not accounted for in the Resource-Based View (RBV) or the Extended-Based View (ERBV).

5.2 Governance, role clarity, and ownership

Governance emerged as one of the strongest themes in the interviews, as well as one of the most important references to theory and literature. Prior theoretical frameworks, especially ERBV, conceptualises governance as the allocation of decision rights, accountability structures, and control mechanisms that shape how resources are coordinated and how value is captured from internal and external relationships (Park et al., 2017). Similarly, literature on project internalisation emphasises the need for clear ownership and role allocation (Smyrk & Zwikael, 2012). Although the case organisation supports these theoretical assertions, it additionally adds a more expanded understanding of what governance looks like in practice.

The first important observation was that the participants did not speak about governance in terms of formal compliance. Rather, they referenced governance as the practical distribution of authority and responsibility in everyday tasks. In contrast, the literature on governance often illustrates it as a design feature of organisation or projects. In the interviews, governance appeared as a practical condition that either enabled or hindered internalisation. The case organisation demonstrated variation on the types of governance. One participant stated that roles had “varied a lot...project to project,” and that in some cases there had been “close to no roles or responsibilities” and these had been “made up on the go.” In other cases, governance had been “very, very clearly defined and communicated from the get go.” From this perspective, governance appears to have potential, however, is not consistently utilised across projects.

Project management literature often treats governance as if it were either present or absent, or as if it could be analysed by examining formal arrangement. However, the interviews suggested that governance should have be understood a continuum. In larger and more visible project transitions within the case organisation, especially those involving external providers, governance seemed to be stronger. However, in smaller project transitions, the case organisation appeared more likely to rely on informal coordination and individual initiative. Thus, governance is not uniformly embedded.

Weak governance resulted in unfair consequences, and this was reflected from the interviews. One participant explained that “the first challenge is confusion, always confusion..., people doing double work or nobody doing because they think some else is handling [it].” This observation is important, as it exposes two unwanted consequences of poor governance: duplication and omission. Similarly, another participant explained that teams argued over “whose responsibility each task is” and that by the time agreement was reached, “it’s already becoming so late in the project that we need to do hasty decisions..” In both cases, the receiving organisation loses efficiency and reliability. Unclear roles consume time, delay action, and force hasty decision making. Therefore, unclear ownership may threaten service continuity and hinder the transition toward operational independence.

Additionally, the empirical findings stressed the importance of ownership in the project internalisation process. One participant argued that clear ownership was essential and explicitly linked ownership to sponsorship, budget authority, leadership, and decision rights. Similarly, another participant stated that project internalisation was “less about transferring the tasks and more about transferring the accountability and also the confidence and the responsibilities and their decision-making capabilities.” Thus, ownership requires active intake and capability to continue form the receiving organisation.

These findings have direct implications for the Resource-Based View, and especially for the VRIO framework. Organisational support cannot be reduced to infrastructure and must include the transfer of responsibility to the receiving organisation. If ownership is only symbolically transferred, the resource is not fully internalised. Without real ownership, the receiving organisation may formally have the resource, while still lacking control over its practical use.

Furthermore, the interview illustrated the role of experienced individuals in stabilising governance. Several participants suggested that project became more manageable when at least one senior or experienced actor was present. This indicates that experienced actors may

compensate for missing structure by interpreting ambiguity, connecting stakeholders, and moving the project forward. When in reference to theory, this illustrates towards a form of informal governance capacity that is rooted in human capital. However, it should be noted that experience does not replace governance, and that heavy dependency on individual experience can lead to project internalisation becoming person-dependent rather than organisation-dependent.

The document analysis supported this perspective further. The formal project documents clearly specified the governance bodies, escalation channels, responsibilities, handover arrangements and communication responsibilities. In contrast, the interviews revealed that formal governance did not become enacted. Thus, the key issue was that governance structures needed to be activated during the project internalisation process.

These findings allowed for three conclusions to be drawn. Firstly, governance is a foundational condition for project internalisation, as it structures accountability, decision rights, and operational continuity. Secondly, ownership is more important than nominal role assignment, as project internalisation requires the transfer of tasks, confidence, mandates, and decision-making rights. Thirdly, governance is contingent on being actively mobilised, particularly in smaller project transitions.

5.3 Knowledge transfer and knowledge integration

The empirical findings supported the notion that project internalisation was fundamentally a knowledge-intensive process. This aligns with the literature reviewed in previous sections, particularly the discussions on knowledge integration, tacit knowledge, and generative collaboration (Janz & Prasarnphanich, 2009; Newell et al., 2006). The empirical findings suggested that a central challenge was not simply the transfer of knowledge from a previous provider to another, but the transformation of transferred knowledge into context-sensitive and operationally reliably understanding.

One key finding from the interviews was the types of knowledge that were transferred. Technical knowledge was often referred to as more manageable and easy to transfer. One participant noted that “the easiest ones are technical processes... because those are usually very well defined.” This perspective aligns with the literature, which mentions that explicit knowledge is easier to move across boundaries. Explicit knowledge often refers to codified, documented, and repeated information in manuals, sessions, or recordings.

In contrast, the participants described business logic, customer-specific contexts, and history as much more difficult to transfer. One participant described business logic as the most difficult knowledge to transfer because it “doesn’t make sense unless you really know the reasoning behind it.” This observation illustrated that project internalisation depended on the understanding of why specific knowledge exists. This strongly aligns with the Resource-Based View (RBV), which emphasises that embedded and tacit knowledge is a source of inimitability (Barney, 1991), and that organisation-specific learning emerges through shared practices rather than simple information exchange (Chisholm & Nielsen, 2009).

However, the interviews exposed a major tension between formal knowledge structures and actual knowledge readiness. The document analysis illustrated that the case organisation possessed a substantial documentary infrastructure around knowledge management. For example, operational manuals demanded clear descriptions of practical routines, contacts, and responsibilities. Therefore, formally the organisation behaved in ways that the literature would interpret as supportive of knowledge internalisation. However, the interviews illustrated that documentation remained uneven or insufficient for actual operational readiness. A key example of this was the account of one participant, who claimed that there is “a lot of so-called hidden knowledge that is not document anywhere.”.

This finding suggested that the case organisation faced a recurring gap between knowledge storage and knowledge integration. Although the participants recognised the usefulness of

documentation and knowledge transfer sessions, some argued that such mechanisms were not sufficient alone. One participant described the best cases of project transitions to be ones where receiving teams were able to sit down with the external team and conduct a knowledge transfer session together. Another participant claimed that “shadow support is probably the most important part”. The presence of formal documentation did not mean the receiving organisation had developed the practical understanding needed to operate independently. In reference to the theory, this finding contributes to the distinction between mechanistic pooling and generative integration described by Newell et al. (2006). Furthermore, this finding can be interpreted through the Knowledge-Based View (KBV), as it illustrates that project value depends on the organisation’s ability to integrate and effectively apply dispersed and context-specific knowledge into its organisational routines (Grant, 1996).

The literature on knowledge integration highlights the importance of social interaction and tacit learning, however both aspects require the attention towards the project budget and time management. One participant described being instructed to transfer knowledge with “minimum effort, minimum time, and absolutely no time for any preparations because it costs money.” Similarly, another participant mentioned that weak shadow support was due to financial difficulties. It was evident that these processes were vulnerable to managerial time and cost decisions. Therefore, it can be asserted that underinvestment in project internalisation may hinder capability formation.

The knowledge findings reinforce certain points from the previously discussed literature while extending them empirically. Firstly, the findings supported the distinction between explicit and tacit knowledge. Secondly, the findings supported the argument that generative integration was necessary for capability development. Thirdly, the findings illustrated that knowledge integration may fail due to the underestimation of time and resourcing.

5.4 Process adaptation and operational alignment

A third major theme in the empirical findings was process adaptation and operational alignment. This theme highlighted the importance of organisational fit. The literature on operational flexibility, governance models, and project uncertainty suggests that different projects require different structures, processes, and levels of adaptability (Loch et al., 2025). Comparatively, the empirical findings supported this notion, however they mentioned that project internalisation required a balance of preserving organisational standardisation and accommodating the specific demands of the incoming project.

The interviews primarily expressed a preference for standardisation. One participant stated that "mostly we try to fit new service into normal process, because if everything follows the same flow, life is easier." Standardisation was valued as it reduced cognitive burdens, simplified project coordination, and encouraged service continuity. This assertion aligns with the literature's recognition that structured processes may help transform ambiguity into manageable work (Loch et al., 2025). However, some participants mentioned that standardisation was not always possible or desirable. These participants described cases where regulations, customer expectations, contractual obligations, or service specific needs made adaptation necessary. One participant explained that under highly regulated sectors, standard internal processes "can't be fully adapted", thus modifications were made. Another participant argued that such decisions need to be assessed "case by case," depending on the type of project being internalised. This supports the literature's argument that governance and process design must match the contextual conditions rather than follow some universal template. The theoretical significance of this finding lies in the concept of organisational and process fit. The findings suggested that the receiving organisation had to determine how the incoming service would fit into the organisation's existing routines. If the incoming project did not fit the receiving organisation's environment, then project internalisation remained unstable after the formal handover was completed. Thus, process adaptation must be considered prior to project internalisation.

In addition to the interviews, the document analysis reinforced the importance of operational alignment. The case organisation demonstrated that it had formal tools for alignment, namely documentation such as deployment plans, onboarding checklists, and operational manuals. These documents illustrated project internalisation within the case organisation as a managed procession toward operational readiness. However, the interviews reflected how process completion did not automatically equal practical alignment. Thus, a process can be considered completed according to the documents, but may not operate as it is intended to. This finding contributes to the ITO theoretical perspective, as it suggests that value is not created because a project has reached its formal transition steps, but when those steps have resulted in a usable and stable outcome.

Furthermore, expectation management emerged as critical aspect of operational alignment. One participant noted that customers and stakeholders approached knowledge transfer or project transition planning with fixed assumption about how the sessions should have been conducted. Thus, this suggested that process alignment was relational. If stakeholders assumed that project internalisation was faster or simpler that in reality, it encouraged the handover of a project before the receiving organisation was in a condition to accept it.

From an operational flexibility perspective, the findings suggested that successful project internalisation depended on standardised adaptation. With too much rigidity, the project was not able to fit into existing organisational practices, while too much variation generated fragmentation in the service quality. Therefore, the challenge for the case organisation is to determine where flexibility is necessary and where standardisation should be protected. This judgment itself is an organisational capability, as it requires contextual understanding, communication across actors, and adequate knowledge transfer.

5.5 Organisational and managerial support as an enabling system

The fourth major theme concerned organisational and managerial support. The literature review suggests that organisational support is essential to project internalisation as project resources are only valuable when organisations have the processes, structure, and leadership practices that are needed to exploit them (Azevedo et al., 2022; Barney, 1991). The empirical findings supported this view, however they emphasised that organisational support should not be treated as a single variable. In the case organisation, organisational and managerial support appeared to be a combination of communication, stakeholder involvement, access, timing, staffing, and competence that surrounded the project transition.

According to the interviews, communication was a key condition for successful project internalisation. The participants stated that communication was the most important factor in project internalisation, and linked it to planning, coordination, and problem-solving. Similarly, a participant specifically claimed that if communication did not work, the project internalisation process would become “messy”. Furthermore, prior research has found communication planning as a critical factor in project effectiveness (Zwikael & Globerson, 2006). The interviews supported this assertion, but illustrated how interconnected other dimensions are to communication. When communication was weak, ownership became ambiguous, knowledge remained fragmented and dispersed, and the receiving organisation struggled to align expectations with the stakeholders involved.

The interview revealed that challenges in project internalisation were social and organisational in nature, rather than purely technological. This aligns with research on behavioural change, trust, and resistance, and the human side of project implementation (Loch et al., 2025; Rulandari & Silahlahi, 2025). The nature of these challenges is operationally central. This perspective suggests that successful project internalisation requires deeper learning, which is consistent with double-loop learning, in which existing routines and practices are reconsidered and transformed according to changing environments (Argyris and Schön, 1996).

Another key dimension of organisational support was stakeholder involvement. The interviews suggested that project internalisation was smoother when the receiving organisation was involved early and meaningfully rather than treated as the final receipt of the project transition. One participant described a project where “they did not consider us at all,” implying that earlier inclusion would likely have prevented later challenges. Another participant emphasised that the receiving side managers, although were not formally part of the project transition structure, were important as they ultimately carried the service responsibility. Thus, the receiving organisation must have the time and opportunity to prepare, question, and shape the project transition process if they were expected to own the service beyond the transition.

Lastly, competence emerged as an important factor in project internalisation. The interviews revealed that resourcing should not focus only on the headcount, but also on the competence fit, seniority, and experience of the employees. If the receiving organisation was formally staffed but lacked either the capability or the appropriate preparation time, then project internalisation was due to fail. These findings support the RBV assertion that human capital remains central to the value of organisational assets (Grant & Yeo, 2022).

The findings suggested that organisational support should be understood as a combination of processes rather than a single factor. Governance, knowledge integration, process adaptation, and behavioural readiness rely on these processes.

5.6 Cross-source synthesis

One of the strongest features of this study was the combination of interviews and document analysis. The two types of sources illustrated different dimensions of project internalisation. The interviews showed how project internalisation is experienced, negotiated, and often times improvised in practice. The documents showed how project internalisation is formally framed, planned, and standardised within the organisation. These types of sources combined together

provided a more analytical view of the tensions that arose from intended structure and what had been conducted in practice.

The documents presented internalisation as a process that was organised through planning, role allocation, structured communication, operational preparation, verification, and retrospective learning. In the case organisation, governance was formalised, the responsibilities were specified, and operational readiness was measured. These components suggested that if these were followed, project internalisation would be successful. Thus, formally, the case organisation had invested in building infrastructure that supported successful project internalisation and operational stability.

The interviews provided an extended view of the documents. The participants acknowledged that clear plans, detailed schedules, shadow support, and explicit roles contributed to a more successful internalisation process. The challenge arose when formal infrastructure did not automatically translate into practical readiness. For example, the roles were listed without being understood, or the documentation was delivered without any guidance as to how to comprehend it.

The contrasts between the two types of sources are significant as it illustrated that project internalisation should be analysed form at least two perspectives. The first perspective is structural intention, and refers to what the organisation has designed to support project internalisation. The second perspective is practical enactment, and refers to how those structures are interpreted and activated in practice. The literature tends to focus on the first perspective, while the empirical findings illustrated that major challenges are found in the second perspective. For example, governance documents specify responsibility while the interviews revealed variation in practice.

In addition, the use of two types of sources strengthened the validity of this study. If this study had relied solely on one of the sources, it may have concluded that the case organisation either

lacked structure, or had a successfully functioning and mature project internalisation process. The combination of using both sources provides a more visible reality; the organisation has substantial formal structures, but its practical impact depends on to what extent the structure is interpreted and utilised in reality.

5.7 What is new?

Alongside the comparison of the findings with the previously discussed literature, this study was able to identify new empirical material.

The first new insight is that project internalisation is fundamentally an alignment problem between formal organisational structure and enacted organisational practice. This proposition is important as it goes beyond the claim made in project internalisation literature that organisational support is necessary. The empirical findings showed that support can formally exist without being operationally realised. Thus, the "O" in VRIO should not be interpreted only as the existence of supportive infrastructure, but as the organisation's ability to make that infrastructure effective in practice at the point of the project transition.

A second new insight concerns the meaning of success. The participants did not define successful project internalisation in terms of milestone completion or process closure. Rather, they defined it as the moment when the receiving team or organisation could continue without relying on the former provider. Therefore, project internalisation success can be operationalised as operational independence or confidence. This notion is not clearly presented in the literature.

A third new insight is the identification of the gap between knowledge storage and integration, The case organisation was strong in its documentation, however the interviews illustrated that not all knowledge can be documented, such as hidden or tacit knowledge. Project internalisation may fail when organisation treat documented transfer as it was equivalent or sufficient for

practical comprehension. Receiving organisations need to focus on whether they have acquired on the ability to continue the project or service with the information they have received.

A fourth insight concerns the practical economics of internalisation. The literature emphasised tacit knowledge, collaboration, and learning, but the interviews exposed how these processes were often constrained by time and cost decisions. The need to transfer with “minimum effort” and “minimum time” highlighted that organisation may undermine the project internalisation process through resource decisions. This finding extends the literature by showcasing that project internalisation is a strategic resourcing issue, alongside a knowledge and governance issue.

These contributions are both theoretical and practical. Theoretically, the new insights refine how previously discussed theory and concepts should be interpreted in the context of project internalisation. Practically, the new insights point toward the potential for developing a structured approach that can support organisations in navigating successful project internalisation.

6 Conclusion

6.1 Summary of key findings and answering the research question

The empirical findings of this study can be summarised in six closely related dimensions.

First, project internalisation is not experienced as a single event. It is a gradual organisational process through which responsibility, knowledge, decisions rights, and routines are transferred and stabilised. The receiving organisation deems project internalisation to be successful not when a transition was formally handed over, but when it could continue the project independently from the former provider. This indicates that project internalisation should be evaluated int the terms of operational independence rather than the completion of a handover.

Secondly, governance and ownership are foundational to successful internalisation. Weak governance produces immediate confusion, duplication of tasks, omissions, delays, and hasty decision-making. Moreover, the empirical findings indicate that project internalisation included assigning tasks as well as transferring ownership. As one participant recalled, project internalisation was “less about transferring the tasks and more about transferring the accountability and also the confidence and the responsibilities and their decision-making capabilities.” From this perspective, ownership is the point at which governance becomes operationally meaningful.

Thirdly, knowledge transfer emerged as the core practical challenge of project internalisation. However, the empirical findings indicate that not all knowledge can be internalised in the same manner. Technical knowledge, as well as clearly defined processes, were generally easier to transfer and internalise. In contrast, tacit knowledge, business logic, customer-specific context, and process understanding were often more difficult to internalise. The case organisation possessed extensive documentation, however the interviews revealed a continuous challenge with hidden knowledge, outdated information, and incomplete documentation. Therefore, this study illustrated that project internalisation depends on knowledge integration, which is the

ability of the receiving team or organisation to interpret, apply, and enact on the received knowledge in practice.

Fourthly, the empirical findings demonstrate that project internalisation is a process-alignment problem. The receiving organisation must determine how incoming services, systems, or responsibilities will fit within their existing practices. According to the empirical findings, standardisation was preferred as it protects operational coherence. Simultaneously, the participants emphasised that certain projects require adaptation due to customer, regulatory, or technical requirements. Thus, project internalisation depends on alignment between the internal organisational practices and context-specific adjustments.

Fifth, organisational and managerial support operates as an enabling system rather than as a background factor or afterthought. The participants emphasised communication, access, stakeholder involvement, competence, time, and resourcing as central to project internalisation. Furthermore, one participant described communication as the most important factor, while another recalled that if any of the factors were to weaken, the transition process would become complicated. Thus, project internalisation seems to be a socio-organisational process. Although technical assets are important, the transition process depends on whether the employees are informed, included, and supported.

Sixth, this study's cross-source synthesis reveals that the main challenge of project internalisation is the gap between formal infrastructure and enacted organisational practice. Thus, this study illustrates that project internalisation is fundamentally an alignment problem. Success depends on how well governance, knowledge, process design, and support structures are transformed from formal structure into enacted capability.

6.1.1 Answering the research question

These findings provide a clear answer to the research question of how internal organisational processes contribute to successful project internalisation. The results of this study indicate that

project internalisation is not achieved through the basic presence of formal structures such as governance frameworks, documentations, or predefined processes. Rather, internal organisational processes contribute to successful project internalisation through the organisation's ability to actively align and transform these formal structures into enacted organisational practice. Specifically, governance contributes by enabling the transfer of ownership and decision-making authority, knowledge processes contribute through the integration of tacit and context-specific knowledge beyond formal documentation, process-related mechanisms contribute by ensuring alignment between incoming services and existing operational routines, and organisational support contributes by enabling communication, resource availability, and stakeholder involvement. In sum, successful project internalisation can be understood as the development of operational independence within the receiving organisation, where teams are able to maintain service continuity and quality without continuous reliance on former provider. Thus, project internalisation is fundamentally an alignment process between formal organisational structures and their practical enactment.

6.2 Solution

The primary practical contribution of this study and thesis is a framework that transforms the empirical findings into a structured way of thinking about smooth project internalisation. This framework is not a simple list, but a model and a tool. This is due to the empirical finding that project internalisation is successful through alignment rather than the completion of a list of tasks. This proposed framework is referred to as the Internalisation Alignment Framework.

The framework contains four independent alignment dimensions. The first dimension is governance alignment. This concerns whether project roles, decision rights, escalation logic, and operational ownership are not only formally defined but practically understood and enacted. The empirical findings indicated that weak governance created confusion, duplication and delay, while strong governance encouraged clarity about the mandate and accountability of the project. Thus, a project is governance-aligned when the employees who will operate the service are

aware of who decides, owns, and carries the responsibility of the project after the formal handover.

The second dimension is knowledge alignment. This concerns whether the receiving side has gained access to usable information of technical, contextual, and tacit aspects of the service or system. The case organisation illustrated that documentation and knowledge transfer sessions were necessary, but not sufficient. Thus, knowledge alignment requires that the receiving organisation can interpret the documentation, understand the business logic behind the project practices, and apply this knowledge in practice. In practical terms, this indicates that organisations should design project internalisation around communication and interaction, shadowing, hands-on rehearsal, and post project handover validation.

The third dimension is process alignment, which refers to the extent to which the incoming project fits the receiving organisation's operating model. The findings showed that internalisation was smoother when the receiving organisation was able to place the service within its existing processes without forcing rigidity or allowing for fragmentation. Therefore, process alignment involves deciding what should remain standardised, what requires adaptation, and how customer, regulatory, or technical requirements will be managed without undermining organisational coherence.

The fourth dimension is the support alignment. This includes communication, stakeholder involvement, competence, access, scheduling, and resourcing. The empirical findings indicated that these conditions formed an enabling system. For example, when communication was weak, stakeholder involvement was delayed or forgone. Similarly, when resourcing was tight, other alignment dimensions became more difficult to achieve. Thus, support alignment is reached when the receiving organisation has the practical conditions needed to learn, prepare, and take responsibility. This avoids projects being prematurely transitioned.

The four dimensions should not be applied sequentially, as project internalisation is not a linear process. Rather, the Internalisation Alignment Framework should be used as a diagnostic lens throughout the entire internalisation process. At the planning stage, managers can ask whether future ownership and decision-making rights have been communicated, whether the likely knowledge challenges have been identified, whether the process fit questions have been discussed, and whether time and competence have been resourced adequately. During the transition, the framework can be used to monitor where dependency is still concentrated, where tacit knowledge remains hidden, where process assumptions are misaligned, and where support conditions are weakening. After the formal handover of the project, this framework can be used retrospectively to assess whether operational independence has been achieved.

To encourage the framework to be used in a more actionable manner, each alignment dimension introduces a set of practical validation questions. Under governance alignment, organisations should ask whether the receiving organisation has a clear operational owner, whether decision rights are explicit, whether non-project stakeholders with possible service responsibility have been identified and involved, and whether ownership has been transferred in practice. Under knowledge alignment, organisations should ask whether the transfer has covered both explicit and tacit knowledge, whether documentation is up to date and context-specific, whether hidden knowledge has been identified, and whether the receiving organisation has demonstrated understanding of the knowledge. Under process alignment, organisations should ask whether the incoming service fits existing routines, what must be adapted, what should remain standardised, and whether operational readiness has been tested. Under support alignment, organisations should ask whether communication channels are working, whether the receiving organisation has access to the required systems and contacts, whether competence and overlap time are sufficient, and whether the management team has treated project internalisation as a strategic transition, rather than a mere formal project handover.

The Internalisation Alignment framework offers a way to bridge the gap identified in this thesis between formal infrastructure and practical capability. The case organisation has many of the

formal tools associated with project management. The challenge was the enactment of these tools. Therefore, this framework directs employees to verify that these formal structured have become real organisation practices. In sum, the framework illustrates that successful project internalisation is achieved when governance becomes ownership, knowledge becomes practical competence, process design becomes operational fit, and formal support becomes practical readiness (see Figures 13, 14, 15 & 16).

Figure 13. Governance alignment diagnostic

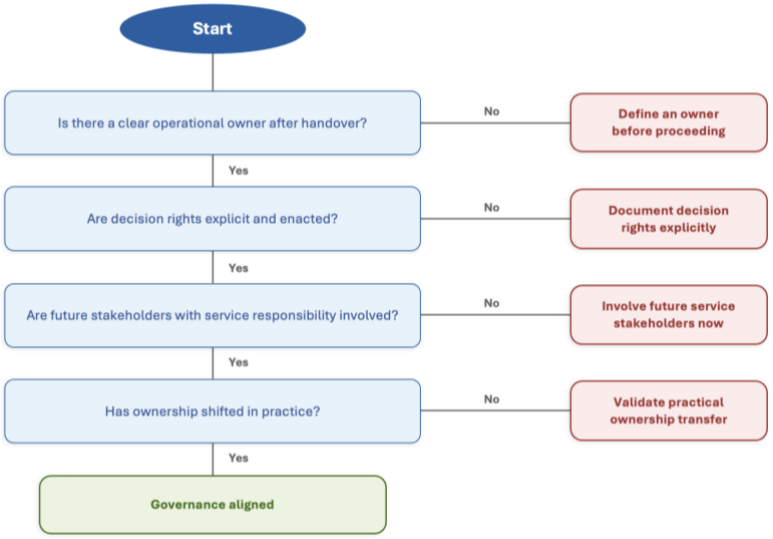


Figure 14. Knowledge alignment diagnostic

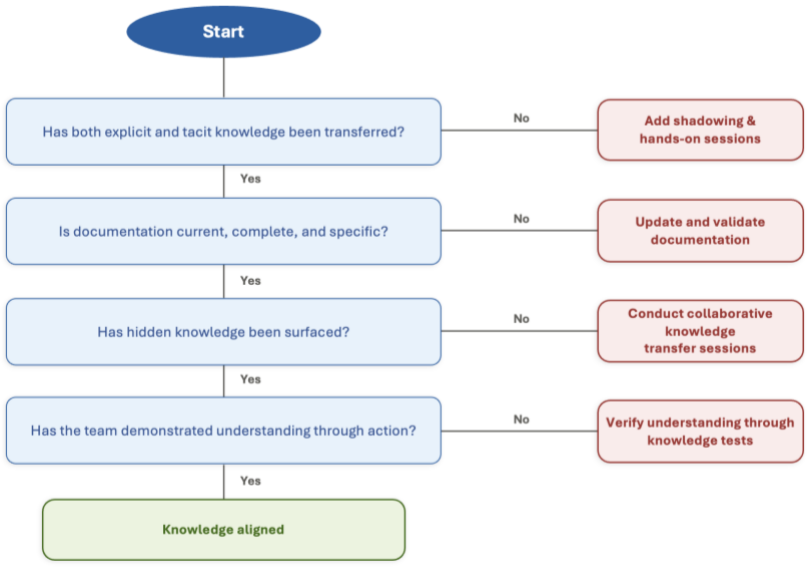


Figure 15. Process alignment diagnostic

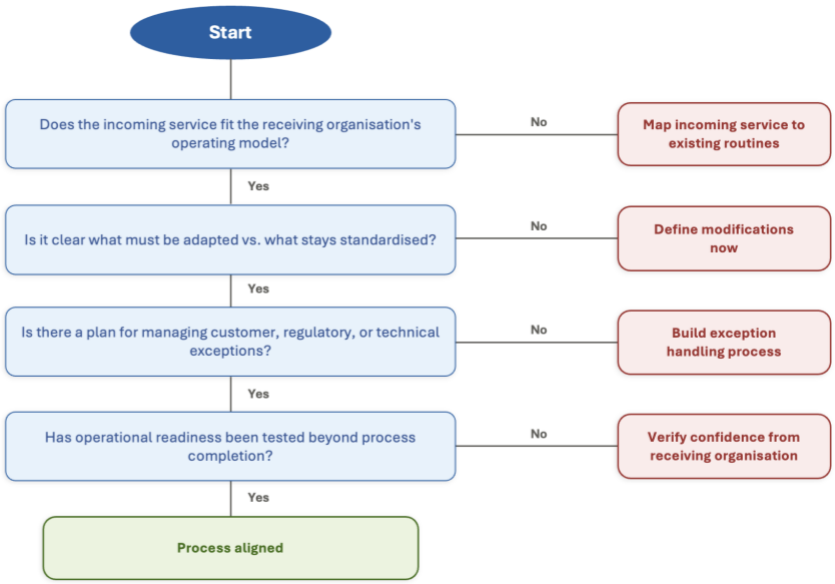
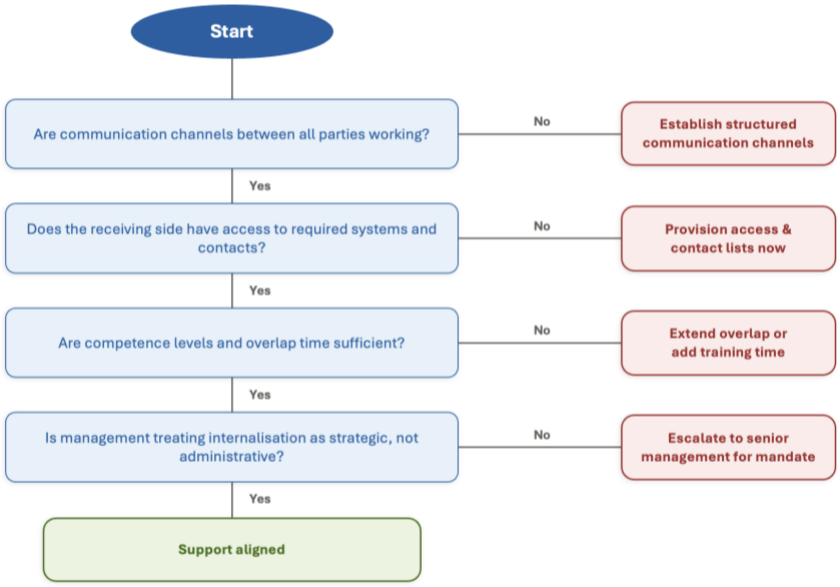


Figure 16. Support alignment diagnostic



6.3 Theoretical implications

The empirical findings of this thesis carry several theoretical implications for research on project internalisation, project success, RBV, ERBV, and knowledge integration.

The first implication concerns how project internalisation should be conceptualised. The previously discussed literature on project internalisation distinguished between the Input-Process-Output model and the Inputs-Transform-Outcomes model (Smyrk & Zwikael, 2012). The findings in this thesis support this distinction and extend the meaning by illustrating that project internalisation should be understood as the development of operational capability. Moreover, the findings extend the notion of the utilisation phase. A project outcome is not internalised by the presence of it. It is internalised when the receiving organisation can perform and sustain the outcome without recurring external dependence from the former provider.

A second theoretical implication concerns the "O" in the VRIO framework. In project management literature, organisational support is often interpreted as the existence of structures, policies and coordination mechanisms that allow valuable resources to be exploited (Barney, 1991; Azevedo et al., 2022). The findings of this study suggest that this interpretation is not sufficient in the context of project internalisation. The case organisation illustrates that organisation may possess extensive formal structures and still struggle to internalise project outcomes in practice. Thus, the "O" in VRIO is reframed as an enacted organisational capability.

Third, the study contributes to the application of RBV and ERBV in project settings by clarifying how value capture occurs after formal project delivery. RBV suggests that competitive advantage comes from valuable, rare, inimitable resources supported by the organisation (Barney, 1991). Moreover, ERBV extends on the RBV framework by claiming that valuable resources may originate through external relationships and alliances (Bharadwaj, 2000; Park et al., 2017). The empirical findings show that project internalisation is the mechanisms through which such project-generated and externally linked resources are transformed into organisation-specific capabilities. However, this transformation is not automatic. Governance, knowledge integration, operational fit, and support determine whether value created by the project is absorbed by the receiving organisation. Therefore, this study supports the claim that external resources are only activated when internal capabilities exist to exploit them.

Fourth, the findings of this thesis add nuance to knowledge integration literature by distinguishing more clearly between knowledge storage, transfer, and integration. The literature on knowledge management refers to these concepts as being closely connected. However, the case organisation demonstrated how they should be separately analysed. For example, organisations may be strong in documentation and still weak in operational learning. Thus, this study supports Newell et al.'s (2006) distinction between mechanistic pooling and generative integration, by demonstrating that documentation requires collaborative context-specific knowledge transfer sessions to enable successful knowledge integration. Smooth project internalisation requires mechanisms that include interaction and rehearsal.

Fifth, this study contributes to literature on governance in project management by illustrating that governance quality is dependent and unevenly activated. Existing literature on project governance discusses governance structures in categorical terms, such as hierarchical, market-based, or network-based alignment (Park et al., 2017). The case organisation suggests that the main challenge in project governance is the extent to which governance discipline is activated across different projects. Governance capability may exist within the organisation, however it may be inconsistently applied. This implies that future research should pay attention to not only governance design, but to its activation.

Finally, this thesis offers a conceptual contribution by proposing that project internalisation should be understood as an alignment problem between formal structure and enacted practice. Rather than treating project internalisation failure as a result of isolated weaknesses, this study suggests that project internalisation succeeds when the receiving organisation aligns its formal infrastructure with the practical realities, such as ownership, operational readiness, and support structures. This proposition invites future research to examine project internalisation as a process of multi-dimensional alignment, rather than a separate set of factors.

6.4 Managerial implications

The findings of this study carry managerial implications, especially for those involved in project-intensive transitions.

The first implication is that managers should treat project internalisation as a capability-building process. This process requires deliberate investment in ownership, learning, process fit, and support. Organisations that under resource project internalisation processes may achieve a formal handover, but risk inheriting dependency, confusion, and operational fragmentation.

A second implication is that managers should distinguish clearly between task transfer and ownership transfer. Assigning a receiving team does not ensure that the team can lead, decide, prioritise, and take accountability. Thus, managers should determine where the receiving team or organisation had a clear ownership and mandate, and whether decision rights are explicit. Moreover, managers should ensure that all stakeholders are involved during the entire project internalisation process.

Thirdly, managers should treat knowledge internalisation as more than a documentation step. Documentation is necessary, but the empirical findings suggest that they are insufficient for capability building. Thus, managers should include shadow support, hands-on walkthroughs, practice with real cases, and opportunities for the receiving team to ask contextual questions from the former provider. This type of collaboration is particularly important for tacit and customer specific knowledge.

Fourthly, managers should resource project internalisation explicitly, rather than assuming it is a secondary element. The interviews expose that weak knowledge integration may be linked to cost pressures, minimal preparation time, and inadequate overlap. These dimensions should be treated as part of the strategic value capture process, thus investing in the organisation's ability to carry the project outcomes independently.

A fifth implication is that managers should focus on the process fit. Incoming services or systems should not automatically be copied into the receiving organisation. Rather, managers should determine which routines must remain standardised for coherence and which aspects need adjustment for customer, regulatory, or technical conditions. Thus, project transitional planning should include operational testing of how the service will function after the formal handover.

Finally, managers should institutionalise learning from the project transitions. The case organisation had some retrospective structures in their documentation, however the findings suggested that lessons were not always utilised systematically into future transitions. Managers

should ensure that learning about role ambiguity, hidden or tacit knowledge, unrealistic timelines, and process misfits should be taken into consideration in future projects.

6.5 Limitations

This study has several limitations, and acknowledging them is important to comprehend the findings appropriately.

The first limitation concerns the case design. The research was conducted within a single case organisation in the IT services sector. A single-case study provides analytical depth and allows for close examination of contextual processes. However, it does not allow for broad empirical generalisation. Therefore, the findings should be understood as analytically transferable to other cases, and not universally representative.

A second limitation is that this study relied heavily on the interview data. Interviews are valuable, as they provide insight into how participants understand and experience project internalisation. However, interviews are subject to narrow role-based perspectives, memory limitations, and subjective emphasis. The participants may interpret the same transition process differently depending on their position, experience, or degree of responsibility. The use of document analysis strengthened the study through triangulation, however it does not eliminate the interpretive and subjective nature of the analysis.

Thirdly, this study did not follow project transitions longitudinally over an extended period of time. While the participants in this study recalled strong evidence regarding what makes project internalisation smooth or difficult, future longitudinal work would be needed to test how these conditions shape outcomes over time.

Fourthly, due to the organisation and the participants being anonymised, some contextual details had to be generalised or removed. This was necessary for ethical reasons and to maintain

confidentiality. However, this limits the degree to which certain contextual topics can be discussed. More contextual data could have provided further results.

Fifth, this thesis is theoretically anchored in RBV, ERBV, and VRIO, as well as heavily focusing on project internalisation literature. This provided a coherent framework for the analysis. However, it also meant that other potentially relevant perspectives, such as dynamic capabilities, were not explored. Some of the findings may benefit from being examined through additional lenses and theories.

It should be noted that despite these limitations, the study offers a strong and useful contribution. The combination of interview data and document analysis made it possible to identify an important tension between the formal structure and practical enactment. Therefore, these limitations define the scope of the findings of this study, but they do not diminish their value.

6.6 Suggestions for future research

The findings of this thesis point toward several directions for future research.

Firstly, comparative case studies would be an especially valuable research study. One of the strongest conclusions of this study is that project internalisation depends on the alignment between formal structure and enacted practice. Future research could examine whether this pattern is present across multiple organisations or even sectors. Comparative studies could help identify whether some forms of governance, support, or organisational practices could aid in alignment between the two.

Secondly, future research could test the concept of operational independence more systemically. The empirical findings of this thesis suggest that successful project internalisation is prevalent when the receiving organisation is able to continue without recurring dependence on the former

provider. This insight could be developed into a more explicit construct or indicator, such as by measuring decision autonomy, service continuity, or problem resolution capability.

Thirdly, future research could investigate the behavioural dimension of project internalisation in more detail. The findings in this study illustrate that stress, uncertainty, and communication quality are important issues, yet this study did not use these themes as its theoretical focus. Perhaps research from a psychological safety and well-being or socio-emotional perspective could deepen the understanding of how teams cope with the ambiguity and constant nature of change in project internalisation.

Finally, future studies could test and refine the solution framework propose in this thesis. The framework is derived inductively from the case organisation and theoretically from the literature. It may be valuable to examine whether the discussed alignment dimensions, namely governance, knowledge, process, and support, appear in other organisational contexts, and how generalisable the proposed framework is.

6.7 Ending note

This thesis examined how internal organisational processes contribute to successful project internalisation. Drawing on RBV, ERBV, VRIO, and by combining interview data with organisation documents, this study was able to illustrate that project internalisation should be understood as an organisational capability building process through which temporary project resources either become embedded into organisational practices or remain dependent, fragmented, and strategically under realised. Furthermore, this thesis identifies the central challenges of project internalisation as an alignment problem between formal structure and enacted organisational practice.

The findings demonstrate that governance, ownership, knowledge integration, process adaptation, and organisational support are all central to the project internalisation process. Thus,

smooth project internalisation depends on alignment amongst all of the above mentioned dimensions, alongside the alignment of formal organisational infrastructure and practical enactment.

Project internalisation is achieved not when the project has been formally transferred, but when the receiving team or organisation can operate and sustain the project or service with sufficient autonomy and confidence. From this perspective, operational independence is a meaningful indicator of internalisation. Value is realised when the organisation becomes capable of continuing with what it has received.

This study returns to the underlying strategic logic of RBV and ERBV. Resourcing, partnership, and project outcomes only matter when the organisation can absorb and exploit them. Project internalisation is the process through which the absorption occurs. Therefore, the practical question for organisations is whether the organisation is capable of carrying the project forward on its own. This thesis argues that this is the real test of successful internalisation.

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Appendix

Appendix 1. Interview prologue and questions

The purpose of this interview is to better understand employees' experiences and perspectives on project internalisation within an IT consulting context. Project internalisation refers to situations where work or projects previously delivered by external providers or created as new are transitioned and taken over by internal teams within the company.

The interview is conducted as part of my Master's thesis and aims to explore which internal organizational processes support or hinder successful project internalisation. During the interview, you will be asked to reflect on your own experiences related to internalisation projects.

Questions:

1. Can you describe your role and possible responsibilities that you hold, of course maintaining privacy and confidentiality?
2. What types of projects or services have you been involved in that were subject to internalisation, either as a participant or as a lead?
3. To what extent were roles, responsibilities, and decision-making authority clearly defined during the internalisation?
4. What challenges arose due to unclear governance or alignment?
5. How was knowledge transferred from the external provider to internal teams? What types of knowledge were easiest and hardest to transfer?
6. How were existing processes adapted to accommodate the internalized project?
7. How was success measured after internalisation?
8. From your perspective, which internal processes were most critical for successful project internalisation?