HRM CHALLENGES IN TRANSITION TO PROJECT MANAGEMENT (PROJECT-BASED ORGANIZATION)

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Abstract

This article develops the understanding of human resource management in project-based organization, where human resource management is a core to manage relation between individual and their organizational framework. Project teams are increasingly committed by organizations to achieve an important organizational goal as they attempt to survive and grow in dynamic business environment.

Organizations performance is challenge changing business environment over time. Such organizations are using project management as their fundamental style of management. Morris (1994) suggests, that "Management by projects has become powerful way to integrate organizational functions and motivate groups to achieve higher levels of performance and productivity".

Keywords: Human resources management, project-based organization.
JEL Classification: M12, O15

Introduction

Human resources are one of important resources for successful development of every organization. Several researchers, P. L. Pickett (2000), P. Sparrow, R. Schuler, S. E. Jackson (2000), P. Evans, V. Pucik, J. Barsoux (2002), J. C. Hayton (2005), J. Pfeffer, (1998), have proven convincingly, that HRM is one of the most sensitive and important fields of action for the future success (L. Peiseniece & T. Volkova, 2010). In order to become more flexible and achieve competitive advantage the companies are forced to seek new ways and forms of management. Gareis (2010) has pointed out that organizations need to change more frequently due to "increasing complexity and dynamics" in their environment. Currently, number of organizations moves from traditional to project management. However, human factor remains one of the most important factors influencing the effectiveness and success of activities of traditional organization and project-based organizations. Lehmann (2010) was analyzing traditional and renewal school of management notice, that „humans are part of limited resources dedicated to the project". Research results show, that various organizational changes as well as transformation of organization to project–based organization have fundamental effects on Human Resource Management (HRM) Bredin & Soderlund (2006). According to Huemann, et. al. (2007) HRM is of strategic importance and core process in project based organization. Packendorff (2002) points out that "most HRM procedures have been designed for permanent organizations where each individual has a position, nor for project-based organization where positions are non-existent or are changed all the time". An increasing amount of studies stress the need for research on the human side of project organization (Brewster & Larsen (2000); Huemann et. al., (2004); Packendorff (2002)).

However, Bredin & Soderlund (2006), Heumann, et. al. (2007) suggest that specific features of the project-based company create specific challenges for HRM in that context, which are not widely recognized in the general management, HRM or project management literatures.

The aim of this paper is to analyze and evaluate theoretical findings on Human Resource Management trends of changes in transition to project based organizations.

Research methodology. By scientific research of Human Resource Management analysis, the paper examines theoretical concept of human recourses, main features of project based organization, changes of human resource management influenced of movement towards project based organization. The evaluation of HRM management in project based organization will be based on HRM theory analysis.

Transition from organization to project-based organization

Constantly changing dynamic environment stimulates changes in organizations. Traditional methods of management become inefficient; they cannot ensure successful achievement of activity goals. Recently, it was noted that more and more organizations are switching to change management, process management, and project management and therefore organizations are facing the challenge: how to make their changes to be more successful way to gain performance. Roland Gareis (2010) proposed "*due to the increasing complexity*

and dynamics in the environment of organization, changes are required more frequently". Modern advanced organizations more and more often are applying project management as instrument for implementation of organization's strategic goals. Often traditional organizations performing projects still have no model of project based activity management system allowing proper integration of projects to organization's activity and insurance of successful implementation of the project. Organizations constantly implementing projects usually have special inner structures designed for realization of project management such as departments or sections. Absence of project based activity management system usually makes harder management of organization itself.

Besides, talking about the project concept, many scientists are describing the project as discontinuous, short-term and complex activity of organization, strictly limited in time, with the goal, limited resources and different levels of project complexity that include the level of high volatility and possibility to analyze and coordinate big amounts of information, and this is related to human resources and involvement of organization itself to create an unique product, service or process (Turner & Muller, 2003; A Guide to the Project Management Body of Knowledge, 1996; The International Organization for Standardization, 2003; Sydow, et. al., 2004; Zwikale et. al., 2005; Gareis, 2005; Neverauskas & Stankevicius; 2008; Geraldi, 2008; Geraldi & Adlbrecht, 2008). When looking at project conceptual definition already it is seen that in order to perform and finish the project successfully human resources of the project and all social environment have to be managed efficiently.

Hence, project human resource make the most effective use of the people involved with the Project. Furthermore, the human resources are one of the most important resources influencing the effectiveness and success of activities of organization. With reference to Engwall et. al. (2003); Hobday's (2000); Bredin & Soderlund (2006); Englund & Muller (2004); Turner, et. al., (2003); Gareis, (2005); Turner, (2009) as organizations moving to project based organization human resource management is changing. The project-based organization creates a new work environment that involves human resource development, this is training development from perspective of the individual employee, competence development, motivation, commitment, empowerment, job satisfaction, time pressure and work stress. A new work environment creation linked to hiring of staff for temporary project, where individual moving through a series of temporary project work overlapping and as a new career path involved as well.

Turner & Keegan, (2001) define project-based organization as one "in which the majority of products made or services delivered are against bespoke designs for customers". Project-based organizations are those whose operations first of all comprise of projects. These organizations are distributed into two groups (categories):

- ✓ Organizations which have carry out management by projects. These organizations trend to have management systems in place to facilitate project management.
- ✓ Organizations which get revenue in the first instance from performing projects for others under contract – architectural and engineering company, consultants, construction and government contractors.

In addition, project-based organizations have been described as temporary organizational pattern and new, flexible organizational forms as well, where each project is unique and unrepeatable and strongly subject to its environment. Besides, amount, size, specific of projects are constantly changing therefore when every new project is starting or project under performance is ending, the main form of organization's human resources in organization changes like assessing, rewarding their work on projects, dispersing on project completion, a new assigning to projects, and linking project assignments to careers.

Human resources management dimensions

Human resources are supposed particular and valuable resources that contribute and ensure organization's competitive advantage. Thus in order to improve quality of organization activity the efficient management of human resources is very important. Armstrong (2006) highlights that people and their collective skills, abilities and experience coordinated with ability of their development for interests of organization are being recognized as bringing big benefit to organization and significant resource of competitive advantage. Gennard (2002) states that organizations are harmonious and integrated combine where all workers are working as one team striving for organizational goals. Philosophy of human resources management is based on generality and conviction that interests of managers and workers can and have to coincide because organizations are being perceived as teams having shared goals. Management literature describes management of human resources as management aspect directed to manage relationship between

individuals and organizations. Management is performed through „people management system", complex system of processes, structures and activities of role that impact employees (Bredin, 2008; Brewster, et. al., 2000). Human Resource Management literature proposed the concept of HRM as strategic and complex view to the most valued capital of organization – people who individually and collectively are contributing to implementation of organizational goals feeling responsibility and acceptance of their interests from the side of organizations thus showing devotion to organization.

Project and management literature has discussed numerous cases of effective human management in Project-based organization. Human resources are one of the most important resources or the project also. The final result of the project will depend on successful cooperation and use of competence, skills, knowledge of project team. Referring to the researches of HM the following essential dimensions could be distinguished:

- ✓ Human resource planning for extension
- ✓ Selection and assigning to projects
- ✓ Assessing performance on projects
- ✓ Determination of work payment
- ✓ Description of responsibility
- ✓ Communication in transfer of knowledge to each other
- ✓ Organization of qualification development
- ✓ Employee motivation and satisfaction
- ✓ Improvement of the quality of work life

Summarizing theoretical analysis of HRM concept and dimensions the assumption can be made that the same dimensions have to be realized by implementing HRM function of project-based organizations. Expression of HRM dimensions in Project-based organization distinguishes from traditional organization because of peculiarities and constraints of project based activity.

HRM challenges and problems in the project-based organization

Organizational environment and individual work place changes when organizations decide to transfer into project-based organization, accordingly, human resources management problems appear that not always are considered by organizations or they are devaluated. Packendorff (2002) highlighted, that "most HRM procedures have been designed for permanent organizations where each individual has a position, not for project-based organizations where positions are non-existent or are changed all the time".

Human resources are relocated from one project to another, successively or simultaneously, that forces to coordinate supply and needs for workers and at the same time to adapt skills available for the best use. Analysis of scientific researches of project management and HRM allows distinguishing few challenges and problems of HRM in project-based organization:

✓ **Project workers workload.** Project rarely take into consideration the workload of project workers in previous projects, leading to continuously high levels of work intensity among project workers (Packendorff, 2002). Usually when working with few projects at once appears, big number of contacts with different people determines constant tension because the person often is unable to process information received. This, in combination with the increased responsibilities placed on individuals to keep themselves "employable" and stay competitive in the "market-line" organizations, as proposed by Lindkvist (2004), might create a stressful work environment for people working in a project context.

✓ **Increasing requirement to individual workers**. The person has to maintain good interrelationship and reputation in his/her project environment in order to ensure participation in further projects. Also, Huemann et al. (2004) points out that in the project-based environment individual have to "take on the responsibility for the acquisition of the competencies demanded and of his or her professional development to keep employable".

✓ **Human resource development**. Specific of training is determined by short-terms of project based activity and career possibilities. While talking about project-based organization it is needed to search for the problems of training of individual during the long period (Bredin & Soderlund, 2006; Hobday, 2000; Larsen & Brewster, 2003). Referring to Huemann et al. (2004) responsibility for long-term development, possibilities of development and general understanding about individual work is left more or less for the management of the person himself/herself. Moreover it is hard for workers of the project to plan and prepare official program of training development because they are taking more responsibility in order to finish the project in time, their work is difficult to track and assess, high work intensity.

✓ **Career possibilities.** Management of human resources acknowledges the necessity to increase flexibility in career development in project based organization's dynamic environment (Larsen, 2002; Turner, et. al. 2003). Dynamic and flexibility in career development in project based organizations are related to the fact that projects are temporary and not always career possibilities can be given. But if Project-based organization performs few or more projects at once then referring to Grabher, (2002) career of individual is being formed according to abundance of projects. Workers should trust in constant movement from one project to another that is based on career possibility. Keegan and Turner (2003), introduced the idea of „career of rising stair" in project based organization.

✓ **Motivation possibilities**. In striving to motivate workers involved into performance of new project, it is necessary to know what factors could be important. Motivation of individual is conditioned by interaction of needs of different complexity and intensity. Besides, some needs cannot be perceived by the individual, and all this makes motivation very complicated. According Bredin & Soderlund, (2006), Midler, (1995), they have pointed to the difficulties in handling compensation and evaluation in project-based environments.

It is obvious that earlier discussed problems are interrelated and influencing each other in many cases therefore they cannot be evaluated separately.

Conclusions

The aim of this paper is to review the human resource management trends of changes in transition to project based organizations. A few essential points emerge from research of the existing scientific literature. Organization moving to change management, process management, project management, this is coming new challenges for organization.

Project-based organizations have been described as temporary organizations form, where operations first of all comprise of projects. Each project is unique, unrepeatable and strongly subject to its environment. These project-based organizations are distributed into two categories: management by projects; implementing projects for others under contract.

Having analyzed scientific literature, there were shown the problems of management of human resources and challenges which are being faced by project-based organization, there are the workload for the project workers, increasing requirements for individual workers, human resource development, career path possibilities, motivation possibilities. Human resource management can be viewed as core challenges of the project-based organization. Because every time when new project starts or project in hand finishes the main form of human resources in organization changes like assessing, rewarding their work on projects, dispersing on project completion, a new assigning to projects, and linking project assignments to careers.

As a result of the theoretical findings, the paper demonstrates that the HRM is crucial project management problem as well. The problem is the lack of human resource management research methodology in the context of project-based organization. This allows developing a theoretical model of HRM, which could reveal the successful management of the HR factors of the project-based organization.

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