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HR FUNCTION IN A PROJECT-ORIENTED ORGANIZATION: GENERAL AND SPECIFIC CONDITIONS

The aim of the study is to present general and specific conditions of HR function in project-oriented organizations with the emphasis on specific decision-making subjects (decision-makers). The study is based on the literature review as well as the author's own empirical research conducted at 100 project-oriented organizations in Poland.

Keywords: HR function; people management; project-oriented organization; decision-makers.

Катаржина Півовар-Сулей

КАДРОВА ФУНКЦІЯ В ПРОЕКТНО-ОРІЄНТОВАНИХ ОРГАНІЗАЦІЯХ: ЗАГАЛЬНІ ТА СПЕЦИФІЧНІ УМОВИ

У статті описано загальні та специфічні умови кадрової функції в проектно-орієнтованих організаціях, особливу увагу приділено питанню щодо суб'єктів прийняття рішень. Порівняння кадрових функцій та специфіки проведено на основі аналізу літератури та авторського особистого дослідження 100 проектно-орієнтованих організацій в Польщі.

Ключові слова: кадрова функція; управління людьми; проектно-орієнтована організація; суб'єкт прийняття рішень.

Рис. 1. Табл. 1. Літ. 16.

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КАДРОВАЯ ФУНКЦИЯ В ПРОЕКТНО-ОРИЕНТИРОВАННЫХ ОРГАНИЗАЦИЯХ: ОБЩИЕ И СПЕЦИФИЧЕСКИЕ УСЛОВИЯ

В статье описаны общие и специфические условия кадровой функции в проектно-ориентированных организациях, особое внимание уделено вопросу субъектов принятия решений. Сравнение кадровых функций и специфики проведено на основе анализа литературы и авторского личного исследования 100 проектно-ориентированных организаций в Польше.

Ключевые слова: кадровая функция; управление людьми; проектно-ориентированная организация; субъект принятия решений.

Introduction. Advancing globalizations, higher competition at many markets or the global crisis imply the need for ongoing search for methods to maintain or increase the competitive capacity of enterprises. A thesis can be put forward that the attention of theoreticians and practitioners is currently focused on the increasing dynamics of how organizations function. In order to maintain competitive advantages managers have to take continuous efforts aimed at either introducing new, or developing existing products and processes. Repetitive activities are slowly giving way to unique activities – i.e. projects.

A project is a temporary micro-organization created to undertake a unique scope of work of a given specification, within constraints of cost and time, so as to achieve beneficial change (Turner, 2009). The increasing importance of projects in organizations functioning has led to rapid development of project management. Many enterprises do not limit themselves to managing individual projects, but also implement the so-called management by projects (MBP). Parallel implementation of many projects remains a common denominator of the presented characteristics, related to such management. At such enterprises, known as project-oriented organizations

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(PORORs), project teams are used to achieve objectives resulting from an organizational strategy. One can distinguish strictly project-oriented organizations (e.g., active in the construction or IT sector) as well as organizations dominated by repetitive activities (e.g., banks), in which various changes are introduced in the form of projects. Strictly project-oriented organizations are focused on external projects and the second type of PORORs is focused rather on internal projects.

The results of a project are determined by human potential of project team members. This potential is formed within the HR function (people management) which includes the following elements: recruitment and selection (R&S), training, appraisal, rewarding and HR flow (Gableta, 2003). It has been assumed that the term "HR flow" comprises promotions, movement (e.g. between departments), relegations and dismissal. Moreover, decisions concerning training, rewarding or HR flow should result from the employee appraisal.

In project-oriented organizations the complexity of people management increases. The HR function has a double-track course: in general organizational field and within a given project. In shaping this function in project-oriented organizations, "new" decision-makers (non-existent in traditional organizations) such as project managers or project management offices, gain more importance. The discussed problem requires taking a slightly different perspective on people management.

The general goal of the study is to present the conditions for people management in companies where MBP is implemented. The first part of the study presents the general conditions for people management processes. The second part presents conditions specific for PORORs with the emphasis on "new" decision-makers. The research was based on literature studies on the subject as well as empirical research results. The article is a continuation of the discussion in (Piwowar-Sulej, 2014a) and the extension of its research results using a larger research sample.

Empirical research was conducted in 2014 and 2015 in 100 project-oriented organizations in Poland. The samples were conditionally selected. The main selection criteria were: implementation of MBP in the organization and existence of an HR department in the organizational structure. Unfortunately, there are insufficient statistics concerning the number of project-oriented organizations functioning in Poland and having an HR department. Therefore, it is difficult to determine the number of the general population of such organizations. The data was collected on the basis of semi-structured interviews with project managers, members of project teams and HR departments employees. The research project followed a phenomenological and interpretative trend and was financed by the National Science Centre Poland (DEC-2013/09/D/HS4/00566). The detailed research results referring to this as well as other aspects of the HR function fulfilment will be published in the form of a monograph in 2016.

General conditioning of HR function. The shape of HR function depend on external factors (e.g., socioeconomic and legal environment of an organization), as well as internal factors (e.g., size, policy or strategy). The way of HR function fulfilment in an organization also depends on organizational structure, i.e. decision-making subjects within HR area and their authority (Piwowar-Sulej, 2014a).

Generally, the role of HR function has been changing over time from a purely operational to a strategic one. The subject literature distinguishes different stages of

this function development. For example, T. Deb (2006) lists the following stages of HR function evolution:

- classical school (1900–1920);
- school of interpersonal relations (1920–1950);
- school of human resources (1950–1960);
- school of human resources management (1980 till now).

The concept of human resources management (HRM) resulted in a new approach to HR function, as presented in the points below (Aswathappa, 2005):

1. Organizations are people. Acquiring their services, developing their skills, motivating them are essential to achieving organizational objectives.

2. Decisions relating to employees must be integrated.

3. Decisions made must influence the effectiveness of an organization.

It is worth emphasizing at this point that today's human resources management is changing towards strategic human resources management, or human capital management. Crucial significance is assigned to integrating the HR function with enterprise strategy. Moreover, an employee is no longer approached to as a resource, but rather as capital. People are referred to as talents bringing value to an enterprise.

The report published in 2013 by the consulting company "Deloitte" (2013) indicates the global trends in HR function implementation. E.g. talent development remains the observed trend. The trend related to strategic management of human resources is also the persisting one. On the other hand, the most recent report by the same company (Deloitte, 2015) emphasizes that companies take a more sophisticated approach to managing all aspects of employee issues, covering also temporary or contract staff. In case of 51% companies covered by the study the demand for freelancers shall continue to grow within the coming 3–5 years. The so-called "on call" workers allow enterprises take advantage of vast resources of talents – innovators, technical specialists and other experienced professionals. In order to employ and keep them companies should give a great deal of thought on how to engage them in corporate programs, strategies and analytical tools, which so far have covered only full-time employees.

The people, their importance and approach to HR function should be viewed from the perspective of changes taking place inside organizations and in the environment. Interesting transformations occur with employees themselves. A young generation of employees represents the person emphasizing his/her needs. It should, however, be remembered that MBP implementation can, on the one hand, represent a response to workers' expectations but, on the other, set higher requirements to them and result in higher complexity of HR function.

Specific conditions of HR function in a project-oriented organization.

1. The model of HR function in a project-oriented organization. J.R. Turner, M. Huemann, A. Keegan (2008) were the first to discuss the problems of HR function in a project-based organization. They distinguished two paths within this function. However, they did not notice that in the situation when an enterprise implements a pure task-oriented structure (no permanent line units, but just temporary task units), HR function shall be carried out in each consecutive project as in a separate enterprise. According to the abovementioned authors HR function is characterized by the following stages:

1) in the so-called parent organization: selection, appraisal, performance, development, reward and release,

2) in a project: assigning, appraisal, performance, development, reward, disbursement.

In companies where MBP takes place in practice, task structures are extremely rare in a pure form. The so-called matrix structures or mixed structures (combining line units with project teams) are quite popular. Therefore, implementation of MBP impacts the HR function (Figure 1).

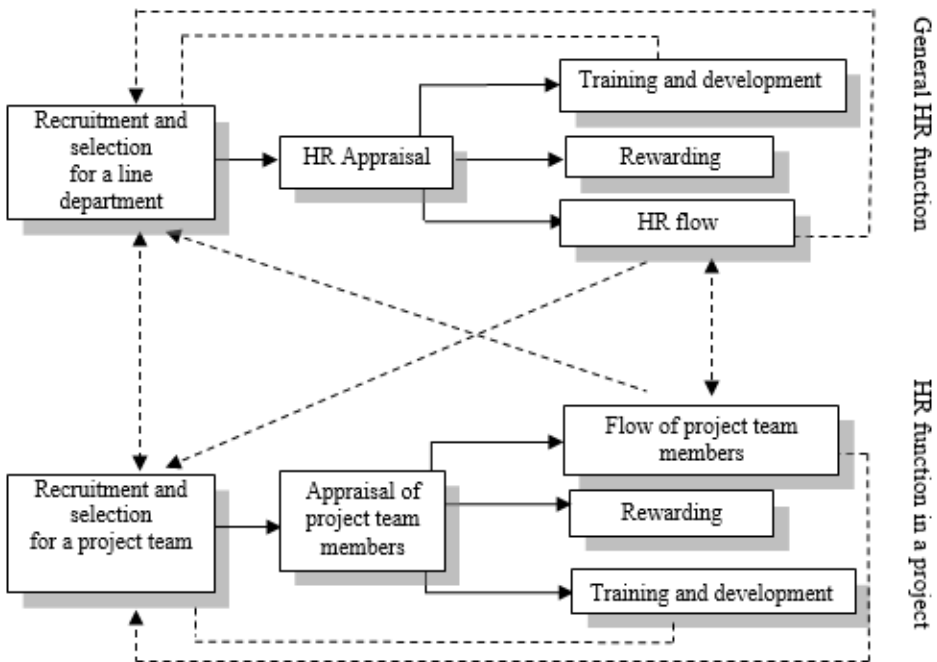


Figure 1. Double-track course of HR function in a project-oriented organization, own work based on (Piwowar-Sulej, 2012)

The two tracks of HR function have been called the general HR function and the HR function in a project. It is worth discussing some relations between the main elements of the general HR function and the elements of the HR function in a project, as indicated by the dashed lines in Figure 1.

For example, HR flow is closely connected with the flow of project team members. An employee can be temporarily transferred from a line department to a project and come back to parent unit after project completion. In this way HR flow is also bounded with selection in the internal work market, because the stage of the general HR function known as HR flow provides "resources" for the people selection stage of a project.

There are some relations between the HR function elements which regard to R&S. If an organization has candidates shortage for project team members, external or internal recruitment is launched. A member of a project team becomes a member of an organization.

The above does not exhaust the subject of the specific character of the HR function in a project-oriented organization (for more see: Piwowski-Sulej, 2013; Piwowski-Sulej, 2014). MBP implementation is associated with certain consequences of psychosocial nature. Within the framework of HR function construction efforts should be made to avoid the negative impacts for employees resulting from work in an unstable and dynamic project-oriented environment.

We should agree with P. Wachowiak et al. (2004) who argued that the implementation of projects usually places higher requirements in project team members than it happens in case of repetitive activities. It results from the need for maintaining specific project parameters, as well as their complexity and uniqueness. Team work skills are indispensable for effective project implementation. Moreover, not every expert considered as such in his/her department will be approached as an expert by other project team members. This may happen due to the lack of experience in working with a particular person before.

As indicated in the introduction to the article, this character of HR function is connected not only with specific organizational structure but also with the existence of specific decision-making subjects. They should participate especially in the HR function in a project.

2. Specific decision-makers in PORORs and their role in the HR function in a project – the theory versus results of the Author's empirical research. It can be observed that in a traditional organization, in which there is no MBP, the main subjects of HR function fulfillment are: management board, line managers and HR department. These subjects will have the greatest impact on the activities undertaken within the general HR function in PORORs as well (Piwowski-Sulej, 2014a). Speaking about the specificity of HR function in PORORs, one should first of all present subjects typical for these organizations. It refers to such entities as a project sponsor, a steering committee, project management office (PMO) and a project manager. Project sponsor is a project financing person, who can be represented by the management board or a top manager. A steering committee usually consists of front-line managers. PMO is a unit dealing with the standardization of project activities. A project manager is a person responsible for project results.

Table 1 presents the brief characteristics of tasks to be carried out by the above-mentioned entities within the framework of HR function implementation in a project.

Further in the study the selected research results will be presented regarding the role of the abovementioned entities within the HR function implementation in projects.

The above shows that project sponsor recruits and selects the candidates for the project manager position. It is also confirmed by 36% of the organizations covered by the research. Steering committee exists in only 16% of the respondents organizations. Committee members (line managers) participate mainly in the general HR function. Their participation in the HR function in a project is apparent in a situation when somebody from their department is appointed for a project, and his/her work is to be subsequently appraised. It is them who also frequently decide which worker from their unit will be delegated for the project. Therefore, presented in Table 1 they make certain decisions which cannot be taken by a project manager.

Table 1. The roles of specific decision-makers in the HR function of a project – approaches in literature, author's compilation based on (Litke, 1993; Kopczewski, 2009; Turner, 2009; Kisielnicki, 2011; Trocki, 2014)

| The roles within the HR function in a project | | | |
|--|---|--|---|
| Project sponsor | Steering committee | PMO | Project manager |
| - appointing a project manager and assisting him/her during project implementation | - making decisions to be expected by a project manager, but which exceed his/her competencies | - preparing (development of competencies) and selecting project managers - coaching and mentoring in the area of project management | - team organization (R&S) - establishing the system of remuneration in a project - training for project team members - leading the team (winning the commitment to the project of people he or she may not have direct line responsibility over) |

The research shows that PMO has only been created in 9% of the respondent organizations. PMOs usually appoint a manager for a specific project (as part of internal recruitment for the project) and train project participants in project management methodologies. The indicated role is consistent with the role presented in academic literature.

Finally, every project is supervised by a project manager. This subject is really the main coach for the project team. Unfortunately, despite the fact that literature on the subject stresses the role of the project manager in the R&S process of project team members, in practice project managers have influence on the make-up of the project team in 58% of the respondents' organizations. Furthermore, they do not always have a budget at their disposal to remunerate project team members. Even though they appraise project executors they submit such appraisals to front-line managers. The latter – in the situation when a project manager does not have a budget for bonuses to be paid to team members – apply for awarding their subordinates with additional gratifications for taking part in a project.

Conclusions. In the past, management by projects existed only in the industries where projects were the basic form of business activity. Today this approach is practiced not only in typically project-oriented organizations but also at other enterprises. Management board members of many companies point out that one can successfully manage an organization using MBP and thus utilizing the advantages of both project teams and line units. However, not only goals and tasks to be carried out by an enterprise, but also the knowledge about the HR function conditioning, should become the reference points for management board in the decision-making process regarding MBP implementation. In project-oriented organizations the complexity of this function increases. HR function goes in two simultaneous directions: in the general organizational field and within a defined project. Some relations between the distinguished tracks of the HR function have been determined in the article.

But above all, the article has shown – on the basis of literature studies and own empirical research – general and specific conditioning of the HR function in project-oriented organizations. The focus has been put on the role of specific decision-making subjects in the HR function. To sum up the results of the author's empirical research it should be noted that project managers do not have such powers as usually described in academic literature.

The problems of management by projects represent a relatively new area in management and still remain only fragmentarily researched, but, at the same time, are of increasing importance. MBP brings new challenges to all subjects participating in the HR function and also new challenges for academics whose interest area is HR.

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