How does Project Management fit into the Structure of Global Organisations, former government owned companies?

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Abstract

During the transition from public to private, the organisations not only changed their financial administration, but also the overall business approach. This paper aims to emphasise the topic of how Project Management fits into the structure of Global Organisations, former Government owned companies. It is based on literature reviews, analysis of several study cases and semi-structural interviews. The interviewed project managers have been selected based on their extensive experience with international projects former Government Owned Organisations. They all have project management academic background and are international certified project managers. Coming from different industries and countries, the selected candidates have been working with multicultural teams across the group, in their home country and abroad.

The conclusions of the present paper provides a clear overview of the position of the project management in former times, highlighting the personal strengths used by the project managers to undertake the changes needed to remain relevant for the global corporation and to continually bring value.

Keywords: former government owned companies; adaptation; innovation; integration, project management

1. Introduction

“A project is a temporary organisation of a project-oriented company for the performance of a relatively unique short – to medium-term strategically important business process of medium or large scope. Projects are used for the performance of relatively unique processes. The more unique are the objectives and deliverables to be fulfilled, the higher is the associated risk. Information from past experiences that can be used as reference often is available only to a limited extends.

Even from old times projects are used for the performance of business processes with short to medium duration. These projects should be performed as quickly as possible - in other words, in several months. Before the privatisation of the public company, the projects were also used for business processes of medium to large scope. The scope of a business process can be described by the tasks and resources required, the costs occurring, and the organisations involved. The operationalize of definition of project, the characteristics of business processes are used, that is, the strategic importance, duration, organisations involved, resources required, and cost occurring. The scaling of these characteristics is to be defined by each organisation.

For performance of the individual project management sub processes, the corresponding project management methods are used. The importance of the methods does not get lost. Definition of the sub processes of the project management adds an integration level for ensuring the professional application of project management methods. Producing an optimal project schedule cannot be an objective in itself, but it must be an overall integrative objective to start the project in an optimal way.

Management of project objectives, management of the project schedule, management of the project cost planning, and so on cannot be accepted as project management processes because only an integrated consideration of all methods of project management can lead to optimal results. The management of project plans as “processes” cannot ensure a holistic management.” (State of the art of global project management, 2-8, Global Project Management Handbook).

In particular, this paper has as central research question “How does Project Management fit into the Structure of Global Organisations, former government owned companies?” and it aims to show the academic opinion, and the inside of practical experience.

With the purpose of getting a deeper understanding on the topic, there will be used the following research questions:

1. Project Management transition from local – public to global –private environment
2. Does a former Government owned organisation have a Project Management culture?
3. The position of Project Management organisation in the global company

The context of this research is given by the high-velocity electronics, computer, and software industries serving different industries as telecommunications, oil and gas and finance businesses.

The politic, economic, social and technological environment of the countries from the soviet bloc has a big influence in the companies and it is enlightening to look over the changes though which the project management practice passed.

2. Methodology

The aim of this research is to see how the Project Management has adjusted to fit in an ex government run organisation, present private global company. Apart of the analysis on how the international standards have been applied in different stages of the Project Management Organisation maturity, it has been questioning the limits of the project management mythologies in keeping the relevance of this practice in the company. It is particularly important that it has been considered the transition suffered by the Political, Economic, Social, and Technological Environment from Eastern Europe during the last 30 years.
For this particular study, there have been chosen 3 aspects, which reflect the position of the project management practice in the former government owned organisation. The aspects were chosen in order to showcase the different facets of the project management looking at the theoretical, literature and practice perspectives.

The sample group is formed by 6 senior project managers (with more than 7 years of experience) from different organisations and industries, with academic background and internationally certified. The main selection criteria were the extensive experience in leading international projects with multicultural teams. The nationalities of the participants are: Austrian, Romanian and Turkish and they have been leading big projects in Austria, England, Germany, Romania, and Tunisia. The interviewed project managers have been working in different types of project management organisations: influence project organisation, matrix project organisation and pure project organisation. In the same time, they have experienced project management organisations formed by multiple nationalities located in multiple locations from different countries across the globe.

The participants involved in this research were obtained through personal contacts. They were chosen to examine and confirm or disprove the challenges and solutions found in the initial literature review.

3. Data collection and analysis

For the objective of this study, a “case” was designed as a single, extensive interview with a program manager. Information was gathered from 6 project managers and a program manager over a two-month period of time.

First it has been lead the interview with the programme manager, in order to create the directions of the semi-structured interviews. The preliminary results were analysed and the 3 main directions have been identified which will allow the author to explore certain new aspects during the literature review and the interviews. These questions focused on how the project management fits in the new global organisation and the adjustments which had to be undertaken by project manager in order to continue being relevant for the company. Being concentrated on “how”, the research questions move towards the exploration of the changes suffered by the Project Management practice from the public sector at national level towards the private sector in a global corporation. In the same time, it is highlighted the current position of the project manager in this kind or organisation.

Second in the research is the review of relevant literature, highlighting the place of the project management in the global organisation focusing on the three main aspects established in the earlier research phase.

As mentioned earlier, the contribution of the sample group is highly important for the final findings. With the purpose to facilitate the information gathering, there has been making use of a pre-tested interview protocol that is formed of twenty-eight questions focused on specific data-seeking style. To each research question corresponds three or more queries.

This research paper has been structured into 5 main topics:

1. Project Management practice, from public sector to the private one
2. Project Management organisation structure in the new global organisation
3. The labour relationships and organisational culture as facilitator
4. Does a former public company have a Project Management culture?
5. The reputation of Project Management organisation in the global corporation

Detailed analysis of the interview transcripts has been used as main approach to data inspection. They have been compared to the previous ones for confirmation or disconfirming of the academic findings. Preliminary patterns describing the aspects that influence data-seeking behaviour were developed based on factors identified during the literature review. These worldwide applicable solutions were augmented by concepts that came out of the interviews with the first project managers.

4. Research results
   a. Project Management practice, from public sector to the private one

   “In a general way, and with obvious exceptions, corporations can be described as active, while public sector or government organizations can be described as passive. In most corporations there is a clear reward for activity. In the public sector there is frequently no reward for activity.”

   “Measurement problems in the public sector contribute to differences in decision-making behaviour between the public and private sectors. The lack of a clearly defined bottom line in the public sector leads to a focus on inputs and budgets, not outputs and productivity measures. Thus, meeting the budget becomes an important output measure, not just an input tool as in the private sector. Further, several surrogates for output are tracked independently in the absence of a mechanism to synthesize a single measure of output. This makes it difficult to allocate scarce resources among conflicting needs.” (Mohan, L., Holstein, W., Adams, R, 1990).

   For the research on which this paper is based, it has been considered as subject, a national public company from Eastern Europe, which has been privatise and taking over by an international group from Western Europe. The transition was done is over 5 years and currently, currently it is considered to be concluded. In the following paragraphs it will be summarised the practical process.

   In former times, when the subject company was part of the public sector, the project management was considered to be rather a job which could be performed by anybody with a basic training and organisational skills. Taking into consideration that the business in which the company is operating does not involve a fast change, in interviewed managers mentioned that the project management did not have a strategic position in the company and even more, it was not considered to be a profession.

   During the process of assimilation of the national company into the global group, the organisation had to undertake different changes related to the: business practice, organisation standards and culture, technology upgrades and investments. In this landscape, the position of the project manager became absolutely essential for the
success of the changes, and a well-defined global project management organisation was created.

In theory, the transition is about defining and redefining a common background for the both sides, so organisations will develop a unique organisation that manifest in numerous ways including, but not limited to:

- Shared visions, values, norms, beliefs, and expectations,
- Policies, methods, and procedures,
- View of authority relationships, or
- Work ethic and work hours. (PMBoK, 2008)

But looking on the subject company, it is interesting to see that the main transition was not about aligning it to the international standards, but about the mentality of people. It has been very challenging to move from a passive attitude to an active one, and focus on the efficiency of the work performed.

Moving forward, it is essential to take into the consideration the mobility and flexibility aspect of the Project Management structure in the new global organisation. In this context, the mobility refers to the capacity to move easily from one office/area to other. Flexibility is the ability to change or be changed. The global organisation used as example is well known and have branches across the world and is continually expanding.

In this regards, the research has shown another aspect which has become a daily reality, the fact that the new organisation expects their people to be wherever there is need of them, no matter what this means: relocated, travel, learn, and adjust to changes. This is actually the added value and what brings power to global organisations.

Even if in this case the company’s procedures should be enough to cope with any situations that may raise, the interviewed project managers state it very confident that in their work and in order to keep project management relevant for the company, if they follow the procedures, there will be no future in their career. Such situations require a smart strategy and here is where the leadership skills make a difference. Vision, leading by example, innovation, extreme focus on the project goals and way forward are mandatory to deal with the discomfort it may appear when there is the requirements to be mobile and flexible (moving out of the comfort zone).

b. Project Management organisation structure in the new global organization

During interviews, it has been revealed that, all the project management processes are impacted by the organisational structure. Even if most of the former public companies do not activate in fast developing industries, during the transition to private sector, they needed an agile approach which includes the reshape of the organisational structure as per the market trends and needs. The findings pointed out that, it is easier to standardise the processes throughout a single international Project Management Organisation, located in multiple locations, but serving the whole international company. This approach has enabled a high degree of globalisation awareness, which can be expressed with the help of different factors: The first one – building a high-performance project culture- is an enabler of the second factor – creating awareness of cross-cultural differences. When such awareness exists, it is possible to recognise how big or small cross-cultural distances among cultural groups are. The existence of the awareness and
the distances that are understood and recognized drive the development of culturally responsive strategies to deal with potential problems (the third factor)." (Gareis, R., 2006, 16-16)

At a first sight the solution may seem very suitable for the new global environment more than nowadays the entire world has gone global and the future is in this direction. Coming closer, beyond the management tools, 21st century technology and opportunities, the human factor place an important role in the effectiveness of the Project Management organisation structure in the new formed global organisation.

A significant aspect of the government run organisations during the soviet dictatorship is the importance of the relationships and personal connectivity and in such environment it becomes mandatory for the project managers to build a wide contact network. And now it can be seen project management organisation becoming a central and important pillar of the new company.

c. The labour relationships and organisational culture as facilitator

Labour relations are related to the relationships between the management team and the employees and/or their representatives. Organizations with positive labour relations are likely to obtain high benefits from their employees (Dastmalchian, Blyton, Adamson, 1991). For example, labour relations may affect the level of the employees' commitment to the organization. Committed employees are more likely to produce high-yield outcomes, and have a positive effect on organizational performance (Meyer, Allen, 1997).

The labour relations are the base to create the organisational culture. This one refers to the 'underlying values, beliefs, and principles that serve as a foundation for the organization's management system as well as the set of management practices and behaviours that both exemplify and reinforce those basic principles' (Denison, 1990: 2). Klein, Masi, Weidner (1995) place organizational culture at the heart of an organization's endeavours to improve its overall effectiveness and the quality of its products and services. Many strategy researchers (e.g., Barney, 1986) assert that organizational culture is an important source of competitive advantage. Much of the evidence from both the private and the public sector supports this argument. For example, Nordstrom, one of America's most successful fashion retailers, ascribes its success to its unique culture of customer service, or, as it is often called, 'the Nordstrom way' (Spector, McCarthy, 1995).

During the research it was showcased that the employees of a former public company have a strong and wide networking competence. On this regards, the research interview questions lookout to see if there is any consequences of the strong relationships between the stakeholders. The participants to the interviews stated that at the beginning it was very hard to influence the stakeholders, independently of the human factor. What is essential to be highlighted here is it has been noticed that engaging the stakeholders facilitates behaviours which might be quite impression enhancing, which builds confidence on all involved parties. This is enough to create a comfortable working environment, but on the same side, the involved parties follow their scope, no matter of other opinion.

On this aspect, there are two sides of the coin: the positive influence, and the negative one. In the case of the good influence, the key stakeholders share the same vision, understand the new rules of the game, change thought which the organisation is
passing and are willing to bring their contribution to build a new international organisation. These people are essentially important thank to their helps to speed up processes involved in a project. The other side is the negative influence of the stakeholders. It can be due to multiple reasons; most of them different interests or priorities, external factors, but it inducts increased management on project side. Here it was revealed the cultural characteristic of the soviet bloc community which had a passive attitude toward the work, and not driven by the profit.

Of course succeeding in managing such a tough situation involves personal tricks. Our sample group points out diplomacy as mandatory asset for successful delivery of projects with stakeholders coming from different business countries some developed ones and some which are in fully economical process.

d. Does a former public company have a Project Management culture?

“A project is a temporary endeavour undertaken to create a unique product, service, or result. These temporary and unique characteristics determine if a particular endeavour is a project. If an organization determines the nature of the work to be temporary and unique, it may decide to apply project management principles. Managing work by applying the project management standard allows organizations to achieve a set of business objectives more efficiently and effectively.” (PMBoK, 2008)

The project culture is not necessary given by the country, nor by the individuals. For this paper, it has been made a clear distinction between the general conception of the country, which may or may not impact the project management. What is actually considered is the organisational is the company’s culture and the culture of its employees.

Similarly, cultural differences affect team members; perception of all areas of project management, from scope to resource allocation to project organisation. The central point here is that these differences can play havoc in project communication, control, and performance. Simple strategies such as immersion, training, and more advanced techniques can help overcome these differences and their impact (Milosevic, 1999, 2001).” (Gareis, R., 2006, 16-9)

During the interviews it has been revealed, that, as you move from top to bottom throughout an organisational structure, there can be seen a difference in the organisational culture. In this regards, we can see a change in the interests, a completely different set of values, way of working and handling the situations. However, the most prominent is the attitude in general. At this point, the project management tries to follow the worldwide guidelines found in the reference books.

The interesting part of analysing the project management culture in a former public organisation comes from the static component that comes in contradiction with the dynamism which is the fundament of the project management. As it is expected, in former times, it was improper to talk about project management culture in public corporations. Anyhow, during the years of transition a big mind-set change occurred in the way the project management is perceived in the organisation. People do have the enthusiasm of believing in every project. Inside the project organisation there members share values and values are aligned with the organisation’s goals; they are defined by a strong experience that the organisation provides to its members.
e. The reputation of Project Management organisation in the global corporation

In order to ensure a common understanding of the reputation term, the following definition is given: the opinion that people have about someone or something because of what has happened in the past.

As a project manager one cannot expect and ensure he/she is loved by everybody, nor he/she want to be. Those interviewed affirm that they aspire to be well respected by the customer, but even this cannot be guaranteed always, no matter how well they perform and manage the project. But, what the project managers can do is to ensure that everything that is expected from them is being performed very well and if that does not always brings the satisfaction of the customer at least it should be noticed by the delivery organization.

When asked, the project managers to the question of what are the reputation of the project management organisation in the global terms was very encouraging: we are perceived as what we are: “pioneers, innovators and professional, a trustful partner for our clients”. In a company in which the innovation is still not something common, project managers are seen as role models, trustworthy and professionals.

5. Outlook

In this article I considered the position of the project management in the global company, former government owned organisation looking at the transition process from the domestic to the new global position. I qualified the potential aspects to handle the impact of the transition suffered by the companies from the former soviet region, based on theory and research on one of the biggest organisations from Eastern Europe.

The conclusion of this research shows very clearly that the standard procedures for project management are the basement of the project management practice independent of the organisation type and size. Imposing an international standard, determination, knowledge, experience, attitude, professionalism are essential attributes of the project management in order to have a place in the global organisations.

What makes the difference and project management to perfectly fit into former public organisations is the human dimension and the personal capacity of innovation, lifelong learning and adaptation of each project manager. It is easy to follow the book, set rules and standards, but it takes years of experience, lessons learnt, and soft skills, determination and audacious mind-set in order to make a perfect fit with the individual dimension of the organisation.

Extension of this research should include the case of a quantitative research and exploration of hypothesis. In this, the challenge is to identify the relevant pool of participants and also focus on the individual aspect of the project management, since it is the one which is not that easy to be handled by standardisation.
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Anca Onuta holds a Computer Science Bachelor degree from the Al. I. Cuza University from Iasi, Romania and recently graduated from the IT Project Management Master Program at the Academy of Economic Studies in Bucharest. She is supporting the applied theory, therefore has started her career while still a student. Trying to adapt in Global world, after graduation she worked for more than a year in Mumbai, in the world’s biggest IT outsourcing company - Tata Consultancy Services India. Back home she joined Oracle as part of a virtual team spread around the world. Presently she is working as a Project Manager at OMV Petrom, leading several national projects with multicultural teams. Anca is passionate about a world without borders; in the spare time she likes getting to know other cultures, by backpacking and living with locals. She speaks fluent English, Spanish. anca.onuta@gmail.com.