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## ***How does Project Management cope with the Global Organisational Structure?***

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### **Abstract**

In the era in which the globalisation is a routine, the organisations have multicultural teams. In this regards, the project management has to line up into delivering highly successful projects independent of the organisational structure and location of stakeholders or project teams.

The paper focuses on exploring the challenges faced by the global project management. What is really interesting is that, if the methodologies and worldwide procedures may seem the key of delivering successful projects, the solution is in the hands of the human side of the projects: the capacity of the project management to handle the individual personalities and raised situations.

### **1. Introduction**

Roland Gareis' Project and Program Management defines project management as a business process of the project-oriented company and focuses on its sub processes project start, continuous project coordination, project controlling, and project close-down and possibly resolving a project discontinuity. The success of project management is assessed on the basis of the professional performance of these processes, not on the basis of a project handbook that meets all formal demands. 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. (Gareis, R., 2006, p. 2-8).

The objects of consideration in project management are the project objective, the project scope, the project schedule, the project resources, the project costs and project income, and the project risks, as well as the project organisation, the project culture, and project context (fig). The dimensions of the project context are the pre- and post-project phases, relevant project environments, other projects, the company strategies, and the business case for the investment that is initiated by the project. (Gareis, R., 2006, p. 2-9).

While many of the managerial tools and techniques form a common operational platform throughout the global team, many local subteams have their own unique tools and application or deploy conventional tools in a unique way. Spiral planning, stakeholder mapping, concurrent engineering, and integrated product developments are just a few examples of the specialised, diversified nature of tools used in the global project management environment. Matching organisational culture with any of these tools is a great challenge for the overall management of a project and its integration.

Stakeholder involvement during the tool platform selection, development, and implementation, as well as trade-offs among efficiency, speed, control, flexibility, creativity, and risk, is critical to the effective use of these tools and techniques throughout the global project team organisation. (Gareis, R., 2006, p. 5-6)

Moving ahead, the Global Project Management Handbook talks about three tactical success factors in this group. 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, p. 16-16)

However, today's global project is so complex that it can no longer operate under a concrete structure from a designated location. For instance, the business model, which serves as the foundation of the project charter, is being challenged daily under global competition the underlining technology, international standards, government policies, regional economies, and customer awareness are not always moving in the same direction as the project anticipates. To respond to the changes in the marketplace and working environment, a project may need to be regrouped, and the working environment may need to be reconfigured to support the changes. The following sections further elaborate the key contributors to the global business challenges along with proposed solutions. (Gareis, R., p. 16-17)

Literature review has shown a set of good practices worldwide applicable. In this regards significant advances have been accomplished that put forward appropriate algorithms for scheduling, resource levelling, and aggregate resource planning, e.g. Kurtulus and Davis (1982), Tsubakitani and Deckra(1990), and Wiley et al (1998). But the management of global projects remains challenging since these methods are underpinned on a rationalistic decision-making paradigm, a logic which can be at odds with the politically loaded negotiations driving project decisions (Pennypacker and Dye, 2002) and influential “soft” variables in multi-project environment including leadership (Kaulio, 2008) project manager's empowerment (Jonas, 2010), and incentive alignment (Laslo and Goldberg, 2008).

In particular, this paper has as central research question “How does the Project Management cope with the Global Organisational Structure?” 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. What project management processes are impacted by the structure of global organisations?
2. How is the project management work affected by the structure of the global organisation?
3. How does project management cope with the impact?

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.

## **2. Methodology**

It is certain that the structure of the organisation influences the Project Management. The aim of the research is to see how it influences the Project Management and if the international standards and methodologies are enough or there is need of additional skills and audacious mind-set.

For this particular study, there have been chosen 5 aspects, which influence the management of projects, depending on the global organisational structure. The aspects were chosen because they represent different facets of the project management and they support the possibility for theoretical, literature and practice process. 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. For the definition of complex projects it has been used the Gareis' definition from Happy Projects!.

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 general, the project management organisation is formed by multiple nationalities and in some cases that it is located in multiple locations (in different countries).

The contact to the participates involved in this research was 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**

For the objective of this study, a “case” was designed as a single, extensive interview with a program manager. Information was gathered from 8 project managers and a program manager over a two-month period of time.

First it has been lead the interview with the programme manager was lead, the preliminary results were analysed. Moving forward, 5 main directions have been identified that allowed the author to explore certain new aspects during the literature review and the interviews. These questions focused on how the project management copes with the impact of the global organisation structure. Being concentrated on “how”, the research questions move towards the exploration of the way the global organisation structure affects the project management, but also the solutions used to mitigate the impact.

Second in the research is the review of relevant literature, highlighting the way in which the global organisation structure influences the project management focusing on the five main aspects established in the earlier research phase.

As indicated above, the contribution of the sample group is highly important for the final findings. With the purpose to facilitate the information gathering, there has been make 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.

For this paper it has been used the Roland Gareis' Project Management methodology as reference and it has been structured into 5 main aspects:

1. The impact of structure of global organisations on project management processes.
2. How does the project management wield with Stakeholders from different business units?
3. Is the same organisational structure behaving different across locations?
4. How does the project management cope with the impact of organisation maturity affects the global organisational structure?
5. Mobility and flexibility.

#### **4. Data Analysis**

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.

#### **5. Research results**

##### **5.1 The impact of global organisations structure on project management processes**

According to multiple empirical studies, a company's effectiveness partly depends on the success of its projects and the capacity of the organisation structure to facilitate the

business to strive for excellence in any environment and no matter of how the economic environment behaves.

Project Management methodologies confirm that, the organisational structure affects the way the project is staffed, managed and executed. The theory says the solution is to have well defined organisational standards, processes and procedures, standardised guidelines, work instructions, and this also includes clear communication.

During interviews, it has been revealed that, all the project management processes, beginning with project start, coordination, controlling, discontinuity and ending with close-down are impacted by the organisational structure. The companies which activate in fast developing industries need an agile approach which includes the reshape of the organisational structure as per the market trends and needs. The findings pointed out that, in most of the cases, the process standardisation is not always updated in the same time as the changes in the organisational structure, a fact that triggers an enormous risk on the project management's side. The misunderstanding of the new roles and responsibilities and individual interests is practically the most frequent problem has occurred in this case.

In other industries cases, the main challenges are:

- Different interests which lead to conflicts
- Increased administration of the projects
- Opportunity for new collaborations

Both, literature review and the conducted interviews agree on clear communication, risk analysis and that building a strong team is the best way to handle these challenges. On the other hand, it is essential for the project manager to keep the project scope always in mind and do not lose the focus.

## **5.2 How does the project management wield with Stakeholders from different business units?**

In order to ensure a common understanding of the business unit term, the following definition is given: a logical element or segment of a company (such as accounting, production, marketing) representing a specific business function, and a definite place in the organisational chart, under the domain of a manager. The combination of "different business units" is used to generally refer to the situations in which the stakeholders belong to organisations with different standards and procedures.

The stakeholders in a company are individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers. Stakeholders supply critical resources, places something of value "at risk", and have sufficient power to affect the performance of the enterprise. (Gareis, R. 2005)

On this regards, the research interview questions lookout to see if there is any consequences of the organisational structure on the management of the stakeholders. The participants to the interviews stated they have a high influence on the project team,

independently of the organisational structure. On the other stakeholders as project sponsor, the influence is medium. 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. The fact that the clients cannot be influenced is actually a positive point, because is beneficial for the project if they keep straight and focused on their goals.

Moving forward, the participants to the interviews confirmed that even the project manager has a medium to high influence on the stakeholders; the organisational structure is influencing a lot the management of stakeholders. 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 have more empowerment and can facilitate the project management and helps to speed up processes involved in a project.

The other side is the negative influence of organisational structure on stakeholders. It can be due to the lack of power of key stakeholders, different interests or priorities, external factors, but it induces increased management on project side. In order to cope with the negative side, the experienced project managers raise a red flag towards the upper management and highlight the risks, and impacts which may appear.

A part of the global procedures of the company which may or may not be up to date and clearly communicated the challenge of levelling the stakeholders to a common vision is point out to be the big competitive advantage of project management. The importance of this dimension refers to the ability of the project leader to take into account the requirements, goals, context, get the project team on board and together with the other stakeholders form a global team with a common scope.

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 units.

### **5.3 Is the same organisational structure behaving different across locations?**

The culture is not necessary given by the country, nor by the individuals. It has been made a clear distinction between the general conception of the country, which may or may not impact the organisational structure, because it cannot influence too much the global organisational structure. What actually have a big impact on the organisation structure 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)

The project manager and project management team should identify and understand the aspects of the organization's culture and style that would most positively or negatively

influence the success of the project. Being aware of the opportunities and influences from an organization's culture and style will allow the project manager and the project management team to manage them. (PMBok, 2008)

“Considering and accommodating the work habits and customs of a country is critical to successful project completion. Using a traditional model for employing indigenous labor may be counter to the country's custom.”(Gareis, R., 2006, 15-5)

If in theory, most organizations have developed unique cultures 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)

We see below that in practice these things are not always in place.

Having clarified what the theory says about how important is the culture and that it affects the entire organisation, it is interesting to see, that, in practice, as you move from top to bottom throughout an organisational structure, there can be seen an difference in the organisational culture. In this regards, we can see a changing of 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 book and in most of the cases there is no need of additional artefacts.

Multiple sites are often located in developing countries, which have different technological infrastructure and human resources. In particular, the cost, availability, and capability of data communication vary between these countries. In some countries which inadequate infrastructure, these fines are not available at all. So, from the structure point of view, the company organisation may differ only to align to the company strategy, but where the environment is similar it will have the same structure. This remark highlights the human side of the projects. Human resources in different countries vary as well. For example, the level of education, skill, and experience of developers depends on location. (Gareis, R., 2006, 16-9)

Summarising the finding, theory and research on international organisations, the structure vary because of the culture being it individual and/or organisational, but the literature review and the interviews have a common point of view expressed by Gareis in *Global Project Management handbook*: There are three tactical success factors in this group. 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)

#### **5.4 The maturity of the organisation**

For the purpose of this paper 2 dimensions of concern have been taken into account: the maturity of the global organisation and the project management organisation.

The project management group from Business Administration and Economics University from Vienna has elaborated a model for auto-evaluation and comparative evaluation of project management competency (Gareis and Huemann, 1998). In order to describe and quantify the project management competency, instead of the steps of maturity traditional models, they suggested a coordinate system with six concentric axes:

1. Project start
2. Project controlling
3. Project coordination
4. Management of project discontinuity
5. Project close-down
6. Projection of project management process

The model has defined a four level scale of project management practice:

- 3 (standardized): all the necessary project management methods are applied, for all types of projects
- 2 (defined): a lot of the project management methods are applied, for all types of projects
- 1 (partially defined): few project management methods are applied, for a lot of projects
- 0 (undefined): few project management methods are applied, for few projects

This model mentioned above is used as reference in this paper.

From the literature research and the interviews lead, it has been made clear that the statement from the Project Management Body of Knowledge is absolutely applicable in the daily life: the maturity level of the organisation regarded to the project management system, culture, style, organizational structure and project management maturity can also influence the project.

The maturity of the organisations used as reference point in this research varies from level 1 to 3, fact which reveals the impact of the maturity level on the organisational structure and the way project management is affected. Another remark is composed out of the difference between the big organisation's maturity and the project management organisations. The second one is less mature than the company of which it is part of.

The answer to the question of how does the company maturity affects the project management, is quite intuitive: since maturity means by default performance, higher the maturity level of the global organisation, more the projects perform. A high maturity level of the global organisation helps the project management organisation to develop, to grow, but it is not enough; project management must add its contribution. Having a

more mature organisation, the changes and elements which define an organisation will make project management easier, at least from the procedures point of view. On the other hand an organisation does not have the same maturity across divisions and locations.

Although the theory does not any a clear suggestion on regards of how does project management cope with the influence of the organisation maturity in global organisation structure, in practice the perspectives seems to be clear. The way project management copes with this, is knowing the organisation and how does it work. And moreover, the experienced project managers, when needed, use a “work-around” to help the project management processes, which is building a contacts network inside, the implementation of the concept of “making friends”.

### **5.5 Mobility and flexibility**

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 organisations used as example are well known and have branches across the world and is continually expanding.

Despite the simplicity of the production shifting, it captures the importance of the element of flexibility within a network of subsidiaries. For work on production flexibility as an option, see Fine and Freund (1990) and Kulatilaka (1987). It is this element of flexibility that underlies the recent management treatment of the multinational firm as consisting of the ability to exercise the option to coordinate and transfer resources internationally. This ability is not one simply of insurance through the buffering of the firm against uncertainty. Rather, it is the expression of why multinationality, as a result of these options, can be a source of value due to uncertainty. (Kogut, B., Kulatilaka, N., 1994, p. 135)

The research has revealed a fact which was rather a daily reality, the fact that in general the global 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, 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).

### **6. Outlook**

In this article I considered the influence of the global organisational structure in the project management focusing on five different aspects. I qualified the potential ways to handle the impacts, based on theory and research on 5 organisations.

The conclusion of this research shows very clear that with standard procedures for the project management can cope very easy with the processes. But, what really makes a difference and is a challenge is the individual dimension. It is easy to follow the book, but it takes years of experience, lessons learnt, and soft skills in order to cope with the individual dimension of the projects which are the human side, the people.

The way the project managers cope with the impact of this aspect is different from person to person, but definitely: good communication skills, open-mind, interpersonal/relationship management, leadership (vision), flexibility are the key skills owned by successful project managers.

In conclusion I can say that the key to cope with the structure of global organisation are owned by the project manager and is mainly made out of an audacious mind-set.

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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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.

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