Management of People Resources in a Project-Based Business: An Overview

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Abstract

When it comes to the acquisition and use of human resources, as well as the employee's experience of the employment relationship, human resource management (HRM) may be seen as a key process of the project-oriented firm. Researchers and theorists in the field of human resource management publish their findings in books and journals, shaping the HRM debates that take form in the academic and practitioner literatures via the knowledge constructions they use. Most of the existing literature on human resource management (HRM) focuses on big, stable organizations as its primary focus, whereas other organizational forms, such as those dependent on projects as the principal form of work design, are often overlooked. The authors argue that HRM in project-ori- ented companies faces unique challenges due to the temporary nature of work processes and the dynamic nature of the work environment, challenges that are neither widely acknowledged nor adequately conceptualized in the existing mainstream HRM or project management literatures. The purpose of this study is to survey the existing literature on human resource management (HRM) as it relates to projects, including studies from the fields of project management, general management, and HRM. Based on the literature, we create a model outlining the most important human resource management considerations for project-based organizational design. Finally, we present a study plan to address remaining areas of research on the issue of human resource management in the project-oriented business.

Keywords: Project-oriented company; Managing of projects; Managing by projects; Human resource management.

1. Introduction

Human Resource Management (HRM) is of strategicimportance in all organizations. It contributes to the successof the organization [1] and creates competitive advantage for the organization [2,3]. The way HRM practices and pol-icies take shape also affects the employee's experiences of work and the employment relationship [4,5]. HRM is there-fore important in any organization [6]. The project-orientedcompany is no different in this regard. However, we suggestthat specific features of the project-oriented company create specific challenges for HRM in that context, which are not widely recognized in the general management, HRM or project management (PM) literatures. This paper reviews literature in the project management, general management and mainstream HRM literatures.

Our basic assumption is that project-oriented companies do have specific requirements regarding HRM. Yet research in this field is limited. We have examined theextant literature in the project management, general man- agement and HRM literatures to underpin our assump- tions and thoroughly review the extant literature on the

topic of HRM in project-oriented companies. The reviewedjournals include:

- in the Project Management literature: *International Journal of Project Management, Project Management Journal, Construction Management and Economics, Engi- neering, Construction and Architecture Management, IEEE Transactions in Engineering Management, Journal of Management in Engineering*;
- in the General Management literature: *AdministrativeScience Quarterly, Academy of Management Journal, Academy of Management Review, Journal of Manage- ment Studies, Organization Studies, Organization*;
- in the HRM literature: *Human Resource Management, Human Resource Management Journal, International Journal of Human Resource Management* and *PersonnelReview*; *Human Resource Planning. Employee Relations*.

In the next section we provide arguments for why we think that there are specific requirements regarding HRMin the project-oriented company. We then report the gen- eral findings of our literature search into HRM in pro-ject-oriented companies as published in leading journals. Then we introduce a simple model of HRM which is based on prior research [7]. The model serves as the structure for the remainder of the review. We finally conclude with a future research agenda.

2. Specific requirements for HRM in the project-oriented company

Gareis [8,9] suggests that project-oriented companies areones in which the people of the organization:

1. define ''*management by projects*'' as their organizational strategy;
2. apply projects and programs for the performance of complex processes;
3. manage a project portfolio of different internal and external project types;
4. have specific permanent organizations like a project portfolio group, or a PM office to provide integrative functions;
5. view the organization as being project-oriented.

The ideal project-oriented company is often described as a flat organization with a strong project management cul- ture. In essence, what defines a company as project-ori- ented is that these companies perceive themselves as being project-oriented and shape their policies and prac- tices for working, for organizational culture and for strat- egy towards the challenge presented by managing projects. Project-oriented companies may be found in many differentindustries including the public sector. Organizations can vary in the degree of their project-orientation, depending for example on the size, the number and the types of pro- jects they carry out. These impact the relation between the stable line organization and the temporary organiza- tions, carried out in the project-oriented company. Thus the project-oriented company is a construct. An organiza- tion may choose that project-orientation is the adequate working form for them as a whole (as in a construction company) or only for some of their organizational units(as in the product development department of a manufac- turing company, or the organizational development unit ofa municipality).

Some writers have identified some specifics of HRM in companies that carry out projects [7,10]. These studies sup-port the assumption that the project-oriented company has specific features that in turn produce special requirementsin terms of HRM policies and practices. Some specific fea- tures of project-oriented companies which we see relevant for HRM are

- ''*Managing by projects*'' as the strategy of the project-oriented company.
- Temporary nature of projects.
- Dynamism.
- Project-portfolio resource and multirole demands.
- Specific management paradigm.

2.1. ''*Managing by projects*'' as the strategy of the projectoriented company

Within the mainstream HRM literature, there is a long tradition of research arguing that in order to make an optimal contribution to firm performance, HRM policies and practices should be integrated both with firm strat- egy, so-called vertical strategic integration [11] and with each other, so-called horizontal integration [2]. The orien- tation of the HRM function, its goals and aims, need tobe aligned with the strategy of the organization [12]. Ifwe consider ''*managing by projects*'' as the strategy ofthe project-oriented company [8] this would imply thatthe HRM policies, processes, and practices in the pro- ject-oriented company are in some way supportive of pro- ject-oriented working and are different from more traditional HRM processes and practices [13] which are designed for the classically-managed organization where the emphasis is not on projects but instead on routine products and services and where the job requirements are well defined and stable [14].

2.2. *Temporary nature of projects*

Projects and programs are temporary organizations [9,15,16]. Thus every time a new project or program is started, the human resource configuration of the organiza- tion must change. This might create pressure. It certainly impacts the work organization, and creates the need fornew processes like assigning personnel onto projects, dis- persement from projects, and processes for linking project assignments to careers.
Dynamism

Project-oriented companies have dynamic boundaries and contexts. The number and the sizes of the projects performed are constantly changing, permanent and tem- porary resources are employed, and cooperations with cli- ents, partners and suppliers are organized in teams, someof them are virtual [9,16]. Projects have been described as temporary organizations to bring about change [15,17]. Thus projects and

programs entail greater uncertainty, creating a more dynamic environment with more discon- tinuity. The degree of dynamism may also depend on the size of the projects; industries like construction and engineering with long project durations will be less dynamic than IT or product development with short pro- ject durations, where the projects create even moredynamic. In this dynamic environment in which the HR configuration is constantly changing, the challenges of ensuring employee well-being and ethical treatment of workers is important.

2.3. *Project-portfolio resource and role demands*

At any time a project-oriented company holds a project portfolio of different internal and external project types[8,18]. That means at any time more or less projects and programs are carried out. A person has multiple roles. A person can work in different projects at the same time,maybe even in different project roles. In one project he or she is a project manager, in another a project team member or sponsor. Or a person can carry a role in a project and at the same time carry another role in the permanent organiza-tion, for example in the PM Office. Challenges arise from this in many areas, including multiresource allocation [19,20] and role conflict at an individual level [21].

2.4. *Specific management paradigm*

The ideal project-oriented company has a specific man- agement culture expressed in the empowerment of employ-ees, process orientation and teamwork, continuous and discontinuous organizational change, customer orienta- tion, and networking with clients and suppliers [9]. There- fore specific competences and skills are needed by the project personnel to successfully work together in projects. These may be formally supported by the company or infor-mally demanded by the nature of the project business.

Summarizing, HRM policies, practices and processesneed to be designed to meet the specific needs of the pro- ject-oriented company [7,22].

3. Different perspectives and missing links in literature

In this section we review what has been written about HRM in the project-oriented companies in each of the project management, general management and HRM literatures.
Shift from technical to more human project management

In the project management literature, a limited amountof research has considered HRM [23–25]. Conceptualizing HRM in the project context is still rudimentary [26,27]. If HRM is considered, it is mainly at the project level [18,28], or from a multi-project resource allocation perspec-tive [29,30]. Langford et al. [31] and Loosemore et al.[32] consider HRM in construction, a typical project-oriented industry. But both take standard HRM and ask how it applies to the construction industry, rather than ask if the construction industry needs something extra or differ- ent. Further we find literature on specific issues like compe-tence development [33] or project leadership [34] but broadtheorizing on HRM in project-oriented companies is lack- ing in the current literature, with some exceptions [14].

Along with the broader recognition of projects as tem-porary organizations [15,17], there has lately been a shiftfrom technical to more human project management [35]with particular attention to team aspects (for an overviewsee: [36]). Further a critical mass of organizational and pro-ject management research has rapidly evolved regardingthe management of projects [37], the project based com-pany [38], or the project-oriented company [9]. Aspects ofknowledge management [39] and governance are beingresearched [40,41]. However, so far, specific research onHRM in project-oriented companies is rare. While thereis increasing interest in the maturity of project-orientedcompanies and specific maturity models have been devel-oped [42], only one considers personnel management as aspecific dimension of the project-oriented company [9,43].

This is all the more problematic when we consider issuesof employee wellbeing. In the dynamic environment that characterise project-oriented companies, the HR configura- tion is constantly changing, as is the relationship between company and groups of employees. The challenges of ensuring employee well-being and their ethical treatmentin rapidly changing organizational settings in which the transience of work-projects and the configuration ofwork-teams and even entire organizations is paramount is both important and overlooked. Recent case studies have indicated evidence that companies have problems in grasp- ing the work and emotional situation of the individual [10] and multirole assignments [20] that may lead to burn outfor younger employees that are not able to achieve an appropriate work-life balance [7] or to manage the damag- ing consequences of role overload and role conflict. Fur- thermore, from an organizational and managerial perspective, failure to address the role conflict facets of project work may

damage efforts to retain workers as both have been shown to cause job dissatisfaction and in extreme cases physical, psychological and behavioural job withdrawal and voluntary turnover [21]. Failure to con- sider the specific requirements of HRM in project-oriented companies may mean theorists overlook these issues, fail toconsider the effects, positive and negative, of project-ori- ented work practices in individuals.*Focus on temporary employment*

To the extent that the general management literatureconsiders the project-oriented company as a research topic, authors have mainly been interested in the overlap betweennew organizational forms and knowledge management [16,44,45] and, from a critical perspective, the continuities and discontinuities between knowledge based project-ori- ented organizing and bureaucratic forms of organizing [46,47]. Alvesson [48] for example describes the challenge of managing the disintegrative tendencies of complex pro- ject-oriented work as a major challenge in the management of knowledge intensive firms.

Typically, articles on project-oriented working and knowledge based working refer in passing to HRM, butdo not address the HRM requirements of project-oriented companies in depth. So for example Morgan [49] discussesthe holographic organization and mentions the ubiquity of project-oriented working, but does not discuss the specific requirements either flowing from or induced by the use of projects for HRM policies and practices. In describing knowledge intensive firms, Starbuck [50] also refers to the customized nature of problem solving and organization of work within projects (called task-forces) in a case study on knowledge intensive firms, but does not explore themore detailed aspects of the specific requirements of pro- ject-oriented companies for human resource policies and practices.

To conclude, the combination of research or theorising on project-oriented companies and HRM in the project management and general management literature is rather rare [51] and often focuses on the temporary employment [52].

3.1. Emerging interest in project-oriented companies

Publications in HRM journals have a powerful a effect on the way HRM is constructed, as HRM is a social con- struction [53]. The use of language by theorists and researchers to describe HRM is a form of social action, cre-ating understandings about what HRM is and the effect it is presumed to have on social life and in structuring employment relations [53,54]. This is relevant to our study because, as currently constructed in mainstream journals, HRM is strongly framed in terms of the problems of large, stable organisations. The emphasis on big, multinational companies dominates and produces a narrow perspectiveon how we conceive of HRM and the appropriateness of different types of HRM practices. Project-oriented compa- nies are not the only neglected area of mainstream HRM theorising. The literature is frequently criticised for its neglect of small organisations [55,56] and for privileging managerial perspectives on HRM practices, a trend increasingly challenged by researchers from a more criticaland ethical perspective [53,4]. When it comes to project-ori- ented companies specifically, little has been published on the topic in mainstream HRM journals. These journals still pay most attention to routine organizations with stable structures, although modern flexible organizational forms have been discussed [57]. The leading HRM literature neglects projects as a new working form and the specific implications of project-oriented work for HRM. The roleof the project manager is rarely discussed [58], and the roleof HRM in the project-oriented company is generally ignored. We found some exceptions.

There are a few recent studies that explore HR issues likecareer, related to project-oriented structures, but they donot explicitly consider the project-oriented companies as the basic context [59,60]. Söderlund and Bredin [10], and Bredin and Söderlund [61], have carried out case studies in R&D based companies. They mainly discuss the challenge of linking HRM practices to the changes made in the orga- nizational and management structures to become a project- oriented company. Their research mainly concentrates on Organizational Behaviour in R&D based companies.

Blair et al. [62] report on employment in the project-ori- ented film industry. Clark and Colling [63], who have con- ducted in depth case studies in the engineering contracting industry, find that the role of the HRM function is chang- ing and that these changes are not reflected in the HRM lit- erature because there is a lack of engagement betweenproject management literature and HRM literature on the role of HRM practices in project-oriented companies. We share these observations, as for example in the litera- ture on HRM in flexible firms such as the network organi- zation [64], where there is no explicit mention of projects ortheir impact on HRM in project-oriented companies.

4. HRM practices and processes in the project-orientedcompany

Based on previous research [7] as well as our review of the project management, general management and HRM literatures as they deal specifically with project-oriented companies, we have developed a simple

model of HRM processes in the project-oriented company, Fig. 1b. Fig. 1a illustrates the processes familiar from mainstream HRM literature such as recruitment, employment and release. In addition, there are additional HRM processes in project-oriented companies: assignment to projects, engagement on projects, and dispersion after projects have finished. What we understand by employment by the organization and engagement on projects can be expanded by adapting the Michigan model of HRM [68]

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