

# Human resource management in the project-oriented organization: Employee well-being and ethical treatment

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## Abstract

As part of a wider study into human resource management (HRM) practices in project-oriented organizations, we investigated the issue of employee well-being. Project-oriented organizations adopt temporary work processes to deliver products and services to clients. This creates a dynamic work environment, where additional pressures can be imposed on the employee from fluctuating work-loads, uncertain requirements, and multiple role demands. These pressures can create issues for employee well-being and ethical treatment, which need to be managed. HRM has traditionally had two roles, a management support role, providing the organization with competent people to undertake the work processes, and an employee support role, caring for the well-being of employees. In this paper we report our results on the HRM practices adopted in project-oriented organizations to fulfil the second role. We find that by and large in project-oriented organizations the management support role dominates, and they are not very good at caring for employees. The need for profit and responding to client demands often takes precedence over employee well-being. However, some of the organizations we interviewed have adopted HRM practices to care for employees, and we report those. Also providing employees with career development opportunities is as important for the individual as it is for the organization, and we report practices for that.

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## 1. Introduction

Huemann et al [1] suggested the conditions under which human resource management (HRM) emerges in the project-oriented organization may differ from those associated with mainstream HRM, which is shaped by typically large, classically managed organizations, [2,3]. Project-oriented organizations adopt project-based ways of working, [4–6], in response to customers' demands

for bespoke products or services, [7]. They use temporary organizations in the form of projects and programs, and associated temporary work processes to deliver products and services to their customers. This creates a transient and dynamic work environment. Every time a new project or program starts or an old one finishes the configuration of human resource in the organization changes, as people are transferred from the line to new projects, or from old projects back to the line. This can create additional pressures for the employees of a project-oriented organization through:

- peaking work-loads making it difficult to achieve a work-life-balance.
- uncertainty about future assignments, including the nature of the assignment, its location and future work colleagues.
- matching assignments to career development objectives.

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Managing these pressures requires positive action both by the individual and by the organization. Looking after the well-being of employees, and their ethical treatment, requires specific HRM practices to be adopted by the organization [8–10]. Pastoriza et al. [11] have shown that the ethical treatment of employees, and looking after their well-being, can increase the social capital of an organization. As part of a wider investigation into the HRM practices adopted by project-oriented organizations [12], we also investigated how and to what extent the practices adopted support the well-being and ethical treatment of project workers. We report the results in this paper. We start by summarizing the nature of work in the project-oriented organization, and the pressures it can create for project workers and other employees. We then describe our methodology. We describe what we found about the nature of the problem and what organizations do or do not do to manage. We found that often organizations do not manage the problem, or do not care about it, for the sake of profit maximization and because of client demands. In fact it is often the demands of clients that exacerbate the problem. However, some organizations do take positive steps to manage the problem and we report those. In spite of the heavy pressures that project working creates we found that bay and large project workers enjoy the nature of the work, but that it tends to be self-selecting, so that those who can manage the pressures stay with the career. We also report practices adopted to match project assignments to career development needs.

## 2. The project-oriented organization

Interest in project intensification [4,6] and project-based working [5,7] has intensified in recent years. Reasons include the need for organizations to adopt appropriate structures to respond to “the highly differentiated and customized nature of demand” [4] p. 1475, particularly in organizations in the creative and cultural industries, high technology sector and professional and consulting industries. Interest has also increased because of a tendency for firms in all types of industries “to undertake projects as a growing part of their operations even while their primary productive activity might be volume-based or operations-oriented” [4] p. 1475. Most writers distinguish between those companies that do most of their work in projects and/or have a main emphasis on the project dimensions, and firms where the functional dimensions of organizational structure and processes dominate and projects take place in the back office to support the functionally based front office, [7,13].

Turner and Keegan [7] p. 256 defined a project-based company as one “in which the majority of products made or services delivered are against bespoke designs for customers”. This implies it is project-based perforce because of the customized nature of the demand from their customers. However, the corporate governance still needs to make

the choice to adopt project-based ways of working as a strategic choice [5], p. 25. Gareis suggests that an organization is project-oriented it perceives itself as such and chooses to shape its policies, practices and culture for project-based working.

There are several features of this work environment that create the need for new and different HRM practices than those shaped by the typically large, classically managed organizations [2,3]. These include:

### 2.1. *Temporary work processes*

Project-oriented organizations use temporary organizations, (projects and programs) to perform work. Every time a new project or program starts or an old one finishes the human resource configuration of the parent organization changes. Thus not only will the organization require HRM practices in the parent organization, it will need to apply practices specific to the temporary organization that is the project. This creates the need for new HRM practices like assigning personnel to projects, assessing, developing and rewarding their work on projects, dispersing them on project completion, and linking project assignments to careers.

### 2.2. *Dynamic work environment*

The temporary nature of the work creates dynamic work boundaries and contexts, and can influence the motivation and stress of project workers [14] and creates the need for project managers to develop strategies how to cope with stress [15]. Further, the number and size of projects performed can constantly change, making predictions of future resource requirements difficult [16].

### 2.3. *Project-portfolio resource and role demands*

At any time a project-oriented company holds a portfolio of different internal and external project types [5]. A person can work in different projects at the same time, maybe even in different project roles. This can create role conflict at an individual level [17]. The organization also needs HRM practices to assign people to several projects or programs, and to smooth the demands between projects and programs.

### 2.4. *Specific management paradigm*

The ideal project-oriented organization has a specific management culture expressed in the empowerment of employees, process-orientation and teamwork, continuous and discontinuous organizational change, customer-orientation, and networking with clients and suppliers [5]. Therefore specific competences and skills are needed by project personnel to work together in projects. This may require the project-oriented organization to adopt training and development practices to develop employees capable of working in the project environment, which in turn may

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