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Categorization of organizational factors and their impact on project performance

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Abstract

The new era of project management has tendency to move away from the linear and predictable practice in projects to one that embrace the complex nature and role of the human element and interrelations. This tendency would make projects to become complex nonlinear systems. Though projects incorporate other elements such as technology, tools, methods and models, the human element can be characterized as the most important element in projects. All organizational factors can be seen as various manifestations of the human element. This paper will list a set of possible shared values – values that affect project performance positively or negatively.

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1. Introduction

Projects are complex open system; with social processes, involving human interrelations have led researchers to gain a better understanding of factors affecting project performance and outcome. These factors are internal organizational influences and external project environment conditions (McLeod & MacDonell, 2011).

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Organizational influences are divided into five groups, which are organizational cultures and styles, organizational communication, organizational structures, organizational process assets and enterprise environmental factors (PMI, 2013). In this paper, the only group of organizational influences considered are organizational culture. Organizational culture includes values and beliefs, shared values, common understanding, and interpretation and assumptions that shape behavior or action in relation to project performance (Boudreau & Robey, 1999). As a necessity to establish focus, we narrow the research down to shared values. Good cultures are specified by norms and values such as teamwork, honesty, commitment, to mention a few. (M Alvesson, 2002). This paper will look at the characteristics of and the interplay between shared values. Furthermore, the paper will address how these values impact project performance. In addition to the literature-study, a company sample case study will also be done in a construction project in order to find out shared values that affect the performance of the project. Based on these studies, the shared values are categorized and ranked (from the most practiced to the least practiced). Finally, the paper will present a set of values and a guideline (connected to organizational factors) that would promote project performance.

2. Theoretical Framework

Organizational influences are reflected in numerous factors, such as shared values, norms and beliefs, structure, competence, policies and procedures. PMI (2013) classified organizational influences into five groups: (1) organizational cultures and styles, (2) organizational communication, (3) organizational structures, (4) organizational process assets, (5) and enterprise environmental factors. Other authors have classified organizational influences differently; e.g. Scott and Vessey (2002) based on system implementation projects type; they classified them based on four groups which are (1) external business environment, (2) organizational context-culture, structure, strategy, business process, (3) system context-data, technology, project governance, (4) project focus and scope, project management and change management. McLeod and MacDonell (2011) classified organizational influences into three groups, (1) people and action, (2) development process and, (3) project content. Hussein and Hafsel (2014) from their side put them into three groups as well which are (1) end user related factors, (2) the performing project organization and (3) project owners related.

Referring to the classification of PMI (2013) about organizational influences, our consideration will focus on organizational culture. Various definitions of organizational culture have been proposed in the organizational and project management literature. Nevertheless, a consensus has not been achieved because researchers use diverse theoretical approaches, assumptions, and interpret similar cultural phenomena in different ways (Belassi, Kondra, & Tukul, 2007). Schein (2010) defined organizational culture as a pattern of basic assumptions that are invented, discovered, or developed by a given group as it learns to cope with problems of external adaptation and internal integration and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. Hofstede (1991) defined organizational culture as per the collective programming of the mind that distinguishes the members of one organization from others. M Alvesson (2002) defined the term as an umbrella concept for a way of thinking which takes a serious interest in cultural and symbolic phenomena. It includes values and assumptions about social reality, but these are less central and less useful than meanings and symbolism in cultural analysis. Yazici (2009) considered organizational culture as the set of values, beliefs, and behavioral norms that guide how members of the organization get work done.

Based on the definition of Schein (2010), where the author proposed three levels of culture that vary in the degree of visibility to an external agent to the organization. Schein (2010) also pointed out that the confusion about the definition of culture results from not differentiating these levels. Basic underlying assumptions are the essence of culture, whilst observable artifacts and shared espoused beliefs are the culture's manifestation. Artifacts and espoused beliefs are visible manifestations because they can be described when observed from outside the organization, but in order to understand their real meaning, one has to work within the organization. Schein (2010) described artifacts as correspond to the phenomena that one can observe. These are more tangible products or practices that describe how the organization works, and formalize behaviors into routines; some examples are the organizational structure, organizational processes, technology, stories, formalized rituals, and published values. Espoused beliefs are the shared values and/or beliefs. They are born from individual's own assumptions, for

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