Human resource management in the project-oriented company: A review

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Abstract

Human resource management (HRM) can be viewed as core processes of the project-oriented company, affecting the way the organization acquires and uses human resources, and how employees experience the employment relationship. Knowledge about HRM is produced by researchers and theorists who, through publishing their work in books and journals, construct knowledge in particular ways and in so doing frame the way HRM debates take shape in the academic and practitioner literatures. In most of the extant literature HRM is framed primarily in terms of large, stable organisations, while other organisational types, such as, those relying on projects as the principle form of work design, are marginalised in discussions about what HRM is and how it should be practiced. The authors argue that due to specific characteristics of the project-oriented company, particularly the temporary nature of the work processes and dynamic nature of the work environment, there exist specific challenges for both organisations and employees for HRM in project-oriented companies, and that these have – been neither widely acknowledged nor adequately conceptualised in the extant mainstream HRM or project management literatures. The aim of this paper is to provide an overview of past research on HRM in the context of projects, published in the project management, general management, and HRM literatures. We develop a model of what we see as the critical HRM aspects of project-oriented organizing, based on prior research and use it to structure the review. Finally we summarize what we see as the major shortcomings of research in the field of HRM in the project-oriented company and outline a research agenda to address outstanding areas of research on this topic.

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1. Introduction

Human Resource Management (HRM) is of strategic importance in all organizations. It contributes to the success of the organization [1] and creates competitive advantage for the organization [2,3]. The way HRM practices and policies take shape also affects the employee’s experiences of work and the employment relationship [4,5]. HRM is therefore important in any organization [6]. The project-oriented company is no different in this regard. However, we suggest that 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 the extant literature in the project management, general management and HRM literatures to underpin our assumptions and thoroughly review the extant literature on the
topic of HRM in project-oriented companies. The reviewed journals include:


In the next section we provide arguments for why we think that there are specific requirements regarding HRM in the project-oriented company. We then report the general findings of our literature search into HRM in project-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 are ones 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 culture. In essence, what defines a company as project-oriented is that these companies perceive themselves as being project-oriented and shape their policies and practices for working, for organizational culture and for strategy towards the challenge presented by managing projects. Project-oriented companies may be found in many different industries 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 projects they carry out. These impact the relation between the stable line organization and the temporary organizations, carried out in the project-oriented company. Thus the project-oriented company is a construct. An organization 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 manufacturing company, or the organizational development unit of a municipality).

Some writers have identified some specifics of HRM in companies that carry out projects [7,10]. These studies support the assumption that the project-oriented company has specific features that in turn produce special requirements in terms of HRM policies and practices. Some specific features 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 project oriented 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 strategy, so-called vertical strategic integration [11] and with each other, so-called horizontal integration [2]. The orientation of the HRM function, its goals and aims, need to be aligned with the strategy of the organization [12]. If we consider ‘managing by projects’ as the strategy of the project-oriented company [8] this would imply that the HRM policies, processes, and practices in the project-oriented company are in some way supportive of project-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 organization must change. This might create pressure. It certainly impacts the work organization, and creates the need for new processes like assigning personnel onto projects, dispersion from projects, and processes for linking project assignments to careers.
2.3. Dynamism

Project-oriented companies have dynamic boundaries and contexts. The number and the sizes of the projects performed are constantly changing, permanent and temporary resources are employed, and cooperations with clients, partners and suppliers are organized in teams, some of 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 discontinuity. 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 project durations, where the projects create even more dynamic. 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.

2.4. 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 organization, 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].

2.5. Specific management paradigm

The ideal project-oriented company 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 [9]. Therefore 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 informally demanded by the nature of the project business.

Summarizing, HRM policies, practices and processes need to be designed to meet the specific needs of the project-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.

3.1. Shift from technical to more human project management

In the project management literature, a limited amount of 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 perspective [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 different. Further we find literature on specific issues like competence development [33] or project leadership [34] but broad theorizing on HRM in project-oriented companies is lacking in the current literature, with some exceptions [14].

Along with the broader recognition of projects as temporary organizations [15,17], there has lately been a shift from technical to more human project management [35] with particular attention to team aspects (for an overview see: [36]). Further a critical mass of organizational and project management research has rapidly evolved regarding the management of projects [37], the project based company [38], or the project-oriented company [9]. Aspects of knowledge management [39] and governance are being researched [40,41]. However, so far, specific research on HRM in project-oriented companies is rare. While there is increasing interest in the maturity of project-oriented companies and specific maturity models have been developed [42], only one considers personnel management as a specific dimension of the project-oriented company [9,43].

This is all the more problematic when we consider issues of employee wellbeing. In the dynamic environment that characterise project-oriented companies, the HR configuration is constantly changing, as is the relationship between company and groups of employees. The challenges of ensuring employee well-being and their ethical treatment in rapidly changing organizational settings in which the transience of work-projects and the configuration of work-teams and even entire organizations is paramount is both important and overlooked. Recent case studies have indicated evidence that companies have problems in grasping the work and emotional situation of the individual [10] and multirole assignments [20] that may lead to burn out for younger employees that are not able to achieve an appropriate work-life balance [7] or to manage the damaging consequences of role overload and role conflict. Furthermore, 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 consider the specific requirements of HRM in project-oriented companies may mean theorists overlook these issues, fail to consider the effects, positive and negative, of project-oriented work practices in individuals.
3.2. Focus on temporary employment

To the extent that the general management literature considers the project-oriented company as a research topic, authors have mainly been interested in the overlap between new organizational forms and knowledge management and, from a critical perspective, the continuities and discontinuities between knowledge based project-oriented organizing and bureaucratic forms of organizing. Alvesson describes the challenge of managing the disintegrative tendencies of complex project-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, but do not address the HRM requirements of project-oriented companies in depth. So for example Morgan discusses the 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 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 the more detailed aspects of the specific requirements of project-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 and often focuses on the temporary employment.

3.3. Emerging interest in project-oriented companies

Publications in HRM journals have a powerful effect on the way HRM is constructed, as HRM is a social construction. The use of language by theorists and researchers to describe HRM is a form of social action, creating understandings about what HRM is and the effect it is presumed to have on social life and in structuring employment relations. 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 perspective on how we conceive of HRM and the appropriateness of different types of HRM practices. Project-oriented companies are not the only neglected area of mainstream HRM theorising. The literature is frequently criticised for its neglect of small organisations and for privileging managerial perspectives on HRM practices, a trend increasingly challenged by researchers from a more critical and ethical perspective. When it comes to project-oriented 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. The leading HRM literature neglects projects as a new working form and the specific implications of project-oriented work for HRM. The role of the project manager is rarely discussed, and the role of HRM in the project-oriented company is generally ignored. We found some exceptions.

There are a few recent studies that explore HR issues like career, related to project-oriented structures, but they do not explicitly consider the project-oriented companies as the basic context. Söderlund and Bredin, and Bredin and Söderlund, 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 organizational and management structures to become a project-oriented company. Their research mainly concentrates on Organizational Behaviour in R&D based companies.

Blair et al. report on employment in the project-oriented film industry. Clark and Colling, who have conducted in depth case studies in the engineering contracting industry, find that the role of the HRM function is changing and that these changes are not reflected in the HRM literature because there is a lack of engagement between project management literature and HRM literature on the role of HRM practices in project-oriented companies. We share these observations, as for example in the literature on HRM in flexible firms such as the network organization, where there is no explicit mention of projects or their impact on HRM in project-oriented companies. The HR implications of project management as a core business process of organizing work and the project-oriented company as such are not objects of consideration in the leading HRM publications we have investigated which is surprising given increasing evidence that project oriented working is becoming increasingly important, and that this is a development that need to be considered carefully and critically in terms of the implications from non-managerial as well as managerial perspectives.

4. HRM practices and processes in the project-oriented company

Based on previous research 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. 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. Fig. 2. This shows appraisal, reward and development on the project
contributing to appraisal, development and reward in the organization.

Consistent with our commitment to studying the implications of HRM in the project-oriented company from non-managerial as well as managerial perspectives, all these processes can and should be researched from both an individual and an organizational perspective [69], something which is only recently an explicit focus in the mainstream HRM literature [5].

We now discuss each of the steps in the process in turn, starting with the three steps at the organizational level and then the three at the project level. We use this model to structure the remainder of the review.

4.1. Selection

Keegan and Turner [14] describe the selection processes used by project oriented companies. They suggested that
such organizations tend to use organic selection processes. Search and selection can be done for the company in general or for a specific project or program. Hauschildt et al. [70] report on the selection of project managers by identifying types of project managers and their further development in a project manager pool.

4.2. Employment

Sveiby [71] argued that a key to retaining personnel in knowledge based organizations was ensuring that employees had the opportunities to work on interesting projects providing interesting career challenges. In project-oriented companies the comfortable certainty of climbing the ladder up the functional silo does not exist and arguably such certainty is a thing of the past in most organisations. The mainstream HRM literature has indeed begun to conceptualise careers in more dynamic terms [72], describing initiatives such as the network-path career [73]. While it is true that the HRM literature now recognises the necessity for increased flexibility in career development ‘in today’s dynamic organizational environment’ [59,74], the dynamism and flexibility of career development in project-oriented companies is intrinsically related to the fact that projects, being transient, cannot provide careers. While each project can be a learning opportunity in a career built on successive and overlapping projects providing a broad sweep of learning experiences, this requires careful management and therefore the study of career management in project-oriented companies commends critical attention. Keegan and Turner [15] introduced the idea of the ‘spiral staircase career’ to reflect the idea that people will move through a series of varied and wide-ranging jobs in project-oriented companies. Turner et al. [74] reported that project managers tend to stay longer with one organization than other project participants, because they feel committed to one firm as a way of achieving career development.

Project-oriented companies arguably therefore provide the kind of varied and interesting careers to which the HRM literature is increasingly alluding. However, to the extent that employees rely on continuous movement from project to project to develop their careers, the processes linking employees to projects and project to careers should be critically examined. For example, it is important to consider the manner in which processes are put in place to ensure outcome justice as well as procedural and interactional justice in project allocation. The way these processes are (mis)managed may have an effect on the legitimacy of career development processes in project-oriented companies, employees perceptions of fairness, and the effectiveness of the processes from a managerial perspective [75].

Turner et al. [74] describe development of project personnel in the project-oriented company. The objective of personnel development is to improve the competence of project management personnel by offering the possibility of gaining knowledge and experience. The establishment of the profession “project manager” in an organization supports the professionalism and thus the competence development of project management personnel [76].

4.3. Release

Next we consider release of the employees and temporary workers from the organization. There are two key elements of the release process [7]:

- Organizational learning.
- Individual review and feedback.

With the release of freelance workers it is also important to remain in contact to maintain the organization’s network and to make future cooperation possible [7].

4.4. Assignment to the project

This is the process of assigning project personnel (program managers, project managers, and team members) to new projects and programs. It has similarities to recruitment of people to the parent organization, but also substantial differences, even when appointing external contractors to be peripheral workers on the project. Eskerod and Jepsen [77] have researched new staffing procedures, in which enrolment is dependent on employees voluntarily responding to internal advertising of projects. The assignment to the project may also be during the project live cycle [78].

The appointment of personnel to projects takes on strategic significance and may influence the ability of organization to retain personnel. We anticipate, based on previous research [51] that the career dynamics of allocation to projects will be visible and that organizations consciously seek to make project personnel allocation decisions based on an assessment of what personnel are available and what projects may provide – for each prospective appointment – specific development needs, expertise, experience to work with particular clients, etc. These processes should of course be explicitly considered from both an individual as well as an organizational perspective.

4.5. Employment in the project

This is probably the most readily recognized of the three additional processes. Within a project a lot of development of personnel takes place. It is strongly linked to the leadership function of the project manager [79,38]. But what is becoming clear is that project owners and project managers may have duties for the care of individuals not previously recognized, such as project appraisals and support for career development. Additionally, the project owner has duties to care for the development of, for example, the project manager. Methods used are training on the job, feedback, etc. [22]. These processes should be explicitly considered from both an individual as well as an organizational perspective.
4.6. Dispersement from the project

This is a process whose need is not widely recognized in the literature on projects or on HRM. It has similarities to, but also substantial differences from, the release from the parent organization. At this point the organization needs to decide whether the employee will be [7]:

- immediately assigned to a new project;
- assigned to a project starting sometime in the future where their skills will be better used;
- held in abeyance because there is no project for them to be assigned to.

It is at the end of a project that core workers are most vulnerable to leaving the organization, especially if faced with a period of “sitting on the bench”. At the end of the project, core workers should be debriefed about their experiences and counselled about the future. If they do not have another project to go to straight away, they can do many things:

- Sitting on the bench.
- Going through training or other personal development.
- Going to the project management office to do technical and process development.

This period is one in which we might expect project personnel to be more anxious, and having practices in place to recognize and manage that is clearly important for both individual and organisational wellbeing. The choices made about what to do with project personnel at the end of the project need to be made in consultation with them to ensure employee well-being and procedural fairness in project allocation decisions, and from an organizational perspective to avoid valued personnel leaving. Peripheral workers also need to be counselled and debriefed. If they have performed well, the organization may like to retain them. The organization can advise them on training, even involve them in training, invite them to attend social activities, and work at keeping them with the network of potential peripheral workers.

5. Conclusions and further steps

The mainstream HRM literature still gives greater attention to the management of human resources in routine organizations. The HRM function and HRM practices in flat and flexible project-oriented companies have generally been neglected. We have identified a missing link between the PM literature and HRM literature regarding the project as a working form and the project-oriented company. We have found that regarding some HR processes like development of employees in the company as well as in the project there is already research while for processes, dispersion of the project, very little extant research exists and the issue has only recently been recognized as potentially significant in understanding the HR dynamics of project-oriented companies.

While most HRM research is undertaken from a managerial and prescriptive perspective, we argue that research on HRM in project-oriented companies must take the perspective of the individual employee as well as the organisation. Ensuring employee well-being and ethical treatment of workers in the project-oriented company is an issue that is vitally important but which has not been widely studied in the extant HRM literature. Despite the fact that there has been a change from technical-task issues to more people-oriented issues in project management research, the importance of HRM has not yet been widely recognized. The HRM perspective especially as a specific function in the project-oriented organization is still a blind spot in project management, general management, and HRM literatures. For reasons outlined in Sections 2 and 4, we propose that the HRM requirements of the project-oriented company are different than those in the classically managed organization, and that these requirements have not been addressed in the literature. We therefore propose to undertake further research to identify the HRM policies, practices and processes adopted by project-oriented companies, with the twin objectives of:

1. exploring to what extent, the distinctive characteristics of project-oriented companies, including the temporary nature of the work processes and the dynamic nature of the work environment, lead to the necessity for specific HR strategies and specific HR practices;
2. considering the implications for both organisations and individuals of these emergent policies and practices.

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