

Project Management (BPM1313)

Organizational Capabilities: Structure, Cultures and Roles

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The Project Manager and the Team Member

- Aims
 - Provides basic foundation of Project Management to the students
 - Give understanding and knowledge to students in relation to planning, leading, organizing, monitoring and control throughout the implementation of a project until completion.
- Expected Outcomes
 - Students are expected to differentiate the between pure project organization, functional project organization and matrix project organization
- Other related Information
 - PMBOK study guide
- References
 - Project Management Institute (PMI). Project Management Body of Knowledge (PMBOK Guide) 5th Edition.
 - Burke, R. 2007. *Introduction to Project Management*. Burke Publishing.
 - Kerzner, H. 2001. *Project Management: A System Approach to Planning, Scheduling and Controlling*. John Wiley & Sons, Inc.



Organizational Structure

Fitting Projects Into The Parent Organization

- Interface between the project and the parent organization
- The nature of project interface has severe impacts towards PM' life
- PM need to understand why such senior manager imposed such interface
- Organizations choose to conduct so much of their work as a projects
- **Project-oriented organization**



Why Project-oriented Firms?

- ❖ Integrating components of devising product development could **improved the product** and **fast track the time** to market of a product
- ❖ Product development/design process requires **input from different areas** of specialized knowledge
- ❖ Expansion of technical capabilities tends to **destabilize** the structure of the **enterprise**
- ❖ Project orientation provides managers some sense of **accountability** and **control**

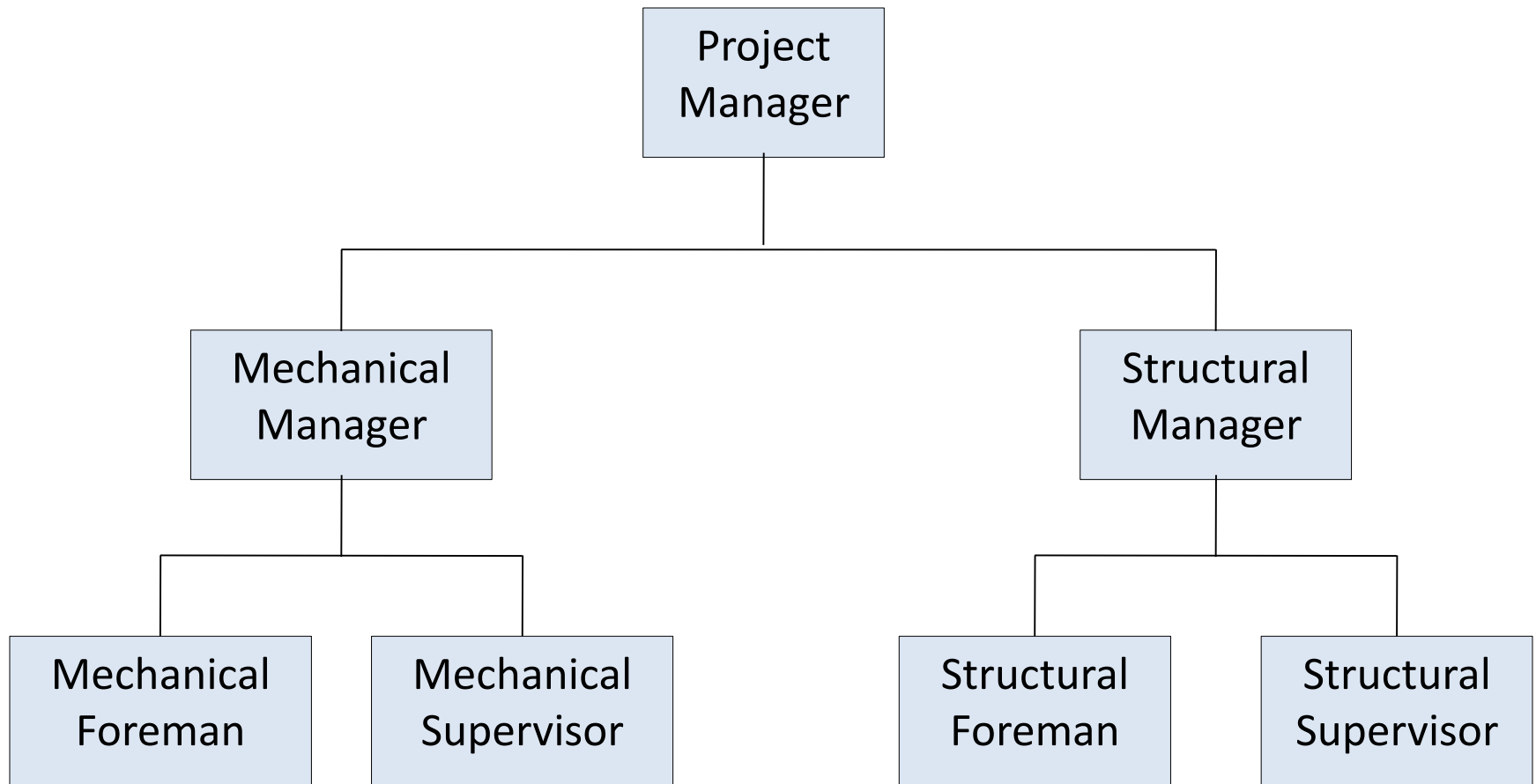


Pure Project Organization

- ❖ Also known as “Projectized Organization”
- ❖ “any organizational structure in which the project manager have the full authority to assign projects, apply resources and direct tasks of persons assigned to the project”
- ❖ The project manager has extensive authority of budgets, personnel and other decision making in this organizational structure



Pure Project Organization



Source: firebrandtraining.co.uk



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Advantages of Pure Project Organization

- ❖ Traditional department barriers are reduced
- ❖ Response times and decision making tend to be swift
- ❖ Instructions come from a single source
- ❖ Enhanced project team identity, strong customer focus, effective integration of effort by applying co-location



Disadvantages of Pure Project Organization

- ❖ Costly – team members are often assigned to just one project
- ❖ Each project tends to develop their own methods and disregard those of the parent organization
- ❖ Lessons learned are not properly shared
- ❖ Less interest to learn/understand broader project issues
- ❖ More concern on what will happen after the project ends (Projectitis)

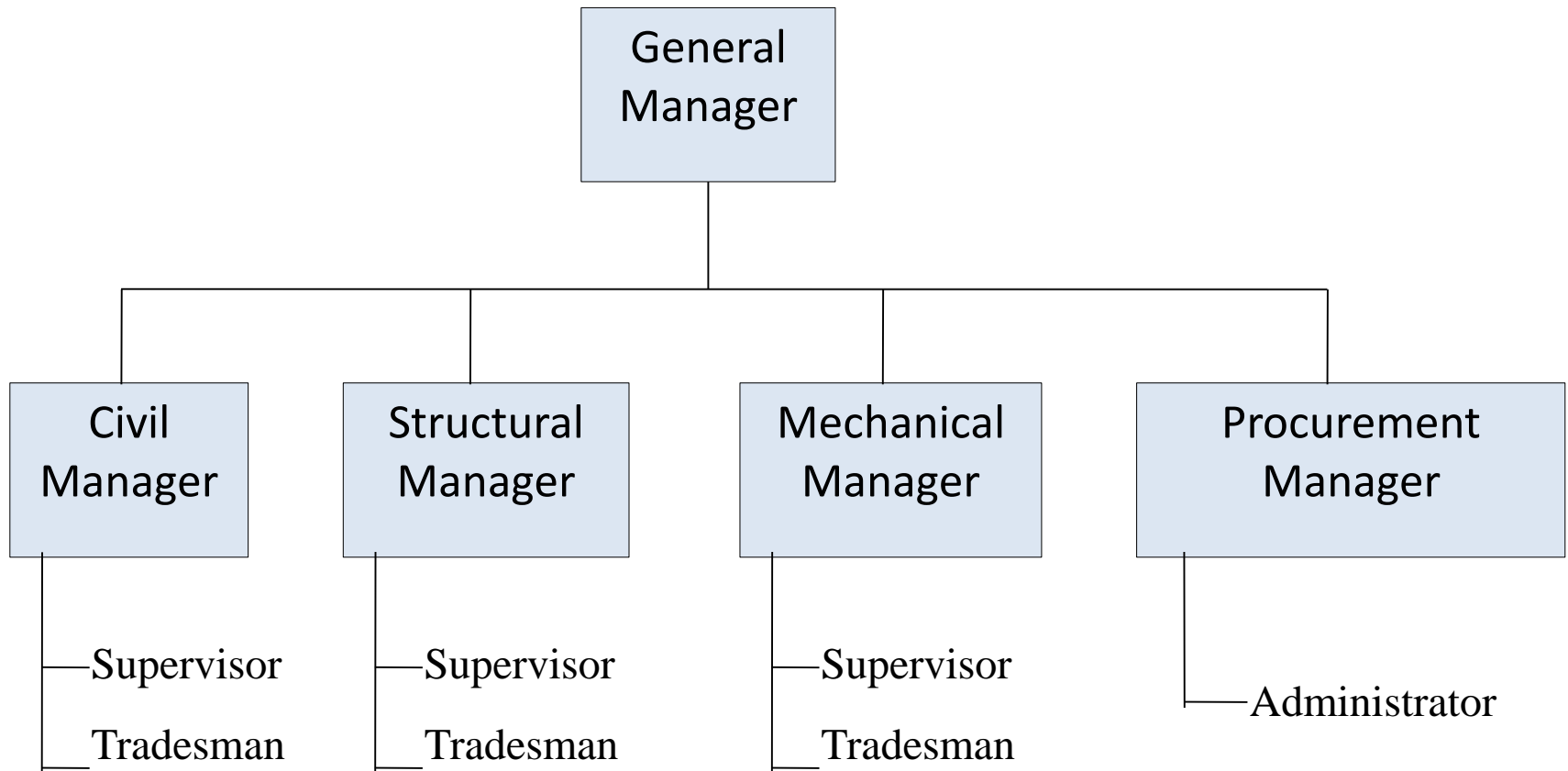


Functional Project Organization

- ❖ “a hierarchical organization where employee has one clear superior, staff are grouped by areas of specialization and managed by a person with expertise in that area”
- ❖ Functionally organized projects are embedded in the functional group where the project will be used
- ❖ Traditional approach that exhibits authority according to type of work



Functional Project Organization



Source: firebrandtraining.co.uk



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Advantages of Functional Project Organization

- ❖ Unity of command – all workers understand clearly what they need to do as instructions come from a single boss
- ❖ All workers have opportunity to learn readily from each other and keep their technical skills sharp
- ❖ Less Projectitis since workers will continue report to the same functional manager after the project finish
- ❖ This approach works well with small projects



Disadvantages of Functional Project Organization

- ❖ Communication – across functional department boundaries are not simple and easy, a bit slow and tortuous
- ❖ The project is rarely a high-priority item in the life of the division



Matrix Project Organization

- ❖ An intermediate organizational strategy or combination of two strategy
- ❖ “any organizational structure in which the project manager shares responsibility with the functional managers for assigning priorities and directing work of persons assigned to the project”

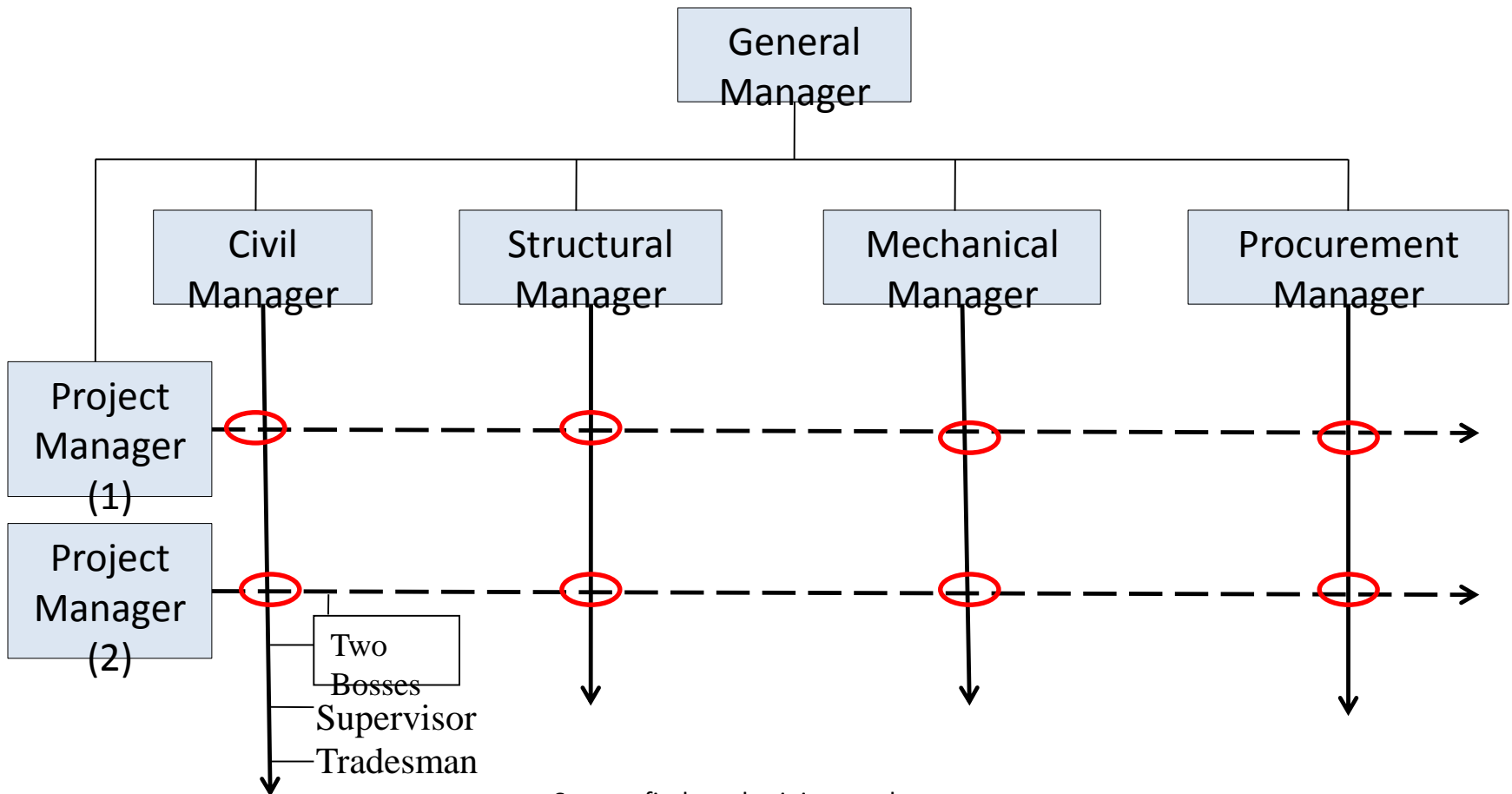


Matrix Project Organization

- ❖ If the matrix project closely resembles the pure project with many individuals assigned full time to the project – “strong matrix” or “project matrix”
- ❖ If functional departments have more authority to assign resources to the project than PM himself, the matrix is referred as “weak matrix” or “functional matrix”
- ❖ Balanced matrix – “being in harmonious or proper management”



Matrix Project Organization



Source: firebrandtraining.co.uk



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Advantages of Matrix Project Organization

- ❖ Provides flexibility in the way matrix form can interface with the parent organization
- ❖ Good visibility into who is working where, and resources can be shared between departments and projects



Disadvantages of Matrix Project Organization

- ❖ Prone to have conflicts (two bosses)
- ❖ Project teams also face conflicts (their time and activities)
- ❖ Multiple projects may foster political infighting among the several PMs
- ❖ Organizational culture



Progression of Organizational Forms

| Organizational Form | Functional | Weak Matrix | Balanced Matrix | Strong Matrix | Projectized |
|---------------------|---------------|-------------|-----------------|---------------|---------------|
| Who has power? | FM almost all | FM more | Equally shared | PM more | PM almost all |

PMBOK 5TH edition



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Project Management Office (PMO)

- ❖ Parent organization set up a project management office (PMO)
- ❖ The project office may handle some or all of the budgeting, scheduling and reporting activities while the functional units supply the technical work



Project Management Office (PMO)

- ❖ PM has authority to determine which work needs to be accomplished and by when
- ❖ Functional manager retains authority to determine how the work is accomplished
- ❖ Two managers may negotiate to determine which workers will be assign to the project
- ❖ Potential conflict – performance reviews



Organizational Culture

- ❖ PM needs to understand the **structure** and **culture** of parent organization
- ❖ OC comprises of the **formal** and **informal** practices and the **values** that are shared among members of the organization and are taught to new members
- ❖ **Values** are deep seated, personal standards that influence the moral judgments, responses to others and commitment to personal and organizational goals



Impacts of Organizational Culture

- ❖ Motivate the ethical actions and communications of managers and subordinates
- ❖ Determine how people are treated, controlled and rewarded
- ❖ Establish how cooperation, competition, conflict and decision making are handled
- ❖ Encourage personal commitment to the organization
- ❖ Justified organizational behavior



Understanding organizational culture;

- ❖ What is the orientation of the corporate culture in general?
- ❖ What are the ascribed values?
- ❖ How are the organization viewed by others in terms of living the values?
- ❖ How does the organization like to communicate internally and externally?
- ❖ How well does the organization support project management specifically?



Conclusion of The Chapter

- ❖ Different types of organizational structure that gives various impact on parent organization has been discussed in this chapter
- ❖ Cultural aspects and values of parent organization are of concern when opting for any structure
- ❖ Each structure has its advantages and disadvantages



References

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