Essay: Challenges faced by the Project Manager when working within the alternative organizational structures

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Executive Summary

The objective of the report is to critically review on the different challenges faced by the Project Manager when working within the alternative organizational structures used to implement projects.

In simple terms, Project Management is the process of planning, organizing and controlling of the scope, budget and time of the recruiting program project.

Figure 1.a: Project Management flow (Lim, M., G. Griffiths, and S. Sambrook 2010)

Part 1: Three types of Project Management Organizations

Generally, there are 3 current types of organizational structure of project management as listed below;
' functional organizational structure
' project-based organizational structure
' matrix organizational structure

Figure 1.b: General organizational structure (John Carroll 2012)

1.1 What is Functional organizational structure?

Functional organizational structure is actually the traditional way of organizing a project, whereby the structure is actually divided into its various functions. For example, major functionality unit such as finance, marketing, manufacturing and etc. report upwards to the respective CEO of the organization.

In other words, each divided functions would have their own reporting staff or project resource. Therefore, an employee would be reporting to one respective leader only and the chain of command is absolutely essential. Since each reporting line is only concerned with their own functions, issues may rise when an employee of one function needs to liaise further with an employee of another function.

Therefore, in order to liaise with an employee of another function is actually to escalate upwards to the functional head that would then seek the other functional head and back downwards to the employee of the other function accordingly. It is actually a very inefficient approach; however the good point is that each function works as a very effective and independent team who are highly focused on their goals. On the other note, it would be much easier to manage resources with similar skills, level of knowledge and experience which would ease the task of workload assignments for a more effective outcome.

However, a major drawback to the functional organization structure is that the respective project manager would be required to work with resources from other functions with no formal authority due to the fact that employee from each function would mainly be reporting to their own line or functional manager. The Project Manager has minimal form of authority over the availability of resources and plays the role of project coordinator instead.

It is obvious that several projects at the same period of time may have to compete for the available resources which would need to be sorted out by the respective project managers. As mentioned earlier, the project team members will more likely serve their loyalty towards their respective functional manager (Sophie Johnson 2000).

Figure 1.c: Functional organizational structure (www.tutorialspoint.com 2010)

Two different approaches in undertaking projects in Functional organizational structure;
' Divided: where a department works on their part of the project assignment and would later handover to the next relevant department to complete the workload accordingly.
' Cross Functional: where members of different departments work at the same point of time on different parts of the project assignment.

Advantages Disadvantages

the use of personnel with greater flexibility, as long as the choice of a suitable functional departments as the project supervisor, the department will be able to provide professional and technical personnel required by the project, and technology experts can also be used by different projects and after completion of the work can go back to his original work. projects often lack of focus, each unit has its own core functions of general business, sometimes in order to meet their basic needs, and responsibility for the project will be ignored, especially when the interest taken in the project brought to the unit not the same interest.

when the project team members leave, the functions can be used as the basis for maintaining the continuity of the project. such organization has certain difficulties in the inter-departmental cooperation and exchanges.

functional department can provide a normal career path for professionals. the motivation is not strong enough for project participants, they think the project is an additional burden, and not directly related to their career development and upgrading.

sometimes, none should assume full responsibility for the project, often the project manager is only responsible for part of the project, others are responsible for the other parts of the project, which leads to difficulties in coordination situation.

Table 1.a: Advantages and Disadvantages of Functional Organization (Nicholas, J M 1989)

Figure 1.d: A Typical Functional Structure (www.tutorialspoint.com 2010)
Note: The dotted lines on the graphic represent where the Project Manager coordinates projects and the gray boxes represent staff engaged in project activities.

Figure 1.e: Key factors of Functional Organization (SkillSoft Corporation 2007)

1.2 What is Project-based organizational structure?

Moving on with the next organization structure is project-based organizational structure. As per the naming convention, each project manager reports directly to the respective CEO of the organization. This structure is also referred to the development of an independent project team since the management function or unit is actually separated from the other units of the parent organization.

The individual project team will have their own resources and management function accordingly. With reference to the earlier statement also leads to the fact that each project manager will have their own dedicated full-time team members or available resources. However, the project-based organizational structure would only suit an organization that drives projects as well as the delivery of these projects as their core business or scope.

In simple terms, most of the organizational resources are involved in project work rather than operations. The project team usually report directly to the project manager or alternatively, provides support services to the projects. It is also known that the project managers actually have the utmost authority rule over the project. However, the involved project teams are usually dismissed once the project had been completed. These project team consisting of members of various specialties usually physically work in the same place (Development Cooperation Handbook 2013).

Figure 1.f. Project-based Organizational Structure (www.tutorialspoint.com 2010)

Advantages	Disadvantages
focused on this project team, project manager is solely responsible for the project, the only task for project members is to complete the project, and they only report to the project manager, avoiding the multiple leadership.	when a company has several projects, each project has its own separate team, which will lead to duplication of efforts and the loss of scalable economies.
the project team's decision is developed within the project; the reaction time is short.	the project team itself is an independent entity, prone to a condition known as 'Project inflammatory' disease, that is, there is a clear dividing line between the project team and the parent organization, weakening the effective integration between project team and the parent organization.
in this project, members work with strong power, high cohesion, participants shared the common goal of the project, and individual has clear responsibilities.	the project team members' lack of a business continuity and security, once the project ended, return to their original functions may be more difficult.

Table 1.b: Advantages and Disadvantages of Project-based Organization (Nicholas, J M 1989)

Figure 1.g: A Typical Project-based Structure (www.tutorialspoint.com 2010)
Note: The dotted lines on the graphic represent where the Project Manager coordinates projects and the gray boxes represent staff engaged in project activities.

Figure 1.h: Key factors of Projectized Organization (SkillSoft Corporation 2007)

1.3 What is Matrix organizational structure?

On the contrary, the employees in a matrix organization are actually structured vertically in their functions, but report horizontally to a given project manager or more. In simple terms, the functional managers look

after 'pay and rations', meanwhile the project manager allocates the workload for the project. Both the operational managers and project managers contribute to performance reviews for the project teams.

As we are aware of, the operational manager plays the role as the resource manager and should be consulted when a project manager seeks for resources for their assigned projects. In cases where there are insufficient resources to accommodate for all projects, some form of compromise is required whereby the project managers will then need to negotiate with the other respective project managers accordingly.

Figure 1.i: Matrix organizational structure (www.tutorialspoint.com 2010)

With reference to the relative power of project managers and functional managers, there are different types of matrix systems in practice as listed below (Kevan Hall 2009);

' Functional Matrix ' the functional managers have greater powers than project managers.

' Project Matrix – the project managers have greater powers than functional managers.

' Balance Matrix – the functional managers and project managers have the equal powers.

Figure 1.j: Comparison of Matrix Systems

Advantages Disadvantages

it is the same as functional structure that resources can be shared in multiple projects, which can significantly reduce the problem of redundant staff. the matrix structure has increased the tensions between functional manager and project manager.

project is the focus of work, with a formal designated project manager will make him give more attention to the project, and responsible for the coordination and integration work between different units. under any circumstances, sharing equipment, resources and personnel among different projects will lead to conflict and competition for scarce resources.

the company can balance the resources to ensure that all the projects can progress to complete their respective costs and quality requirements, when there are multiple projects simultaneously. during project implementation, the project manager must negotiate and consult with the department managers on various issues, which leads to the delay in decision making.

the anxiety of project members is reduced greatly after the end of the project, while they are strongly associated with the project; on the other hand, they have a 'home' feeling about their functions. matrix management is not according to the principles of unified management, project members have two bosses, the project manager and functional managers, when their commands are divided, and it will lead to members at a loss.

Table 1.c: Advantages and Disadvantages of Matrix organization (Nicholas, J M 1989)

1.4 Summary of advantages between the different matrixes (Mohr, L. B. 1982)

Project Matrix

' increase the project's integration

' reduce internal power struggle

' its weakness is poor control of their functional areas and vulnerable to 'project inflammation'

Functional Matrix

' provide a better system for managing the conflict between different projects

' maintains the control of functions is at the cost of inefficient integration of projects

Balanced Matrix

' achieve the balance between technology and project requirements better

' however, its establishment and management is most likely to encounter problems related to matrix organization

In summary, there are three types of Matrix Organizations (David Litten 1999);

' Weak Matrix
' The functional managers have ultimate power in a weak matrix; meanwhile the project managers act as project coordinators with minimal or no form authority.

Figure 1.k: Weak matrix structure (www.tutorialspoint.com 2010)

Note: The dotted lines on the graphic represent where the Project Manager coordinates projects and the gray boxes represent staff engaged in project activities.

' Balanced Matrix
' There is a balance of power between the Project and Functional Managers. Each manager is actually responsible for their roles of the project organization. Employees get assigned based on the project requirements and not based on the power of the manager's position.

Figure 1.l: Balanced matrix structure (www.tutorialspoint.com 2010)

Note: The dotted lines on the graphic represent where the Project Manager coordinates projects and the gray boxes represent staff engaged in project activities.

' Strong Matrix
' The project manager actually has the ultimate power, whereby they are able to force the functional managers to give them their best resources. After that, the project managers can negotiate these resources among themselves, leaving out the functional managers.
Figure 1.m: Strong matrix structure (www.tutorialspoint.com 2010)

Note: The dotted lines on the graphic represent where the Project Manager coordinates projects and the gray boxes represent staff engaged in project activities.

Figure 1.n: Authority of Functional and Project Manager (Robbins, S.F. 2007)
Table 1.d: Brief characteristics of the different types of organizational structures (SkillSoft Corporation 2007)

Table 1.e: Brief comparison between various types of organizational structures (John Carroll 2012)
Conclusion
Every organization needs a structure in order to operate systematically. The organizational structures can be used by any organization if the structure fits into the nature and the maturity of the organization.
In most cases, organizations evolve through structures when they progress through and enhance their processes and manpower. One company may start as a pre-bureaucratic company and may evolve up to a matrix organization. Nowadays, it is impossible to conclude that an organization would be a pure functional one or a pure projectized one.

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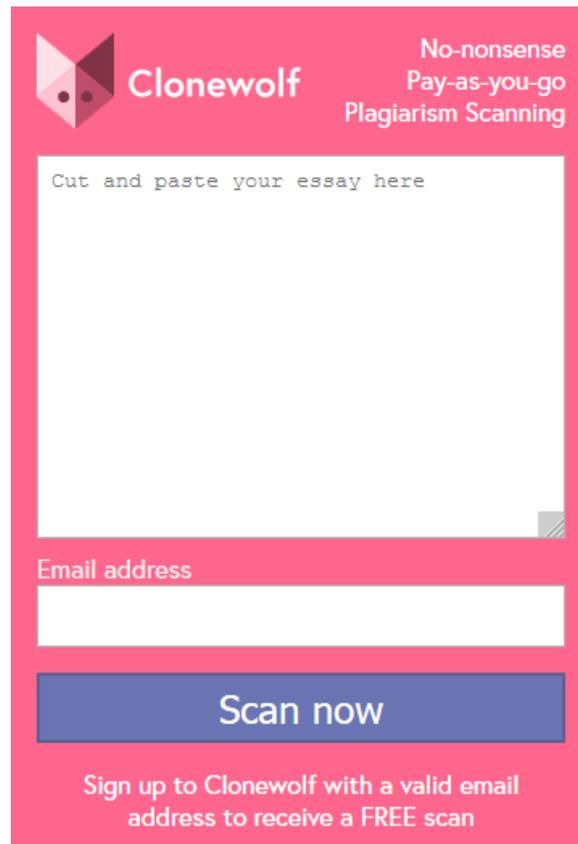
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