

## HUMAN RESOURCES IN PROJECT MANAGEMENT

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### **Abstract:**

Human resource management (HRM or HR) is the strategic approach to the effective management of organization workers so that they help the business gain a competitive advantage. Human Resource Management (HRM) is of key and strategic importance to the project-oriented organization. The aim of this paper is to describe the development of human resources in project management. Based on the analysis of theoretical views, we draw conclusions that form the basis for future discussion.

### **Key words:**

human resources, project management, competency, dimension, pillars

### **JEL: D9**

## **1 Introduction**

Human Resource Management (HRM) is the most important functional in all organizations. It contributes to the success of the organization and creates competitive advantage for the organization. The way HRM practices and policies take shape also affects the employee's experiences of work and the employment relationship. HRM is therefore important in any organization. The project-oriented company is no different in this regard. The implementation of project management in an organization can be considered as a change which touches different identity dimensions of the organization [20]. A central dimension to be changed is "Human resources", as personnel require new competences and skills. Thus every time a new project or program is started, the HR 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, dispersement from projects, and processes for linking projects assignments to careers [19]. Project management is a tool for implementing a modern management method called *Management by Objectives* (MBO). According to Kerzner [11], project management has recently begun to shift attention from technical to behavioral competencies, and issues of so-called management of the situation attracts more and more attention. The process of integration and interpersonal relations has been even more important about the growth of the size of project teams. Project managers now need to be able to communicate with several different functions and departments. In the scientific field, there are also very interesting studies beginning to emerge towards identification and research on behavioral competencies of participation in the specification of organizational knowledge. These competencies could contribute to the creation of organizational innovations in project management. In addition to specific competencies (knowledge of marketing, product development, business planning, decision making, etc.), developed economies are beginning to talk about the need for emotional intelligence as part of behavioral competencies. The Western World considers the knowledge of project management as the standard knowledge that every executive needs to have. The use of project management is a proven practice (*best practice*) that successful organizations use to ensure good competition. If our organizations want to succeed in the global global market, even the European market, they must learn how to use project management well [7,12]. The aim of this paper is to highlight the new perspectives of HRM and their impact on project management discipline. The competencies are additive and the successful PM will need the entire

competency tool kit. The emphases on certain competencies are predicted to vary due to individual leadership style and/or project circumstances.

## 2 Methods

The methods characterize the theoretical framework of the contribution. We summarize, analyze and compare important theoretical approaches. The main criterion of selection of sources was the database of available authors which is linked to the development of HRM in project management organizational structure. In the scientific work, we use the method of analysis (analysis of available resources), comparison (differences of opinion), synthesis (a combination of opinion procedures), induction (formulations of opinions) and comparison (comparing authors' views with our approach). The theoretical framework introduces and describes the theory opinions which explains the importance of issue. The scientific article is characterized as a theoretical synthesis of knowledge. The theoretical analysis consists of a retrieval procedure in relation to the aim of the article. We proceeded from the procedure of detailed content analysis.

## 3 Paper results

Many experts consider project management the most important "control" activity of the future [16,17,22]. Particularly, in today's rapidly changing market environment it is becoming more and more important and its good implementation can bring each organization a significant competitive advantage. This is the principal reason why there can be an ever-increasing emphasis observed in this case. Project management is the process of implementation of the amendments [3]. Ideal project organization has a special management culture, which is expressed in the strength of its employees and teamwork. These attributes are associated with a permanent process of organizational change, customer orientation and networking of clients linked to the close communication of project teams. The project organization will always require special competencies and skills to support successful project collaboration. HRM policies, practices, and processes need to be promoted because we can only talk about the creation of a project organization [4]. Project management is not a routine activity, so it is clear that, unlike standard management, we should pay more attention to human resource management. The basic prerequisites for the functioning of any company (organization, enterprise, firm, project team) are essential resources - material, financial and human. However, the most important of these are human resources, which the other two sources put into motion and determine their use.

Although there is a lack of studies focusing on HRM, there are many arguments in recent project research that stress the need of such studies. The arguments can be classified according to their point of departure; a top-down perspective, i.e. the need for the company to manage the strategic resources effectively in order to stay competitive, or a bottom-up perspective, i.e. the concern for the individual project worker in a projectified environment. As it seems, many of the problems identified by project researchers are closely related to the management of the relation between the individuals and the organisations; the management of human resources. Some of them take the organisations' point of view, while others focus on the individuals' situation [3]. Nevertheless, the researchers from the project field of research do not link their studies to the HRM field of research in order to analyse the problems. We argue that the understanding of project-based organisations and the challenges they face as opposed to functional organisations would benefit significantly from studies focusing the management of the relation between the individuals and their organisational context. Furthermore, the HRM field of research should be a useful base for the analysis of such a dimension.

*Human Resources Management* (HR) represent a specific activity within an organization that deals with the management of human capital, i.e. management of employees as a whole [2]. They differ from management by providing managers with "tools" that can directly and indirectly drive growth and sustain

productivity. Project management is not a routine activity, so it is clear that, unlike standard management, we should pay more attention to human resource management. The basic prerequisites for the functioning of any company (organization, enterprise, firm, project team) are essential resources - material, financial and human. However, the most important of these are human resources, which the other two sources put into motion and determine their use. Figure 1 shows the bibliographic sources used in the construction of this paper.

**Figure 1: HRM dimension in Project Management**

Parth (2013)	<i>Critical thinking in Project Management</i>
Pinto (2013)	<i>HRM and Project Management</i>
Dessler (2012)	<i>Human Resources Management</i>
Bredin (2006)	<i>Human Resources Management in Project – Based Organisations. Challenges and Changes.</i>
Keegan, Turner (2003)	<i>HRM and Project Organization</i>

Human resources are primarily people with their knowledge, experience, skills and abilities that they bring to the organization in which they work. They represent a human potential that affects the value of an organization and its results much more than its technological and material equipment or the state of finances. 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 [4]. People are also a unique attribute in subjective object relationships, i.e. the ability of self-determination. It's the potential to manage oneself. In other words, the ability of people to act in their roles purposefully, reasonably, and independently. The main components of self-management are self-control (the ability to manifest emotions in an appropriate way), discipline (the ability to control one's own emotions to achieve the goal), endurance (the power not to achieve the goal) and, above all, the ability to realize the entire cycle of controlling the process. To understand and anticipate human behavior, we need to deal with limited rationality. These limitations are not even the least obvious. We can not even know what they are in advance [8,9]. Human Resource Management (HRM) in the project-oriented organization is a relatively underexplored topic. The conditions under which HRM emerges in the project-oriented organization may differ from those associated with mainstream HRM, which is shaped by the typically large, classically managed organizations, based on the Taylorian model of management. Project-oriented organizations adopt project-based ways of working as a strategic choice, in response to their customers' demands for bespoke products or services, and so the HRM practices and processes adopted by the organization should support that choice, and the HRM and project management practices and processes adopted should support each other. The HR function is often involved in the change activities of an organisation. Thus, an HR department should understand project management as tool for making change happen in the most effective way. It may also be the sponsor of change projects or managing it with own people. This means, project management is getting more and more important for HR personnel for developing and delivering their services. HR can do a lot for project management. First of all, finding the most competent people for the projects and programmes an organisation is performing, to bring them on board of the organisation and assist them in getting the right job according to their competences.

## Discussion – competency like a primary determinant of HRM in project management

The most productive organizations make good decisions quickly and execute them efficiently. As noted earlier, our findings reveal that decisions improve with the right culture, people, and process. We see that consistently high-performing organizations empower their people to make the best possible decisions, have a formal decision making process, and tie it all together by embedding support for good decision making into their culture. Strategy, information, and risk management are important factors in their success, but there are many more issues under the culture-people-process umbrella that both directly and indirectly affect good decision making [16].

By trying to identification the decision – making in project management we must work with term competencies. **Competence** is a term used in various meanings, but it usually indicates *the scope of a certain activity, authority and duty*. The synonyms to the word of competence are ability, capacity, skill, efficiency. However, in defining this concept in a psychological context, it is a cluster of specific attributes and patterns of behavior. To further definition an abbreviation KSAO (Knowledge, Skills, Abilities, Other Characteristics) can be used. It refers to a set of specific knowledge, skills, abilities, and other characteristics that are required for successful performance in the role and are sufficient whether necessary for the achievement of certain objectives. Competence is understood as a **socio-economic character**, ability to perform certain functions and achieve specific performance yet. The competencies also serve as input measure of individual behavior in its adoption in the organization. They contain the following basic **components**: personality traits and perception of oneself; the motives of knowledge, skills, abilities, and especially the ability to effectively apply all of these components.

Competencies also have their own structure. They consist of both intelligence, talent, abilities, but also values, attitudes and motives. Further, there are skills, knowledge, know-how and the resulting form of behavior included. The fact that competencies are manifested in behavior gives us the opportunity to describe and measure them [11]. Nowadays, the term "competence" is used in two different meanings. The first expresses the power, authority, scope (usually some granted authority or belonging to any authority). On the other hand, the second meaning expresses the ability to perform an activity, to be able to perform it, to be qualified in the relevant area, to have the necessary knowledge and skills. The difference between these meanings lies in the fact that the first emphasizes something that is given to a person from the outside. On the other hand, the second significance emphasizes the inner quality of man that results from his development at that moment. This quality is more or less independent of the outside world and gives it some performance. Armstrong [1] refers to competence-based management as a human resource management system that combines individual HR processes into a complex system in which individual human functions are integrated with a set of required competencies, respectively with a model of professional competence. A specific competency model, unlike the above, identifies those competencies that are a prerequisite for the desired performance of a given employee at a specific position. In case of strategic objectives of the company that require the involvement of all company employees, the so-called central competencies models are used. These models are applied to each employee to streamline their performance. They include, e.g. competencies focused on teamwork, customer orientation, or process improvement at all levels of the organization.

Many organizations have developed competency systems to define what they believe are the key competencies needed to achieve success. These systems contain generic (generic) behavioral abilities. Describe how people should behave in their roles, and for each role they contain professional or functional abilities. Define what people should know and know to do their job well.

*Competency based management* is a progressive approach to business management that is based on the mutual synergy of "hard" management factors (structure and strategy) and "soft" aspects (competencies of workers). If this approach is appropriately implemented within the project management system, it can be very beneficial to the organization and its human resources. Competency management is considered to be the basis for decision-making in project management.

Based on the goals that lead businesses to compile and use competency models, competence models can be divided into three basic types. When defining a *generic competence model*, emphasis is placed on creating generally applicable and proven competencies that reflect the requirements necessary in each organization regardless of the job position being performed. In this case, it is most often a model of key competencies, including leadership, communicativeness, creativity, or effective teamwork. Such a generally valid model is the first step of the enterprise to successfully implement a competence approach in the context of people management. Its disadvantage lies primarily in its frequent focus on a very wide group of company employees. This reduces the effectiveness of this model.

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We would like to emphasize that competent management is a very important part of the project management perspective. P. F. Drucker – as a result of his orientation on people and their values, and his ability to project trends in the form of their social consequences – pointed out that former ideas of an employee loyalty and their application had already ceased to be valid. He saw that knowledge is transferable and that its application is not limited to narrow specialization in one particular company or one sector. At this place, we can talk about knowledge workers in project management. They appreciate their knowledge and skills, their recognition and respect, as well as their work (and perhaps even more). They expect to be well-rewarded for their work, but they also have a much greater degree of recognition and discipline. Drucker was convinced that people are currently more important for the success of an organization than ever, because it gives them more power [5]. In addition of project management, HR can establish a career path for project personnel, which allows them to progress their career through projects and programmes as defined by the organisation and its management. This should be accompanied by a rich toolbox for competence development, ranging from training, coaching, mentoring, learning-on the job to blended-learning offerings. All this needs to be developed, administered and continuously improved by the HR department in close cooperation with the Project Management Department or the Project Management Office (PMO). Project – oriented company must be able to find and implement an individual competency [8]. Individual competence is the application of knowledge, skills and ability. Knowledge is the collection of information and experience that an individual possesses. Skills are specific technical capabilities that enable an individual to perform a task. Ability is the effective delivery of knowledge and skills in a given context. These three terms are related in that having a skill presupposes some relevant knowledge. Having ability presupposes relevant skills and knowledge, but adds to that the use of these in practice, in right manner and at right time. Competence development happens when individuals perform activities according to their specific roles and thus acquire new knowledge, skills and abilities. Udo and Koppensteiner [23] identified three project management competency areas: knowledge, proven experience and personality. Each competency area is built around specific “pillars”. The knowledge area has three pillars. The first pillar contains general management skills such as leadership, negotiation, communication, team building and other human resource management skills that are necessary in any management position. The second pillar contains knowledge of the generally accepted project management areas including the tools used in those areas, such as project scope management, project time management, and project cost management. The last pillar contains industry specific management knowledge, such as lifecycle management and product development methodologies. Different roles in project management will require different competencies. Since the project management environment is characterized by change, responsibilities, and hence required knowledge and skill levels, continuously transform. One of the key competencies is therefore to be flexible and adaptive in any situation. Knowing project management

theory – but without the skills to apply what we know is useless. Similarly, having the right tools and techniques – but without the skill to put them to good use is meaningless. So in order to become really great project managers, we need to hone our project management skills where theory, experience and knowledge of proper application come together. The processing of the draft model of the creation of project manager competences allows to orient oneself in the preparation and development of project managers in a project-oriented company. A project manager creates synergy. He is a catalyst that finds that outputs resulting from the joint effort of interested parties in the project will be something more than a set of the individual parts. Project management is a philosophy and technique that allows to users the maximum utilization of their potential with limited sources [12]. With a look at the future, for the extension of the function of a project manager, the only potential problem in the horizon of the future deals with the ability of managers to properly and effectively use these techniques. The lack of training is a threat for many project managers, and this situation must be remedied. We have to advance in our efforts to build basic standards and rules, so that techniques, competencies and steps of this philosophy can be used as much as possible.

## Conclusions

According to Drucker [5,6], we agree with the view that current pressures on organizations require a broader, more complex and more strategic view on human resources. It is necessary to look at the people in long-term perspective and more like potential wealth than the cost item. Traditional project manager declares that human resources are not essential, but this statement is not right. Even in our environment we can meet this opinion. However, if a project manager does not pay sufficient attention to motivation and inspiration to his team, he can not expect effective results. Current management of human resources is characterized by a new management approach. Several foreign and local authors are concerned with the concepts of human resources management, most frequently characterized by the following common features [10,11]:

- A strategic approach to personnel work and to all personnel functions: long-term perspective and considering the long-term results of the decisions made.
- Orientation on external factors of formation and functioning of the organization's workforce: interest in population development, external economic conditions, labor market, value orientation of people, and environment.
- Personnel work ceases to be a matter of HR and becomes a part of everyday work of all executives.
- There is a close link between staffing and the organization's strategies and plans.
- Personnel management becomes the backbone of organization management, a central management role.
- Emphasis on human resource development: all employees from managers must be aware of the current conditions it is necessary to constantly develop the professional competencies and personal characteristics of all employees, which predispose the organization to modern methods of work, the creation of flexible working teams, rapid response to the environment and increasing adaptability.

Managing human resources involves recruiting people, developing people, maintaining the right mix of people, and creating conditions that will result in high motivation of individuals. As an empirical system, the human resources system must have inputs, objectives, a set of processes, and an output. In addition, a feedback process is built-in to keep output consistent with objectives. The outputs of the system are produced by group and individual performance. Therefore, both organizational and individual development are carried out to increased system output. Projects have generally been managed as technical systems instead of behavioral systems. As we can see, the rational/technical aspects of project management have been highly developed, while the equal or greater gains to be achieved from effective human resource management have not been realized. The aim of the scientific paper was to

identify the links of HRM to the projective management system and to create a space for development of this topic.

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