CHAPTER 3

HUMAN RESOURCES MANAGEMENT

If an organization is to achieve its goals, it must not only have the required resources, it must also use them effectively. The resources available to a manager are human, financial, physical, and informational. While human resources (HR) have always been critical to the success of any organization, they have assumed an increasingly greater importance that is being recognized inside and outside work organizations.

Human resources departments typically include individuals with a wide variety and range of knowledge, skills, and abilities who are expected to perform job activities in a manner that contributes to the attainment of organizational goals. How effectively employees contribute to the organization depends in large part upon the quality of the HR program (including staffing, training, and compensation) as well as the ability and willingness of management to create an environment that fosters the effective use of human resources.

3.1 What is Human Resources Management (HRM)?

Human Resource Management “is the process by which management brings workers into contact with the organization so that the objectives of both groups are achieved”. HRM, as it is practiced today, recognizes the dynamic interaction of personnel functions with each other and with the objectives of the organization. Most important, it recognizes that HR planning must be coordinated closely with the organization’s strategic and related planning functions. As a result, efforts in HRM are being directed toward providing more support for the achievement of the organization’s goals, whether it be a profit, not for profit, or governmental organization.
3.2 Organizational Structures

Organizational structure is an enterprise environmental factor that affect the availability of resources and how projects are conducted. Organizational structure range from functional to project, with a variety of matrix structures between them. An organizational structure defines how job tasks are formally divided, grouped, and coordinated

As such, organizational structure is defined as “How to tie the project to the parent firm?” There are three main forms of organization structures:

- Functional or Departmental Organization Structure.
- Project Organization Structure.
- Different forms of Matrix Organization Structure.

3.2.1 Functional Organization Structure

Utilizes the firm’s normal functional channels with each manager responsible for a segment of the project (Fig. 3.1). Also, Fig. (3.2) shows an example of a functional structure. Staff member are grouped by specialty where each employee has only one clear supervisor.

Advantages of Functional Organization Structure

- Easier budgeting and cost control.
- Better technical control.
- Specialists can be grouped to share knowledge and responsibility.
- Personnel can be used on many different projects.
- All projects will benefit from the most advanced technology.
- It provides flexibility in the use of manpower.
- Policies, procedures, and lines of responsibility are easily defined and understandable.
- Good control over personnel, since each employee has one and only one person to report to.
- Communication channels are vertical and well established.
Disadvantages of Functional Organization Structure

- Decisions normally favor the strongest functional groups.
- No one individual is directly responsible for the total project. A project may be delayed if a functional manager is busy with other projects.
- Response to customer needs is slow.
- There is difficulty in pinpointing responsibility, this is the result of little or no direct project reporting, very little project-oriented planning and no project authority.
- Motivation and innovation are decreased.
- Ideas tend to be functionally oriented with little regard for ongoing projects.
- Difficulty in identifying profitable from unprofitable projects.
- Develop strong resistance to change.

![Functional Structure Diagram](image)

**Fig. 3.2:** An example of a functional structure

### 3.2.2 Project Organization Structure

In this structure, team of experts from relevant functional areas are assigned to every project manager (Fig. 3.3). Also, Fig. (3.4) shows an example of a projectized structure.

![Projectized Structure Diagram](image)

**Fig. 3.3:** Projectized structure
Fig. 3.4: An example of a project structure

Advantages of Project Organization Structure
- Structure is more responsive to the needs of a project.
- It provides complete line authority over the project.
- The project participant work directly for the project manager.
- Unprofitable projects are easily identified and can be eliminated.
- Strong communications channels.
- Personnel are loyal to the project.
- Flexibility in determining time (schedule), cost and performance trade-offs.
- Upper-level management maintains more free time for executive decision making.

Disadvantages of Project Organization Structure
- Inefficient usage of resources (duplication of effort, facilities and personnel).
  Requires a lot of owner resources.
- Tendency to retain personnel on a project long after they are needed.
- Technology suffers because of no strong functional groups.
- Lack of opportunities for technical interchange among projects.

3.2.3 Matrix Organization Structure

The matrix organization structure is a trade-off between the function and the project structures. Weak matrices maintain many of the characteristics of the functional
organization, and the project manager role is more of a coordinator or expediter than that of a true project manager. Strong matrices have many of the characteristics of project organization, and have full-time project manager with considerable authority. While the balanced matrix organization recognizes the need for a project manager with no full authority (Fig. 3.5).

Fig. 3.5: Matrix structure

Table 3.1 shows key project-related characteristics of the project types of organizational structures.

Table 3.1: Authorities of different organizational structures
Advantages of Matrix Organization Structure

- The project Manager maintains maximum project control.
- The project manager has the authority to commit company resources.
- Each person has a "home" after project completion.
- A strong technical base can be developed.
- Functional organization exists primarily as support for the project.
- Key people can be shared ----> program cost is minimized
- Authority and responsibility are shared.
- Stress is distributed among the team.
- Procedures can be set up independently for each project.

Disadvantages of Matrix Organization Structure

- Multidimensional information / work flow.
- Double reporting.
- Potential for continuous conflict and conflict resolution
- Management goals differ from project goals.
- Difficulty in monitoring and controlling.
- More effort and time are needed initially to define procedures.
- Functional manager maybe biased according to their own sets priorities.
- Balance of power between functional and project organization must be watched.

Fig. 3.6: Strong matrix structure
3.3 Human Resources Management Plan

HR management plan is the processes that help project managers and other managers to organize, and manage all the project stakeholders’ expectations. It is about how to make the most effective use of the people involved with the project, including all stakeholders. Major Human Resource Management processes involves the following items:

- Develop Human Resource Plan.
- Acquire Project Team.
- Develop Project Team.
- Manage Project Team.

3.3.1 Develop HR Plan

Developing a HR management plan involves:

- Identifies and documents roles, responsibilities, required skills, and reporting relationships and creates staffing management plan. The roles can be assigned to persons or to groups, who could be part of the organization performing the project.
- Identifies the training needs, strategies for team building, programs to recognize and reward, and issues regarding safety and compliance.
- Provides guidance on how we should define, staff, manage, control, and finally release project human resources.

3.3.2 Acquire Project Team

In this process, human resource availability is confirmed, and the team necessary to complete the project is acquired. Points the project manager/project management team has to consider while acquiring the project team:

- Effectively negotiate and influence those who can provide required human resources.
- Failure to acquire the required human resources could affect the success of the project and could even result in project cancellation.
- Alternative resources, even if less competent, should be assigned if, for any reason, the required human resources are not available. By doing so, no regulatory/legal/mandatory, or any other criteria should be violated.

- The tools and techniques used for this process are:
  - Pre-assignment
  - Negotiation
  - Acquisition
  - Virtual teams

- An effective project team has:
  - A clear understanding of the project objective.
  - Clear expectations of each person’s role and responsibilities.
  - A high degree of cooperation and collaboration.
  - An atmosphere of open communication.
  - A high level of trust.

- Barriers to Team Effectiveness
  - Unclear goals.
  - Unclear definitions of roles and responsibilities.
  - Lack of project structure.
  - Lack of commitment by team members.
  - Poor communication.
  - Poor leadership.
  - Turnover of team members.

3.3.3 Develop Project Team

Developing the project team is the process that improves the competencies, interactions among the team members, and the overall team environment to enhance project performance (Fig. 3.7).
Fig. 3.7: Project team development

The objectives of developing a project team include:

- Enhance the skills and knowledge of team members.
- Enhance a feeling of trust and agreement among team members.
- Enhance cohesiveness among team members to improve both individual and team productivity.
- Identify role and responsibility assignments:
  o Roles (who does what).
  o Authority (who decides what). The power granted to individuals so that they can make final decisions for others to follow.
  o Responsibility (work expected to be performed). It is the obligation incurred by individuals in their roles in the organization in order to effectively perform assignments.
  o Competency (skill and capacity needed to complete the activities in the project).
  o Accountability: it is the state of being totally answerable for the satisfactory completion of a specific assignment.

Accountability = Authority + Responsibility
Stages of team development

- **Forming**: transition from individual to team; this step might be characterized by enthusiasm; anticipation; uncertainty; anxiety.

- **Storming**: try to figure out team environment; this step might be characterized by discomfort; frustration; resistance; anger; tension.

- **Norming**: adjust and conform to team environment; this step is characterized by acceptance; cohesion; camaraderie; cooperation.

- **Performing**: team is now highly effective and this step is characterized by commitment; eager; unity; satisfaction; pride; confidence; openness; interdependent.

3.3.4 **Manage Project Team**

The process to track team member performance, provide feedback, resolve issues, and manage changes to optimize project performance. Project team management achieves the following objectives:

- Change results are submitted.

- Issues are resolved.

- Inputs for performance appraisals are provided.

- Lessons learned document is added to the organization’s database.

As, for a successful management of a project team, project management should:

- Observe team behavior.

- Manage conflict.

- Resolve issues.

- Appraise team members’ performance.

*Reward and Recognition*
- Say “thank you” more often.
- Award prizes such as “Team Member of the Month” recognition.
- Award prizes for performance.
- Send notes to team members’ managers about great performance.
- Plan milestone parties or other celebrations.
- Acquire training for team member, paid out of the project budget.
- Adjust the project to assign people to activities they have been wanting to work on or remove them from dislike activities as a reward.

**Motivation**

Motivation is a psychological drive that directs someone towards an objective. You can’t reward people if you don’t understand what motivate them. Motivating in a project environment involves creating an environment to meet project objectives while providing maximum satisfaction related to what people value most. These values may include job satisfaction, challenging work, a sense of accomplishment, achievement and growth, sufficient financial compensation, and other rewards and recognition the individual consider necessary and important. There are different theories for motivation.

**Theories of Motivation**

1. **Maslow’s Need Hierarchy**

Maslow (1943) stated that people are motivated to achieve certain needs. When one need is fulfilled a person seeks to fulfill the next one, and so on. One must satisfy lower level basic needs before progressing on to meet higher level needs. Every person has the desire to move up toward a higher level of need. A theoretical framework of individual personality development and motivation based on a hierarchy of human needs: physiological, safety, love/belonging, self-esteem, and self-actualization. He detailed five fundamental human needs (Fig. 3.8):
- First Level: Physiological, needs essential for survival need for food, clothing and shelter, health, rest and so on.

- Second Level: safety and Security needs for protection from physical and psychological dangers and the continuity for the physiological needs to be satisfied in future.

- Third Level: need for social interaction, support, interaction and communication, involve interaction with other for the purpose of meaningful relationships.

- Fourth level: esteem needs, to feel important self-esteem, self-respect (prestige & Power), recognition, sense of belongingness etc.

- Fifth level: self-actualization needs: achieving an individual's potential, involves competence (job mastery and professional growth) and achievement.

![Maslow's need hierarchy](image)

Fig. 3.8: Maslow’s need hierarchy

According to Maslow’s theory, unsatisfied needs influence people’s behavior. Human behavior is primarily driven by wants and desires to satisfy physiological and safety and security needs, namely primary needs. When these needs are at least minimally satisfied, the person advances to the higher levels, namely secondary
needs. The highest need, the need of self-actualization, can never be completely satisfied.

2. Theory X and Theory Y

McGregor (1960) argued that the style of management adopted is a function of the manager’s attitudes (Theory X & Y) towards human nature and behavior at work. McGregor concluded that a manager’s view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

Theory X: Assumptions are:
- People by their nature dislike work and will avoid it when possible.
- They have little ambition, tend to shun responsibility, and like to be directed.
- In order to get them to attain organizational objectives, it is necessary to use control and threats of punishment.

Managers who accept this theory believe that people need to be watched every minute. People are incapable, avoid responsibility, and avoid work whenever possible.

Theory Y: Assumptions are:
- External control and threats of punishment are not the only way of getting people to work. If people are committed by objectives, they will exercise self-direction and self-control.
- The expenditure of physical and mental efforts in work is as natural to people as is resting or playing.
- Under proper conditions, the average human being learns not only to accept but to seek responsibility.
- Commitment by objectives is determined by the rewards associated with their achievement.

Managers who accept this theory believe that people are willing to work without supervision and want to achieve. People can direct their own efforts.
Conflict and Conflict Resolution

When working in a team or managing a team, conflict is inevitable and accordingly, project managers (PM) should expect conflicts. PM can anticipate and avoid some conflicts; others must be managed and resolved. PM can learn different approaches for managing and resolving conflict; it’s a learned skill. As such, fast conflict resolution is key to project success.

Causes of conflicts:
- Work scope.
- Resource assignments.
- Schedule.
- Technical opinions.
- Priorities of resource time.
- Administrative procedures.
- Responsibilities.
- Personality clashes.

Conflicts resolution:
- Withdrawal – Retreat or withdraw from a potential disagreement. Delay it for now, do not confront it.
- Smoothing – De-emphasize or avoid areas of differences and emphasize areas of agreement. Ask the other to calm down and let the work being done now.
- Compromising – Bargain and search for solutions that bring some degree of satisfaction to the parties in a dispute. Seeking a middle-ground position that provides partial satisfaction for both parties.
- Collaborating – Working with the other person to find a solution that fully satisfies both your own concerns and those of the other person.
- Forcing – Exert one’s viewpoint at the potential expense of another—characterized by competitiveness and a win-lose situation. Force the other side to do it as you see it important.
- *Confronting:* Handling the conflict directly, which involves a problem-solving approach whereby affected parties work through their disagreements. Why should we do that, let’s do a comparison, how much it will cost.

Table 3.2 shows examples of different conflicts and the proposed conflict resolution methodology used.

### Table 3.2: Examples of conflict resolution

<table>
<thead>
<tr>
<th>Conflicts</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Do it my way!”</td>
<td>Forcing</td>
</tr>
<tr>
<td>“Let’s calm down and get the job done!”</td>
<td>Smoothing</td>
</tr>
<tr>
<td>“Let us do a little of what both of you suggest.”</td>
<td>Compromising</td>
</tr>
<tr>
<td>“Let’s deal with this issue next week.”</td>
<td>Withdrawal</td>
</tr>
<tr>
<td>“Sandy and Amanda, both of you want this project to cause as little distraction to your departments as possible. With that in mind, I am sure we can come to an agreement on the purchase of equipment and what is best for the project.”</td>
<td>Smoothing</td>
</tr>
<tr>
<td>“We have talked about new computers enough. I do not want to get the computers, and that is it!”</td>
<td>Forcing</td>
</tr>
<tr>
<td>“Sandy, you say that the project should include the purchase of new computers, and Amanda, you say that the project can use existing equipment. I suggest we perform the following test on the existing equipment to determine if it needs to be replaced.”</td>
<td>Confronting</td>
</tr>
<tr>
<td>“Let’s see what everyone thinks, and try to reach a consensus.”</td>
<td>Collaborating</td>
</tr>
</tbody>
</table>

**Halo effect:**

Project managers should avoid the “Halo Effect”, which means the tendency to rate team member high or low on all factors due to the impression of high or low rating on some specific factor. For example, you may say for someone, you are great designer, therefore, we will make you a project manager and expect
you to be great at that as well. Being a great designer, net necessary let someone to be a great project manager as well.

3.4 Exercises

1. The highest point of Maslow’s hierarchy of needs is called:
   a. Physiological satisfaction.  
   b. Attainment of survival.  
   c. Need for association.  
   d. Esteem.

2. The halo effect refers to the tendency to:
   a. Promote from within. 
   b. Hire the best. 
   c. Move people into project management because they are good in their fields. 
   d. Move people into project management because they have had project management training.

3. Which of the following conflict resolution techniques will generate the MOS lasting solution?
   a. Forcing. 
   b. Smoothing. 
   c. Compromise. 
   d. Problem solving.

4. What conflict resolution technique is a project manager using when he says, “I cannot deal with issue now?”
   a. Problem solving. 
   b. Forcing. 
   c. Withdrawal. 
   d. Compromising.

5. A team member is not performing well on the project because she is inexperienced in system development work. There is no one else available who is better qualified to do the work. What is the BEST solution for the project manager?
   a. Consult with the functional manager to determine project completion incentives for the team member. 
   b. Obtain a new resource more skilled in a development work. 
   c. Arrange for the team member to get training. 
   d. Allocate some of the project schedule reserve.

6. Conflict resolution techniques that may be used on a project include confronting, smoothing, forcing, and:
   a. Withdrawing. 
   b. Directing. 
   c. Organizing. 
   d. Controlling.

7. The management theory that states that all people can direct their efforts is:
   a. Theory Y. 
   b. Herzberg’s theory. 
   c. Maslow’s hierarchy. 
   d. Theory X.
8. A project manager is trying to complete a software development project, but cannot get enough attention for the project. Resources are focused on completing process-related work and the project manager has little authority to properly assign resources. What form of organization must the project manager be working in?

9. A project team member is talking to another team member and complaining that many people are asking him to do things. If he works in a functional organization, who has the power to give direction to the team manager?
   a. The project manager. b. The functional manager.
   c. The team. d. Tight matrix.

10. Who has the MOST power in a projectized organization?
   a. The project manager. b. The functional manager.
   c. The team. c. They all share power.

11. During project planning in a matrix organization, the project manager determines that additional human resources are needed. From whom would he request these resources?

12. While creating the agenda for a status meeting with the team, a project manager receives input from one team member that an item should be added. Another team member says the team is not ready to resolve the item during the meeting. After much discussion, the project manager decides to put the item on the agenda as an initial discussion item only. Which conflict resolution technique is the project manager using?

13. The "halo effect" refers to the tendency to:
   a. Promote from within. b. Hire the best
   c. Move people into project management because they are good in their technical field.
   d. Move people into project management because they have had project management training.
14. The best approach to conflict resolution is:

15. Of the following needs, which one is ranked highest according to Maslow’s hierarchy of needs?
   a. Psychological satisfaction.  b. Attainment of survival
   c. Esteem.  d. Need for association

16. ____________, a well-known motivational theorist, stated people can’t ascend to the next level of needs until the levels below have been fulfilled.

17. All of the following are examples of theory X assumptions with the exception of:
   a. Employees avoid work.  b. Employees need constant direction.
   c. Employees are self-directed.  d. Employees are self-centered.

18. The contemporary view of conflict is that:
   a. Conflict is bad.  b. Conflict is caused by trouble maker.
   c. Conflict should be avoided.  d. Conflict is often beneficial.

19. Which statement is not true about Maslow’s highest hierarchy of needs?
   c. Often refuse promotion to management.  d. Realizing what one can do best.

20. A project has several teams. Team C has missed several deadlines in the past. This has caused team D to have to crash the critical path several times. As the project leader for team D, you should meet with the:
   a. Manager of team D.  b. Project manager alone.
   c. Project manager and management.  d. Project manager and the team C leader.

21. Project managers have the greatest amount of authority in which kind of organizational structure?

22. You are a project manager who believes people will always perform at their best if given the proper expectations and motivation. Which theory do you subscribe to?

23. As a project manager, you know that the team formation go through the stages of team development in the following order:
a. Forming, storming, norming and performing.
b. Storming, norming, forming and performing.
c. Norming, Storming, forming and performing.
d. Forming, norming, Storming and performing.

24. Theory Y managers believe which of the following?
   a. That people are motivated only by money, power or position.
   b. That people will perform their best if they're given proper motivation and expectations.
   c. That people are motivated to achieve a high level of competency.
   d. That people are motivated by expectation of good outcomes.

25. Project managers use this conflict resolution technique most often:
   a. Smoothing.
   b. Confronting.
   c. Norming.
   d. Forcing.