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## *Projects' Social Effects: The Project Orientated Society*

The new organisational strategy, Project Orientated Management was presented in 1990 in Vienna<sup>1</sup> opening the third developmental stage<sup>2</sup> of project management knowledge. This strategy is based on a fundamental coherence stating that every project functions as a temporary organisation and, therefore, offers strategic options for the usual organisational structures (with the incorporation of projects into the organisational structures, temporary organisations are created that disappear as soon as their individual task is done). This approach dramatically increases the importance of projects regardless of the previously known coherence that states a project created for various aims in public, non-profit and industrial sectors can heavily improve a company's efficiency and its chances of survival as well. These processes result in power shifts in society and change the forms of knowledge utilization.

### **1. Project proliferation and projectification**

Projects significantly influence not only the operation of the receiving organisations, but also all of society by forming a new project-orientated social order. This also means that the project as a form of operation gradually becomes the organisational strategy for society in order to ensure more efficient management regarding the increase and dynamics of the society and its environment. Sjömbloom (2006) writes that this process cannot be planned and is unexpected or is a higher form of intervention that exceeds previous ones, for solving problems considered unusual; Jarjabka states that "the projects can be considered as an organisational response to the turbulent changes in the condition of modern market economy" (Jarjabka 2009:36). Perceiving a society as project orientated requires a special project orientated point of view and one of the potential forms of this is the appearance of new social

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<sup>1</sup> The world congress on project management held by IPMA (International Project Management Association)

<sup>2</sup> In the first stage those projects were presenting that had technical goals set by the military and the space research and also those project that had high complexity, cost and duration. In the second stage those project presented that had the same features as in the first stage but in different industries.

groups or a social class; the project class resulting from this transformation (Kovách-Kucerová 2006). It is only a highly qualified and new type of community of interest embedding into postmodern society separately, but there are also specific techniques of co-operation and share of power and development of methods among local and expert elite (Kovách-Kristóf 2005). In addition, the embedding process results in the incorporation and operation of interest in the system level maintained for long term. This is an important characteristic since every project is planned and carried out by taking relevant social, economic and environmental context into consideration. These projects intentionally or not intentionally have positive or negative effects on their environment, in spite of the fact that during the planning of a project, cultural, social, international, political and physical environmental contexts must be taken into consideration.

The appearance of massification of projects and project forms have a significant effect on the redistribution processes, primarily on their extent and directions of distribution, furthermore on the effectiveness evolution on macro and company level, on the behaviour and power relationships of the economic operator and the operation of the institutional decision making system (Voszka 2006). The possibility of continuous influence and control over transferring developmental sources presupposes significant possession of power and knowledge capital. Kovách and Kucerová (2006) interpret one possible mechanism of action as continuous reconversion of capital forms belonging to the upper groups of social structure which results in continuous transferring of sources from different positions of power (managerial, professional, scientific, educational, administrative and concrete) in order to maintain the desired directions of project process.

The projectification and the process of projectification take place in not only business organisation but also in non-profit organisations and public administration systems as well. In this respect, – though, here we do not deal with the projectification of public administration in details – we should mention that the projects appearing in public and private sectors (and project interests and projectification processes relating to it) prevail, organize and operate in a very similar way. The fundamental differences between market and public sectors can be seen in the possibilities connecting vertically and horizontally which have not been able to describe the bureaucratic administrative system until the temporary organisations (projects) have appeared in large numbers and have loosened the traditional linear structural order and formed the need for the new organisational operation and new type of expertise relating to this. Both in market and public sectors, projects function as tools to separate certain activities within the organisation; but according to Sjöblom (2006), projects in the public sector aim at creating stability and they are tools to exceed bureaucracy with the

main aim of adapting to the increasing and continuously changing environmental needs by satisfying them. At the same time, project based organisation results in the mixing of organisational methods in the bureaucratic systems (Sjöblom 2006.) while it does not happen or just partially in market organisations.

In context of all these, even in the bureaucratic organisations, they use this special form of consensus called load relieving by organisation sociology literature and it is generally related to the behaviour of the organisations and is used for preventing or eliminating certain structural and other types of conflicts. For example, the authorities have both statutory authority and business interests at the same time so keeping business in a bureaucratic organisation can cause serious contradictions or sometimes serious conflicts within the management system and one of the main reasons for this is that the authority duties have to be organised differently from business; the incomes and interests are different from that of in a business-driven process. The authorities can be relieved from these conflicts by setting up independent business; within these independent businesses, business activities or even parts of project activities can be carried out in accordance with the rules of internal logic of economy.

However, projects operating in public and private organisations show identity in regard of impact mechanism so the correlations presented in this study relating economic organisations primarily prevail significantly in the cases of small, medium or big projects working in the public sector (research centres, academic institutions, hospitals, government agencies, organisations on regional level, municipalities). This is also true of financial techniques, for example, financing municipal projects can be done in several forms as well as that of business associations.

Projects are spreading more and more widely and newer types of projects gain increasing importance. In the 21st century, the concentration of material and intellectual resources in specific areas is getting more important through these projects so that is why the role of organisers and managers is getting more appreciated in each segment including academic life as well.

#### *Dominant/determining characteristics of projects*

None of the definitions of projects used in management science meets all the project situations, so there are many simultaneously used concepts that determine different emphasis. As for the Bajna (1994) definition the focus is on individuality, on the occurrence has one-off nature and on the intention to solve greater and more complex problems. In this sense, the project requires greater planning expenditures, special knowledge and special planning process in certain cases; furthermore, it has exact starting points and deadlines and extensions as well. In contrast to this, Aggteleki

(1994) highlight that these have practical relevance or are abstract plans which generally cannot be resolved satisfactorily within the framework of management's routine planning and leading tasks due to their size, complexity, importance or/and unique nature. Graham (1979) primarily puts the emphasis on temporariness when defines the project as a goal to be achieved that need to be accomplished within a particular budget and time limit with a temporarily selected group of people and resources. Görög (2001) focuses on the distinction from the routine activities of the organisations and states those tasks and their implementations can be considered as projects which are different from the organisation's usual, routine everyday activities, that is, the activity is one-off and complex activity for the organisation. Cleland (1994) recognized the identity – which has become generally accepted in management literature – the projects and project management are the most efficient tools for strategy realization as well. This was based on the correlation stating that organisational strategy is future-orientated so it aims at changing the operation of the organisation, the conditions and the aptitudes of the inner operability partially or totally. In the strategy programmess and actions, achievements are formulated that are specific and are to be achieved; these are the bases of the organisational strategy, therefore, it means achieving one-off and complex task within particular time and budget limits. These characteristics are in full compliance with the dominant features of the projects as long as it meets the generally accepted interpretation saying that “the project means those activities that are one-off and complex task for the organisation, have an achieving period (starting and finishing points) and their costs of execution are defined (similarly to the strategic target tasks) and aims at achieving certain goals...” (Görög 2003:20). The strategy target task, as they are set to specifically achieve a particular task, they always mean the achievement of a complex and specific task within the organisation. The nature of execution of such a task is different from the organisation's continuously repeating operative activities and is also different from the approach that considers strategy-development as future-oriented and also bears the organisation in mind as a whole. For an organisation, such complex and specific tasks can be considered as projects and the project management means activities for an achievement, that is, the management dimension. The strategy induces changes in the organisation and these changes are done by achieving various projects. The projects, therefore projects management as well as management belong to the tools of implementation of organisational changes. We can also say that same projects are created on the basis of organisational strategies in such a way that the organisational strategy itself makes them necessary and at the same time, the project management is formulated as a need for a leadership role. This recognition was found in the 1990s when many authors described this relationship in relation to strategy and project. It is

a natural consequence in the sense that the relationship of strategy and project had already existed since change is a natural consequence of every governmental, business, social etc. organisation. This recognition has been promoted by the acceleration in the extent of change taking place in the operating environment over the last one and a half decade; Cleland describes it as “the existence of the project in an organisation is a clear indication of change in an organisation and the organisation wants to meet the changed environment in the future”. (Cleland 1994:118) In relation to this, Görög (2003) states that projects were created and developed on the basis of organisational strategy, while the project management which executes the project is different from the strategy leadership regarding leadership activity.

The projects are made up of three significant groups in accordance with the content of project results, investment, research and development and organisation development types. As a result of investment project, a facility is created that is capable of creating some products or services or an existing facility is getting transformed, like expansion, renovation or cessation (e.g. hospital, highway). The characteristic of investment project is that the result of the project to be achieved can be well-defined and described with technical and performance parameters. The aims of research and development projects (R and D projects) are the creation of a new product or technology, improving an existing product or technology, manufacturing a new product, introducing new technologies, reducing costs of products and services, introducing goods and services in the market etc. The R and D projects also have the characteristics besides the material resources, the intellectual resources have become increasingly dominant during the execution. As a result of organisation development projects, new quality of operational condition framework and operational condition have been created, for example, the transformation of an organisational structure, change in ownership structure (e.g. privatisation), significant amount of training or retraining for the members of the organisation, redesigning the operational processes of the organisation. The expected results of such project cannot be often quantified satisfactorily, only the effects of the emerging new results can be described. At the same time the effectiveness of such projects can be expressed rather indirectly. The determining resource of the organisation development project are intellectual resources (Görög 2003). The type of typology above is justified by the fact that possible project types formed on the basis of it, the most fundamental characteristics of the various projects become visible. This draws the attention to the importance of the differentiated usage of project management toolbox that also fits the characteristics of the projects. Essentially, this is the same reason why the further typology of project is necessary in accordance with the people participating in the execution as well. They distinguish based on the latter criteria, for example, inner

projects, the organisation (project owner organisation) initiating the project does the execution of the project (achieving the project result) using their own resources. As for the execution of external projects, it is not done by the initiating organisation's resources but the external collaborators in contractual relationship. In the case of combined projects (partly external, partly internal), the project owner organisation and the external collaborators with whom they have a contractual relationship do the execution of the projects together.

## **2. Interest groups in the project environment and in the project**

Projects usually appear along the interests of the interest groups and in the service for them. Not only those fundamental goals what for they were formed are important but also whether the project –resulting from the operational mechanisms developed within – is able to, how much it is able to and to what extent it is possible to serve the interest group. Therefore, such questions raise like what mechanisms do exist within the project and for the project, whether the operation and behaviour of the project actually serve the interest of the interest group and also there are forces and what forces act against it. Jávör and Rozgonyi's statement (2005) on organisation can be used for projects operating in organisations, too, so it can be said that projects adjust their behaviour to controlling, influencing factors and actors that exist in the environment or within the project. This largely depends on how strong position the manager has and also on what power sharing, project management skills and responsibilities are enabled. It will be discussed in more details below. At the same time, the projects are surrounded by significant conflicts of interest that mainly appear as factors relating to acquisition, distribution and redistribution of things that are for needs. Similarly to the interest within the organisation, the interest appearing in projects and needs behind it can be typically divided and converted into other things. It is a consequence of that –as a characteristic of conflicts of interest – in many cases the participants can reach a compromise due to the fact that interest can always be lessened or exchanged or converted to another type of interest (Jávör 2005).

Those individuals, occasional or organisational operating communities can be considered as interest groups of a project who have the same or similar material or non-material interest within each group in relation to executing the project and the operation of some achieved project goals (Görög 2008). The potential involved may be different in nature, therefore, achieving their satisfaction or at least decreasing their dissatisfaction requires a highly differentiated approach. For these reasons it necessary to categorize groups of interest in the project. As a result, two classical groups can be set. The inner interest group (owners, stakeholders, the users of project achievements,

employers divided on the basis of affiliations within the organisation, people participating in project management etc.) that is the groups of interest within the project owner's organisation and external group of interest (financiers, suppliers, contributors for execution, consumers, users outside the organisation, publicity, local community, movements, associations etc.) that is the groups of interest outside the project owner's organisation. According to the Cleland's (1994) categories, the interest groups involved in the project can stand for various interests. It is also emphasised that the one with an economic focus (a group of interest make economic advantage or disadvantage probable for itself in relation to the project) dominates mostly. In addition, further types of interest appear. Interests concerning mission (members of an interest group approach the project not based on their individual relation but on the mission of the interest group, for example, environmental movement); interests related to the possibility of obtaining advantage (a project or its achievement changes the chances of influencing power of the group, for example, introducing a new information system, in case of a business unit involved in operation); interests related to survival or to some political support (the members of a group approach the project is not based on their personal relation primarily but on the base of the interest of the group mentioned above, typically the reasons of the attitude of politics and media); interests related to life quality (the project result to be achieved affects the life quality of a group of interest, for example, a project that provides residential wireline gas service); interest related to security (the members of a group of interest feel their security to be threatened, for example, in case of a project on airport expansion); interest related to rights regulated by laws (a group of interest has authorizing privileges relating a project, for example, special authorities). Of course, it is not necessary for each interest group and each interest to appear in every single project. In many cases, for example in an organisational development project, there are mostly only inner groups of interest while typically in the case of real estate development and infrastructural development project, all these above mentioned projects might appear representing all the interest listed. However it should be mentioned that the inner groups of interest belong to the authority of project owner organisation, they have members who belong to external groups of interest and whose relation to the project is out of the project owner's authority. It is also an important factor that the different groups having similar interests in a project can amplify the intensification of each other's behaviour, moreover, the intensified behaviour can induce the formation of a new, previously not perceived group of interest. However, the interest of the same kind of interest groups do not necessarily appear with the same intensity; in addition, the same interests can have different reasons behind so there can be conflicts between the interest groups relating to the project. Coalition between groups of interest is

common. There might be so-called latent interest groups who do not demonstrate their interest publicly and can effectively influence the degree of the project's acceptance.

The operation of organisations' power system is one of the least researched areas of organisation sociology. Issues of power appear as other approach in general and in sociological sense, mostly in relation with the economic nature of trends, for example, agent-theory or issues of organisational culture. Participants of an organisation operate in a system of power, power field of force and their actions, behaviour and thinking are driven by power mechanisms and their effects. Power always produces its own culture, culture of power, that is, via multi-faceted processes creates power values, power orientated men who adapt power relations and get driven by it (Jávor-Rozgonyi 2005). The power system of an organisation is the basis of the consideration about the organisation, the formation and understanding of system processes. In sense of organisation sociology, in such a power field of force, every event has significance for the participants. In this context, in this particular field of force, every participant evaluates the event in terms of their own positions, ability for achievement, possibility to enforce interest, that is, we can say, there is no such an event that could be classified as neutral. The participants, individuals and groups do everything in order to improve their social status in and out of the organisation while they have to pay attention to the fulfilment of their duties and achieving their set goals. Consequently, we can state that exercise of power means constant conflicts. Routine, as a factor that influences the operation of the organisation significantly, can strengthen one's position so it is favourable for them and can also cause disadvantages for others. This is also true of the changes in the organisation. The appearance of a project in an organisation can be such a change. The incorporation of a project into the organisational structure, especially if these are already some, raises questions continuously, creates uncertainty and some might protest against the obvious loss of status (since the fundamental managers are aware of that the promotion of a new project manager can threaten their power). In the beginning, the participants perceive projects not only as tasks to fulfil, but as a thing that they have to present resistance against (Lockyer-Gordon 2000, Görög 2001); political changes and rearrangements might occur against or for the project and a new non-official (informal) structure might be developed that greatly facilitate work.

The modern western societies' economy, public administration, education and other function are generally based on the principles of rational-legal bureaucratic rule. The formal structures of the economic organisations are made up of the horizontal division of labour tasks (functional specialisation), the regulated nature of the processes and hierarchy of power of authorization. In this structure, the occupied

situation, position (especially the leadership position) gives the chance to exercise formal power, which has a typical manifestation form, that is, the administrative, punishing and rewarding power. The evolution power constellation and the dynamics of force field of power within the organisation are very complex phenomena which can be interpreted only through a special point of view, mainly through the knowledge of available sources of power striving for forcing interest and interactions of games. In this context can the practice of project management activity be examined, analysed and interpreted.

### **3. The phenomenon of dual responsibility and dual dependence in the project environment**

The tasks to be fulfilled in the project are always delegated due to their characteristics and primarily due to their quantity and complexity. The delegation can only be effective if the balance between the four basic elements of organisation – responsibility, power, reliability and accountability – is kept. The responsibility means voluntary commitment to do a given tasks and also accountability by the leadership. Effective project succession requires one-person responsibility; the ultimate responsibility cannot be transferred because this is the only way to ensure the commitment of the whole system consequent upon one's responsibility to achieve the best solution. Consequently, the responsibility is not irreversible, that is, it is impossible not to have the task met but have the responsibility successfully; however, the reverse is possible. The project manager has to take legal, expert, social and ethical responsibilities within his/her personal liability during the activity. Within the project (and permanent organisations) parts of the responsibility can be delegated but some key responsibilities cannot be shared due to strategic reasons. According to the management sciences, some of the activities such as strategic planning, selection of key people, responsibility for supervision-control, evaluating and motivating people, rewarding, various team-building rituals (celebration, saying goodbye), solving personal issues and issues that influence future politics cannot be further delegated.

If taking responsibility is a voluntary duty, it is an important management task to decide whether the colleague has the conditions to take responsibility, that is, whether it is a realistic undertaking. This is a critical issue because the leader sharing responsibility has to be aware of the fact that he has the ultimate responsibility, that is, in case taking responsibility is not realistic, not the person sharing responsibility will be responsible eventually but the leader himself (in many cases, the project manager). Accordingly, reliability and power are required for taking responsibility, which have to

be provided by the one who shares responsibility and its required consequence is accountability.

Since project organisation is one manifestation of dual organisational formations, this means that the original structure has to be opened temporarily at the time of creating such an organisational structure. The project organisations – based on the departments' division of power – are multi-lined formations, since the employees temporarily working in the project organisation can temporarily get instructions from the project manager who was appointed above them in the organisational structure and they also get instructions from those who have been and also will be after completing the project above them in the hierarchy (Jarjabka 2009). In other words, questions arise whether who is going to do the work of a project participant, who is currently working on a project task instead of their own jobs. The question remains whether who is the boss of the employee working on the project task: the previous boss or the project manager who is temporarily above him/her? This is also called as the issue of dual responsibility. This can be approached from another direction, then this is the phenomenon of dual dependence (Jarjabka 2009), which basically symbolises the situation when a team member is subordinated both to the project manager and to his/her functional leader at the same time. In this situation, the functional leader tries to exercise the power that the primer organisation generally ensures for him/her. This method of exercise of power is contributed by the fact well-known among team members that a team member has to return to the original area of expertise after he/she has finished the expert project activity or after the project has been completed so the employee does not want to confront the functional leader. However, this can lead the employees to be forced to take dual responsibility and dual force to performance that can have a negative impact on the effectiveness of their work. Therefore, this is an important technical issue to declare the worker's temporary independence from their original job in the written form and also to define their project task and power. The lifecycle of the teams is strongly related to the project problem since the project problems generate the project team; and as in every group generally conflicts, power games and standard training occur in the beginning in order to ensure that the members can work in a coordinated way. This is the period of team formation and team-building; real and efficient work can only happen after all these. It is the project management's responsibility to form a team out of a group of people selected by power (Jarjabka 2009).

## Summary

The last quarter of the 20<sup>th</sup> century was an important period in terms of project and project management. In this period, such technological, economic and social changes appeared and evolved in the operating environment of the projects that have encouraged the projects to change (Görög 2003). Some organisations have induced and formed the changes while other organisations have just tried to adapt to them. As a result, the importance of a strategic consideration increased and the changes of operating environment have had an effect in every area so varieties of strategies and projects have been formed that foresee changes.

The practice of the previous years and the experiences of the European Union have highlighted that the organisational and planning approaches that are instinctive and invented each time have not proved to be competent in addressing and conducting these targeted project activities. Therefore, it is essential to compare, approximate and mutually use results of the management sciences' scientific analysis on "projects.

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