

# CHALLENGES OF ORGANISATIONAL DEVELOPMENT FOR PROJECT MANAGEMENT IN ECONOMIC CRISIS CONTEXT

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## ABSTRACT

*The global economic crisis created the framework for new challenges in organisational development for project management. The organisations need to adapt to the environment where they are established and perform their activities. The organisational development as a strategy focused on organisational efficiency envisage a new type of management, a redefinition of capabilities, development of new approaches, emphasise on the quality management and knowledge management, changes in the organisation structure, accent of the human capital etc. to positively respond to the changes in the outside environment.*

**KEYWORDS:** *economic crisis, organisation, organisational development, project management*

## Introduction

Changes are coming more rapidly and the organisations are forced to performing their activities in a more uncertain environment. The capacity to adapt to the new situations determines not only the competitiveness of the organisations and their performances in using the available resources, the material resources, and specially the human resources ones, but also represents the base for survival.

The globalisation has a real impact on the organisations and the global economic crisis could not pass without affected the Romanian economy and the companies established in Romania. Taking into account the present situation, the organisation are forced to reply to the challenges existing on the market and to adapt to the new environment. More and sustained efforts are needed to face the global competition, the quick changes of the technologies, the moral usage of products and services, the changes in human capital. The organisations have to respond to two issues: survival and further development in case they want to be a part of the global market.

The global economic crisis is another factor that is affecting the Romanian organisations. They encounter difficulties in adapting and reacting to the changes within the environment and need to elaborate and apply organisational development strategies.

The organisational development as management process or as a research field comprises various activities, from setting up a management team at top level within the organisation to setting up an improved organisational structure and to very details like specific procedures and job description.

## Aspects of organisational development and project management

Organisational development represents a strategy for increasing the organisational efficiency, determining planned changes on long term, involving both technical and human resources of the organisation. The aim is to improve the efficiency and the capacity to face the changes in the environment, to improve the existing relations inside and outside the organisation, to increase the capacity for finding solutions etc.

The organisations need to develop efficient actions for organisational development inside to overcome the changes in the outside environment like the globalisation, challenging information and communication systems, new technological innovations.

Romanian Managers need to think in depth to the present trends in the global world and to decide on the position they need to adopt – survival and/or development in the new economy. Both positions envisage a good management, an innovative, efficient and efficacy management, performed by real professionals in their area of expertise, who have to adopt adequate decisions and to initiate proper actions. Such a management impose reconsideration of the managers' role and of the departments existing in organisations, comprising a system approach of the organisations problems and performances.

The specialists in the field consider that there are several managerial components that need a closer attention:

1. **Decisional component** – management is found in the decisions taken and the adopting and implementing mechanisms;
2. **Informational component** – management means data, information, information flows and networks, procedures that contribute in decision-taking mechanism;
3. **Organisational component** – there are two main types of organisation aspects: a) formal – documented and clearly defined in internal regulations, and b) informal – including the informal groups and corresponding relations, more personal related;
4. **Methodological component** – management is considered based on the management tools used in management processes and function of the organisation.

In an organisation all the actions taken in relation to organisational development lead to further improvement of the implemented management system, the behaviour of its members in order to adapt to the inside and outside factors affecting the organisation. Changes in any of the variables influence the whole activity of the organisation and should determine modifications in organisational management.

The new challenges claim a new type of management, adapted to the new requirements, new demands, expressed mainly through the following:

- Client-value, stakeholder-value, human capital-value;
- Long term and sustainable vision and culture;
- Mergers and integration;
- New strategy approach focused on development and creativity;
- Quick reaction and flexibility;
- Horizontal processes and projects;
- Networks, partnerships, alliances, extended organisations, specialisation;
- Autonomy, strength and involvement;
- Competence and knowledge management;
- Total quality management, exceed customer needs;
- Reengineering etc.

The steps taken involve both management and execution sides. In order to obtain a competitive advantage, the organisations need to maximize their performances and innovation capacity by using the staff skills and abilities.

In relation to the human capital, the organisations are facing the problem of keeping the best employees, who are directly contributing to the organisation success through their daily work and efforts. The economic crisis imposes more drastic evaluations of the staff performances because paying salaries to non-performing employees are in contradiction with the measures taken to overcome the crisis. On the other hand, the best employees will look for other opportunities being unsatisfied by the working conditions and unfair rewarding system provided by the management during the economic crisis. One strategy is to involve the best employees in success projects that will outward their talent and working capacity that will motivate them to offer higher performances.

Any organisation is obliged to adapt to the environment where it is operating, maintaining also the internal cohesion and reducing the impact of unpredictable risks. When we consider Romania which is a country in a long and complex process of economical, social and political transformations, the lack of own funds for investment and the requirements for aligning to the European systems have to be taken into consideration and analysed in depth.

Presently, in Romania there is an increasing interest in the projects financed through the public programmes. Working in this sector requires a redefinition of the capabilities, developing new approaches, having an integrated vision and further changes can be seen also in the public management. Most of the pre- and post-accession programmes included/ include a training component that facilitates the know-how transfer and allows the foreign and local specialists to provide trainings including in management of projects financed through public funds.

The project managers are looking to attract all the needed resources that ensure a successful project. In uncertain environment this task is very difficult. Moreover, further constraints come in relation to a more limited available budget and a compromise between resources, time and costs is compulsory, while in the same time the demands of the clients are constantly increasing. For larger projects the project management is defined as a mini-organisation within the organisation and is made by a team of managers covering specific areas of the project, and coordinated by a nominated leader.

Planning plays an essential role, no matter what stage are we speaking about: the programming stage (identification, feasibility, definition, organisation etc.) or the implementation stage (execution, production, delivery, testing etc.) or the evaluation stage (overall evaluation, results achievement, further actions, recommendations etc.).

In relevant references, based on the practical experience, a successful project financed through public fund is considered to be one that fulfils the following criteria:

- The financing application is clear and logic and is easy to be analysed;
- The project is harmonised and in line with the objective and priorities of the financing programme;
- Detailed planning that can be easily followed in implementation;
- Clearly defined and measurable indicators;
- The project is sustained after the public financing is finished;
- The budget is clearly and sufficiently detailed;
- The expenditures are in line with the project objective;
- The incomes have a high probability to be obtained;
- The project team has the relevant experience needed;

- The applicant who requested the funds has previous experience in project management;
- There is a good communication between the parties involved in the project starting from the initial phase and continuing along the project implementation.

The above aspects can be extended to projects in general. Implementation of a project refers to the organisation and development of the activities foreseen in the project. From this point of view, there are several points that need to be considered for a successful project, including the following:

- The possibilities to modify the schedule of activities are reduced and need to be fully documented. Many times, a prior formal approval needs to be obtained before making any changes.
- The budget can be modified only between specific limits and any major change not prior approved leads to cancellation of public financing.
- It is recommended to keep the team included in the application and if any modifications are needed a fully documented request needs to be made for getting the approval.
- For procurements made within the project, following the provisions of the public procurement law is compulsory for the public financing.
- Separate accounting evidence is usually requested for the project in order to identify and follow up all the costs and incomes related to the project.

The successful result of applying quality management principles and tools in various sectors is well known. Application of quality management in this areas leads to an increase of efficiency and effectiveness of the implemented projects. A new approach can be seen – the technical-managerial orientation is replaced by the rationale-responsibility orientation, in which the responsibility belongs to everybody, the communication is direct and quick, the ideas are expressed without fear, and the human capital has a central role.

The new information technologies provide new communication ways – internet, intranet, website, messaging programmes etc. By using these tools the information is transmitted quicker and the knowledge is spread more easily. The multi-national companies have developed internal communication systems, the classic meetings are replaced by tele- and video-conferences, reducing the travel time and using time more efficiently. The intranet systems are not used only for communication but consist of real knowledge systems, created as large libraries, where the information is shared and available to the inside staff.

The organisation chart is changed. The pyramid type model is replaced by a network model, which is a model that facilitates the knowledge exchange in a simple and easy way, understanding that each part is important in creating the whole system.

The human capital continues to play a role, becoming the central point, much higher importance. Multi-national companies have developed various ways to stimulate creation of knowledge, also by creating inside training facilities for their employees.

The knowledge services have a specific characteristic – the initial cost of generating them might be high, but once they exist, the cost for replication, multiplication, usage is close to zero. Based on this aspect, in the management of projects financed through public funds new specific tools and methodologies are defined, and their usage in the day-to-day work does not request high investment costs for design and creation, but only reduced costs related to their adaptation to the existing situation because the conceptual idea is already elaborated. Such an example is the logframe – logical framework. It is an instrument used mainly for the European Union projects for defining the project and in the

same time for monitoring and evaluation during the project implementation. The logframe is mainly defining the objectives, results and activities of the project in terms of monitoring indicators, sources of verification and assumptions. The assessment of the logframe based on the inputs, outputs and effects is made using an evaluation system consisting of five criteria – relevance, efficiency, effectiveness, impact, sustainability.

Various similar instruments are used in management of projects financed through public funds. The international financing institutions have defined their own tools in order to establish a unitary management system for the projects they finance. In the same time, the consultancy companies have developed systems of tools, gaining a real competitive advantage on the market.

### Conclusions

The organisations are operating in an uncertain environment where the uncertainty became higher during the global economic crisis. In this context, organisational development represents a strategy that supports the organisational efficiency and efficient actions need to be developed inside the organisations to overcome the changes in the outside environment.

Any organisation has to adapt to the environment where is operating. The new challenges are in relation with the globalisation effects, development of new technologies and communication means.

The new challenges claim for a new type of management, a redefinition of capabilities, development of new approaches, emphasise on the quality management and knowledge management, changes in the organisation structure, accent of the human capital etc. Based on the previous expertise available criteria for definition of successful projects are made. In the area of projects financed through public funds these criteria constitute the base for project eligibility and funds allocation. New emerged knowledge services with specific characteristics are developed and specific tools and methodologies are defined.

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