

CHAPTER 6

PERTINENT MANAGERIAL ISSUES - A DISCUSSION

This section is a discussion of pertinent managerial issues in the Malaysian construction industry which aims at seeking solutions to problems or complications.

6.1 Mobilising and Demobilising Project Resources in an Unpredictable Environment

The first pertinent issue here is how project managers in the Malaysian construction industry, can mobilise resources in an unpredictable environment. Project managers are constantly faced with the problem of mobilising resources for a project within a short period of time. This is mainly because the project environment is unpredictable, and project managers are usually unable to predetermine when the project would commence. Therefore when the client gives the go ahead, they are faced with the problem of mobilising resources.

The next pertinent problem is demobilising resources after the project is completed, or when the project suffers sudden slowdown, suspension, or termination. This is an unpredictable problem that is difficult to address. According to the current practice in the industry, the staff are either reassigned to other projects where possible, or in the worst case are retrenched.

In mobilising resources in an unpredictable environment, project managers should be more flexible. The environmental and resource analysis should be carried out early in the project visualisation phase. It should also include a risk analysis of the project and of the resources. The risks can then be addressed by identifying contingency measures to relocate resources or to borrow resources from other projects. The main reason why this is currently not practised is time. Project managers are always hard pressed for time especially in the early stages of the project. Project managers tend to pursue the commencement of projects more than the goals of the project because of the popular belief that a project on ground is a project assured of completion.

Organisation structures must also be flexible in allowing the duplication of tasks and the handling of multiple projects by an individual where resources are urgently needed. What this means is that an individual can either carry out two tasks within a project or carry out the same task on two different projects. For example, a project manager can double up as a cost manager until the cost manager is sourced, or a cost manager can service two projects. However project managers must understand the amount of work load that an individual can comfortably handle and manage the allocation of work accordingly. The problem of accountability can be addressed if it is clearly defined to the individual prior to allocating the work.

Another approach that would be an efficient and effective measure to mobilise and demobilise resources for a project organisation is networking. Modern information technology would enable companies in the Malaysian construction industry to form a network in order to source construction personnel from each other without having to pinch personnel. This enables companies in the industry who may be involved in upstream, downstream or competitive activities, to create a win-win situation. When one company is short of construction personnel it may source the personnel from another company with surplus personnel, by networking to identify the surplus personnel. However, in order to create this network to source resources, all the companies need to cooperate and trust each other to create the symbiotic situation.

The advantages of networking to source resources in the construction industry are;

- employers can quickly mobilise suitably qualified resources when needed.
- employers need not compete with each other to obtain resources by offering exorbitant remuneration packages, thus reducing staff cost.
- employees will be assured of continuous employment, thus eliminating the problem of high turnover of personnel towards the end of projects.
- remuneration packages will stabilise and commensurate with qualifications and experience. Therefore this will eliminate inequity among employees.
- employees will benefit from training and development, because employers will be more receptive to building people skills, since they do not virtually lose the employees to competitors.

- employers can easily demobilise employees at the end of the project or even when there is a sudden need to do so.

The disadvantage of networking to source resources are;

- Employers could be unfair in employee remuneration packages because there is no competition.
- Employees need to be mobile and be able to easily adjust to different companies.
- Companies may get pertinent information about competitors through employees to gain competitive advantage.
- Employees lose sense of belonging and loyalty.

6.2 Organising Resources in a Project Environment

Organising resources in a project environment has always been a challenge in the Malaysian construction industry. The design of project organisation structures vary from project to project. Project managers in the Malaysian construction industry tend to prefer the functional structure as in Figure 4.2 although it is very departmental, hierarchical and rigid. Recently matrix organisation structures as in Figure 4.3, have been given more recognition because it provides a bit more flexibility and promotes communication within a rigid hierarchical organisation structure. Project managers are perceived to prefer rigid structures because they fear the loss of authority and control. However although authority and control are important for a project manager in a project organisation, open communication and group effort is equally essential.

Modern management approaches to organisational design suggest that understanding the environment is the most important task in organisational design (Stoner & Freeman, 1992). Since the environment of the Malaysian construction industry is always changing project managers should consider an organisational structure that is flexible and effective, in order to achieve the project mission successfully. Experienced project managers have concluded that hierarchical red tape will not work in a project organisation because project management is team effort and requires constant interaction and fast decisions to achieve the project mission. Management researchers too have suggested that an organic structure, which is characterised by group actions and open communications, may be suitable for a turbulent or changing environment (Burns and Stalker, 1961).

Project managers should eliminate the structure in project organisations and promote a team environment. A team is a group of people who come together and work towards a common goal or mission and then disband after it is achieved. A team eliminates the existence of a boss and subordinate situation, but rather every member of the team is equal and works towards a common goal. The team is lead by the project manager who facilitates the directions.

The advantages of a team organisation for projects are;

- It promotes group action and open communication required for project management.
- It promotes the generation of ideas and views.
- It promotes participative decision.
- It eliminates unhealthy competition among team members, because they are all working towards a common goal.
- It eliminates intimidation of some individuals by others.

The disadvantages of a team organisation for projects are;

- Individuals' loss of power and status.
- Personality clashes among members could result in the collapse of the team spirit.

In order for a team organisation to function effectively, the project manager should apply participative decision making, and the evaluation and reward system for team members should be based on performance as a group. The performance evaluation criteria should include the following in addition to the usual criteria;

- ability to interact and communicate with other team members,
- ability to give ideas and contribute to the team, and
- cooperation and team spirit

In organising an effective project team, managers should also understand that there are four elements of relationship in a project organisation (Wacker, 1997);

- Competitive - individuals competing with each other to achieve the best.
- Predatory - individuals exploiting each other to achieve personal interests.
- Symbiotic - individual creating a mutually advantageous situation, win-win situation.
- parasitic - individuals depending on each other to achieve their missions.

The most beneficial relationship is the symbiotic relationship because it creates a win-win situation for all parties, however parasitic relationships cannot be avoided because in project management, individuals have to depend on each other to achieve the project mission. Competitive relationship is advantageous in some situations like value engineering, but predatory relationships should be avoided. Project managers should promote the most suitable relationship depending on the situation. The leadership styles are discussed further in Section 6.4.

Organising a project team involves bringing strangers together to work as a group. All the members of a project team are strangers to each other because individuals differ from each other in their experience, culture, and personality. Therefore project managers need to understand the differences and also seek to avoid conflict by encouraging the team members to understand each other's differences.

Induction programmes may be conducted for expatriates working in Malaysia, to provide them with an understanding of the Malaysian people, their cultures and sensitivities. This would enable the expatriates to relate with local situations when working in a multinational project team. Likewise, similar programmes for locals may be conducted to provide them with an understanding of foreign cultures and sensitivities, so that they can understand the expatriates better.

Social and sporting events where team members are given the opportunity to interact outside the working environment would also create mutual tolerance and understanding among project team members. When people become comfortable with each other outside the work environment, they tend to work better with each other at work. Therefore it is essential that project managers foster interaction of team members outside work.

6.3 Motivating To Maintain Resources

The pertinent issue here is for project managers in the Malaysian construction industry, to motivate team members in order to maintain their enthusiasm for the duration of the project. Motivation is defined as the willingness to exert high levels of effort toward organisational goals, conditioned by the effort's ability to satisfy some individual need (Robbins, 1989).

Project managers must become more involved in motivating the project team. Standing back to wait for a problem to happen and then finding a solution to that problem, is only going to solve a particular problem, but more problems associated with that problem will arise. A motivated project team will translate into an enthusiastic project team that is maintained throughout the duration of the project, and the successful achievement of the project mission.

The main problem that resulted from a lack of motivation in Malaysian project organisations, is turnover. There are motivation theories that can predict turnover and if these theories are applied then the problem could be addressed in a more effective manner. The expectancy theory and equity theory may be applicable here.

The expectancy theory (Vroom, 1964) suggests that the strength of a tendency to act in a certain manner depends on the strength of an expectation that the act will be followed by a given outcome and the attractiveness of that outcome to the individual. The theory focuses on three relationships;

1. Effort - performance relationship. The probability perceived by the individual that exerting a given amount of effort will lead to performance.
2. Performance - reward relationship. The degree to which the individual believes that performing at a particular level will lead to the attainment of a desired outcome.
3. Rewards - personal goals relationship. The degree to which the rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual.

Based on the above, if project team members do not achieve the rewards that satisfy their expectancy, they become less motivated and eventually if it gets worse, they leave. Therefore in applying the expectancy theory to motivate resources with the aim of reducing turnover, project managers should carry out the following;

- Determine the rewards valued by each member of the project team may it be money, recognition, promotion, etc..
- Determine the performance that is desired from the individual in order to achieve the project mission, i.e., contribution to the team, team spirit, cooperation etc..
- Make the performance level of each team member attainable for the individual.

- Link rewards to the performance of the individual.
- Analyse the factors that might counteract the effectiveness of the rewards. For example it does not upset the rest of the project team.
- Ensure that rewards are adequate.

Members of the project team also tend to compare rewards such as salaries and benefits with peers within the organisation and the industry. If they are not at equal standing, demotivation sets in and it could result in turnover, absenteeism, and low productivity. This situation was encountered by XYZ Company in the case study.

The equity theory needs to be applied to avoid such situations where project team members become demotivated as a result of inconsistencies in rewards. The theory concludes that individuals compare their job inputs and outcomes with those of others and then respond so as to eliminate any inequities (Robbins, 1989). Therefore, if an individual perceives that he or she is underpaid or unrecognised for the same efforts that some other individual puts in, the individual's motivation drops and this normally leads to turnover.

Although it is perceived that in the Malaysian construction industry, remuneration inconsistencies cannot be avoided, but if concerted effort is taken by all parties it can be addressed. A good method of addressing this problem is practising the networking approach to mobilising resources as discussed in Section 6.1.

6.4 Leading a Project Team Effectively

The pertinent issue in leading a project team effectively involves the leadership approach of project managers in the Malaysian construction industry, to achieve the project mission. Leadership is the ability to influence a group toward the achievement of goals (Robbins, 1989) and this is the essence of project management. Leadership theories may be applied to address leadership problems in project management.

A major breakthrough in understanding leadership came about when the need to include situational factors in leadership was recognised. This would enable project managers to adopt leadership styles that are suitable to the situation. The case study revealed that some project managers could not lead the project team effectively because they failed to adapt to the situation and did not understand the local work culture, and some failed to understand when they should display directional behaviour.

Hersey & Blanchard's Situational Theory focuses on followers' readiness, and it states that leadership behaviour should vary according to the followers' level of task and relationship orientation. This theory may be applied in project management to address the above problems. The application of this theory would guide a project manager to base his leadership approach on the following task and relationship orientation of his team members.

- If the member is of high task and low relationship orientation, then the project manager should emphasise directive behaviour by defining roles and telling what, where and how to do a task.

- If the member is of high task and high relationship orientation, then the project manager should provide both directive and supportive behaviour.
- If the member is of low task and low relationship orientation, then the project manager should provide little direction or support.
- If the member is of low task and high relationship orientation, then the project manager should share in decision making by being facilitating and communicating.

In project management, members are normally of high task and high relationship orientation, and sometimes low task and high relationship orientation.

In promoting group action and open communication project managers apply participative decision making. The leader-Participation Model (Vroom & Yetton, 1973) identifies five leadership styles in decision making. They are Autocratic I, Autocratic II, Consultative I, Consultative II, and Group II. The applicable decision making leadership styles for a project environment are Consultative II and Group II.

Application of the Consultative II leadership style would require the project manager to share the problem with members of the team as a group, collectively obtain their ideas and suggestions, then make a decision that may or may not reflect the subordinates' influence.

Application of the Group II leadership style would require the project manager to share the problem with the members as a group, and help the group concur on a decision. The project manager's ideas carry the same weight as any other member of the team.

6.5 Building People Skills To Meet Industry Demands

It is pertinent to determine how project managers in the Malaysian construction industry, can build people skills in order to meet the growing demands of project management.

Building people skills is a process of encouraging employees to learn. Learning is any relatively permanent change in behaviour that occurs as a result of experience (Robbins,1989). It is an acknowledged fact that development will bring change and growing demands on organisations. Unless members of an organisation experience continuous learning to keep up with change and the growing demands, the organisation is going to fall behind others.

The case study revealed that there is hardly any emphasis on building people skills in the Malaysian construction industry, mainly for reasons associated with the temporary nature of projects, high turnover, time allocation, and the lack of commitment. In order to meet the growing demands of project management, there must be concerted effort by project organisations and project managers to change the current attitude on building people skills.

Building people skills does not necessarily translate into sending individuals to training courses. There are various methods of building people skills, which include the following;

1. On the job training which is carried out by observation and direct experience of the individual to new developments implemented in the project.

2. Mentor system where an experienced senior member of the project team takes an individual as his understudy candidate and imparts all his knowledge.
3. Manuals and technical library which could be used by individuals as a source of information.
4. Internal seminars which are conducted over weekends by specialist in certain fields, for example value engineering, risk management etc..
5. Formal training courses.

Therefore, it is evident that not all methods of building people skills involve cost and time (methods 1 to 3), and there are methods that could work with a little time effort (method 4), and when it is absolutely necessary the formal training courses should be employed. These methods of building people skills could be employed in the Malaysian construction industry.

If project management is to be developed to meet the growing demands of the Malaysian construction industry, then the current attitude towards building people skills needs to be changed.

6.6 Identifying Project Missions To Minimise Change

The identification of the project mission has been a challenge for project managers in the Malaysian construction industry. It is pertinent for project managers to identify project missions in order to minimise changes in the future. Therefore it is essential that a project manager has to be far sighted and has the ability to see the big picture in order to advise and convince the client.

Goal formation or the identification of the project mission is a complex task because the cognitive horizon of a decision maker, i.e., the client, is always shorter than the duration of the project. In the Malaysian construction industry the project mission also tends to be highly politicised in the beginning. However when the reality of the situation sets in, then the project mission is more often than not changed to meet practical requirements.

Therefore in order to identify project missions that minimise changes project managers in the Malaysian construction industry need to;

- have the ability to envision the future and see the big picture. This is sometimes called helicopter view, that is the higher the helicopter rises the bigger the circumference of the view.
- have the ability to apply divergent thinking by discovering more than one option to solve a problem. Then he must evaluate the options and apply convergent thinking to identify and focus on the best option (Darnall 1996).
- project managers need to develop the trust of a client in order to tone down politicised missions so as to ensure realistic goals are set. Clients should be advised of the consequences of these politicised missions and given options of various scenarios of the project mission. The project should then help the client focus on the best option.

6.7 Introducing Change In Project Management

The pertinent issue in introducing change is how project managers in the Malaysian construction industry can introduce change in an appropriate manner.

Change in project management is inevitable. The case study revealed that change which is planned and managed provides more positive outcomes than unplanned change. The sooner change is recognised the better it is implemented.

In order to introduce change, project managers must first be able to recognise change. There are four options to change (Robbins, 1989);

1. Changing Structure - the project organisation structure must be flexible enough allow changes to meet new demands, for instance the need for open communication, group action and flexible mobilisation of resources.
2. Changing Technology - improvements in technology will bring about change, for example, advancements in information technology has resulted in paperless communication and the possibility of networking for mobilising resources.
3. Changing Physical Setting - open office concept requires change in attitude towards privacy at office and job status.
4. Changing People - which is somewhat the most difficult change to predict. Nevertheless this is one of the most important areas of change that needs to be considered in project management.

Secondly, project managers need to identify the resistance to change, which can be divided into individual resistance and organisational resistance. Individual resistance include habit, one's need for security, concern that change will affect one's economic standing, fear of the unknown, and selective information processing to keep one's perception intact. Organisational resistance include the following;

- Structural inertia - built in stabilising mechanisms in the organisation structure such as people who have been matched to a particular type of job. If a change is made to the job specifications, then the person on the job may be made jobless or needs to be retrained.
- Limited focus on change - any change in one aspect of the organisation will affect the whole organisation because of the interdependent sub-systems.
- Group inertia - even if some group members welcome change, group norms become the constraints.
- Threat to expertise - change may threaten expertise of specialised groups.
- Threat to established power relationships - any redistribution of authority may affect long established power relationships.
- Threat To Established Resource Allocation - any change in group size may affect the amount of resources currently employed.

Finally, project managers must find means of overcoming the resistance to change that are identified. Some of the means of overcoming resistance to change are as follows;

- Educating and communicating the change to the people involved. Project managers brief members of the change and explain the benefits and method of implementation.
- Getting the people affected by the change to participate in making the decision to change. When a change is recognised, the members who will eventually be affected by the change should be invited to make a group decision on the change. This is important to reduce resistance to the change. For example, when a design change is identified, the construction managers could be invited along with the design managers to decide on the best method of implementing the change.
- Facilitating and supporting the change by providing counselling, trouble shooting assistance etc.. Project managers must be receptive to the problems associated with the change and assist in finding solutions.
- Negotiating the change with the affected parties by exchanging something in return for eliminating the resistance. For example, a having a child care centre in the project office, in exchange for female members accepting longer working hours.

- Manipulating and co-opting by making the change attractive and buying off champions or leaders. If a change is likely to be rejected by the members, project managers may provide an interpretation of the facts so that the change may seem attractive. For example, if the project manager needs to reduce the transportation cost, he may suggest car pooling and volunteer to pick up some of the members. Likewise he may convince the construction manager to do so.
- Coercing by applying threats should be a last resort to managing resistance to change. If member who is constantly refusing to cooperate with other members, he or she may be given a bad performance evaluation report that will result in non payment of the annual bonus.