BASES OF REMUNERATION POLICY IN PROJECT-ORIENTED ORGANISATION

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ABSTRACT

The aim of this article is to answer the question about the usefulness of job evaluation in project-oriented organisations (POO). In connection with that, a set of questions useful for the process of selection of the evaluation subject (job position and competencies) has been developed. Upon the basis of the literature studies, characteristics of project team members which should be taken into account in the process of competencies evaluation have also been defined.

Keywords: project-oriented organisation, job evaluation, competencies evaluation, competencies of project team members
INTRODUCTION

A project is a single process consisting of a set of coordinated actions taken by a specially appointed team, with precisely defined dates of the commencement and the end; it is an undertaking aimed at achieving the assumed objective with determined limitation of the time, costs and resources (cf. Jones 2007, 17-18).

Currently, we can say that we are dealing with the developing trend of “project economy” (Retting 2008). Project approach – expressed through setting up project teams – is used in various fields of performance of the enterprises, including innovative activity. The enterprises that practice such approach are called project-oriented organisations (POO). Among them, project entities in the strict sense can be distinguished – those, in which project activity is the basic one (e.g. software manufacturers, construction companies) – and non-project organisations (e.g. banks, production companies).

It should be noted that in the literature of the subject there are also project-based organisations (PBO) (Köster 2009, 55). PBO is equated to the organisational structure of project type or project organisation in the strict sense, that means the one in which the main goals depend on the results achieved by the realization of the projects. (Aubry, Hobbs and Thuillier 2007, 330; Hobday 2000, 871).

The adopted remuneration policy is a significant issue connected with human resources management in the analyzed organisations. It features an important part of the organization’s motivation policy, which lays out the accepted approach to changing employees’ motivation, both in the sense of increasing its intensity, and directing it towards certain objectives and tasks. (Koźmiński and Jemielniak 2008, 180).

Classically it is believed that the value of work, according to the rule “as the work, so the pay”, is the basis for remuneration. Measurement of this value is made mainly by comparing different jobs with respect to the requirements of the work. Job evaluation – which is the topic here – is regarded as the basis for development of the remuneration policy (Borkowska 2006, 123). It is connected with the aspect of the indicated policy, which concerns building of the remuneration system within the scope of base salaries.
In project-oriented organisation, placing the reliance of base salaries policy only on the job evaluation seems to be not fully appropriate. Work is focused on the needs of a single project, not on previously defined requirements of the job position (Muffato 2006, 178). In that situation, the employee does not perform routine operations permanently, but he takes part in projects and plays various roles in them. There are various tasks, rights and responsibilities connected with those roles. Furthermore, at the beginning of a complex project it is difficult to define particular requirements towards particular performer of the tasks. Adopting the project structure reflects the flexibility of an organisation. However – as F.T. Azmi noted (Azmi 2007 in Walnik-Kraus 2011) – job evaluation may have a negative impact on making the organisational behaviour more flexible and dynamic. In that context, an alternative possibility of base salary setting appears on the basis of so-called evaluation of the competencies.

Taking the foregoing into account, the aims of this study have been set. First, to answer the question about the usefulness of job evaluation in project-oriented organisations. In connection to that, a set of questions useful for the process of selection of the evaluation subject (job position and competencies) has been developed. Upon the basis of the literature studies the characteristics of POO members which should be taken into account in the process of competencies evaluation have also been defined.

The significant reason to explore the indicated subject results from its marginal presentation in literature. In publications concerning project management, the focus is rather on single projects and on the management of project teams. The issue of human resource management (including the salary policy) in POO is left aside. On the other hand, in research studies concerning the salary development read by the author, there were no direct analyses of the impact of the project approach, as a factor, on the selection of evaluation object. A review of both Polish and foreign literature was made, using, among others, electronic databases (Scopus, Emerald). The most popular authors who discuss some aspects of human resources management in POO are J. R. Turner, M. Huemann, A. Keegan (Turner, Huemann, and Keegan 2008). The identified gap creates a field for searching for possibilities of increasing the effectiveness of project-oriented organisations.

**JOB EVALUATION OR COMPETENCIES EVALUATION – CHOICE CRITERIA**

As it was presented in the introduction, job evaluation is focused on job description and job requirements. The bases are, in that case, provided by highly standardized criteria of the
evaluation of the job difficulty. For example, in Great Britain, those criteria usually include such categories as: knowledge and skills, communication and contacts, decision making, impact, human resources management, work environment, responsibility for financial resources (Armstrong, and Cummins, and Hastings 2005, 30-31). However, the most popular method of job evaluation in Poland (UMEWAP [Universal Method of Job Evaluation]) in its last version includes such criteria as work complexity, responsibility, cooperation and arduousness of work environment (Ziębicki 2005, 32). Evaluation of particular work position, as regards such recognised criteria, should always produce the same results.

According to the studies carried out by Deloitte and PSZK [Polskie Stowarzyszenie Zarządzania Kadrami - Polish Human Resources Management Association], job evaluation has been implemented or is being implemented in more than 50% of large companies (Deloitte and PSZK 2011). However, companies increasingly abandon the job description for roles description. That concerns mainly the core positions, because it can be less clear to see there what are the individual duties of the employee (Konkel 2011). It is connected with so-called dejobbing – a trend in the personnel management consisting in paying special attention to the actions of the employed persons, with less focus on the operations in the job position (Adams and Jex 1999, 72-77). Features of a dejobbing organisation are compiled in Table 1.

<table>
<thead>
<tr>
<th>Dejobbing organisation attributes</th>
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<tbody>
<tr>
<td>thinking about the level of work position description,</td>
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<tr>
<td>short-term and constantly changing character of work positions,</td>
</tr>
<tr>
<td>general, not detailed, scope of activities,</td>
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<tr>
<td>determining works and aims basing on the interference of different functions with processes and projects,</td>
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<tr>
<td>training multi-tasking,</td>
</tr>
<tr>
<td>allowing flexible changes concerning employees,</td>
</tr>
<tr>
<td>focusing on individual potential,</td>
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<tr>
<td>creating autonomous task teams.</td>
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</tbody>
</table>

Source: own work based on Azmi 2007 in Walnik-Kraus 2011

In general, the nature of work in a project oriented organisation (POO) matches the specificity of a dejobbing organisation. Employees here have to possess a number of competencies, which may be useful in various projects and their phases. The competencies themselves are
defines as “the ability and way to transfer workers characteristics (such as: knowledge, skills, predispositions and attitudes) onto job duties and transforming them into results under the impact of personal motives (...) in the existing organisational context” (Sienkiewicz 2002, 238).

The aforementioned yields the need to define competencies in an organisation oriented at projects and valuating them. As M. Juchnowicz and Ł. Sienkiewicz have noticed, valuating competencies in related to work efficiency, because it gives an answer to the question, what lies at the basis of effective or ineffective employee behaviour (Juchnowicz and Sienkiewicz 2006, 161). The quality of possessed competencies is closely related to the risk of project failure. As J.R. Turner, M. Huemann and A. Keegan note, an engineer who is able to bear this risk can have in POO a higher salary than a line manager (Turner, Huemann and Keegan 2008, 31-32).

The method of valuating competencies, suggested by J. Czekaj (Czekaj 2005, 6-13), allows both the assessment of individual employee competencies from the perspective of requirement patterns for the given position, as well as the assessment of competencies from the perspective of performed functions (roles). The combined assessment is the resultant of referring individual competencies to patterns for the given position and competencies level related to performing given functions. In consequence we receive the pricing of work for the given position and information about the correctness of qualifying it to an appropriate category in a hierarchic system. Conducting such a pricing requires therefore defining all competencies relevant to the given position and functions performed by an employee.

The presented arguments indicate the advantage of competence valuation over work valuation. As A. Pocztowski emphasizes (Pocztowski 2008, 337), remuneration based only on competencies works in an organisation with a small number of key competencies influencing work conduct and results. In addition, the easiness of defining these competencies, frequency of changes in work environment, workers’ flexibility related to it and the necessity of constant improvement of skills. Does POO meet such conditions?

As indicated above, a project-oriented organisation has some specific characteristics convergent with the characteristics of a dejobbing organisation. It may also be associated with the so-called dynamic organisation, that means one in which key values show high dynamism
of changes, where there is the possibility of free relocation of resources, the goals executed are unique and the procedure of their realization is flexible (Stalica 2005, 23). But before making a decision on the selection of the object of evaluation, the specific nature of the work in particular POO is worth analyzing carefully. It should be stressed that the proportion between the time spent on routine work and original activities depends on the nature of a project, the role of the worker in the project and on the adopted organisational structure. Projects which are the domain of strictly project organisations are characterized by a lower degree of the uniqueness. Thus, the work on subsequent projects may also be similar – it may be also convergent with goals realized in a line unit. The role in the project may be connected with performing the narrow scope of repeated activities. Finally, in an organisation with a matrix structure, after the end of a project or during it, the employee „comes back” to his original unit and carries out the strictly defined tasks resulting from the requirements of his job position. In the literature of the subject, such type of work is called the renewal of participation in projects (Packendorff 2002, 39-58).

The above reflections help us form a set of criteria to choose the valuation subject in a project oriented organisation (see Table 2).
Table 2: Clues facilitating the choice of valuation subject in a project oriented organisation

<table>
<thead>
<tr>
<th>Criteria of choosing the valuation subject</th>
<th>Criterion fulfilment level</th>
<th>Suggested choice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uniqueness of subsequent projects</td>
<td>Large</td>
<td>Competence valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Work valuation</td>
</tr>
<tr>
<td>Time spent by an employee on routine duties</td>
<td>Large</td>
<td>Work valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Competence valuation</td>
</tr>
<tr>
<td>Discrepancy between tasks performed during projects and work in the mother unit</td>
<td>Large</td>
<td>Competence valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Work valuation</td>
</tr>
<tr>
<td>Diversity of roles played in projects (different scope and nature of tasks, powers and responsibility)</td>
<td>Large</td>
<td>Competence valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Work valuation</td>
</tr>
<tr>
<td>Number of key competencies in an organisation</td>
<td>Large</td>
<td>Work valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Competence valuation</td>
</tr>
<tr>
<td>Easiness to define competencies</td>
<td>Large</td>
<td>Competence valuation</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>Work valuation</td>
</tr>
</tbody>
</table>

Source: own work.

It is worth mentioning that the criteria presented above are to a high extent complimentary. They are also not a complete list. It is only a suggestion, which, according to the author, can be extended and is worth developing. It is also worth emphasizing that valuation based on competencies can be conducted:

a) only on the basis of competence roles or models worked out for the positions,

b) also on the basis of other criteria, apart from competencies.

In both cases is necessary to create competencies models. In the further part of this article clues will be presented, which are helpful in identifying pattern competencies among project team members and lists of competencies most often exposed in topical literature will be presented.
COMPETENCIES OF PROJECT TEAM MEMBERS

As it was indicated before, the term “competencies” includes knowledge, skills, predispositions and attitudes. A characteristic and seemingly leading suggestion presented in literature, is an attempt to conduct basic division of competencies, including hard competencies (referred to as technical, professional, expert and functional), tightly related to the given work position, and soft competencies (behavioural, social), i.e. personality features brought into certain professional roles (Armstrong 2007, 153).

The basis of conducting a valuating process in POO is making lists of human potential characteristics, key for this kind of organisation. Project team members’ competencies sets can be used for that purpose, which are presented in project management literature.

Generally speaking, a project team consists of a project manager and project work executors. First of all, “project” managerial competencies will be discussed. Project manager role has to be characterized in order to define them. A role is defined as a function or task to perform, position occupied in the given project (Doroszewski 1958-1969). Meanwhile, a function in praxeological terms is “a set of repeated actions done due to the certain division of work for an organisation, which a person is a member of (Kobyliński 1981, 7).

Defining the set of competencies indispensable for a managerial position, we have to include so called basic managerial functions, derived from the concept of H. Fayol, the representative of a classical direction in management. These include: planning work, organising activities, motivating personnel and control (Fayol 1996, 33-38).

In the topical literature three phases of project management field development are distinguished: traditional project management period (years 1960-1985), transition period (1986-1993) and modern project management period (since 1994) (Kerzner 2000, 263-288). These phases are related to the evolution of a project manager role and requirements candidates for managers have to fulfil (see Table 3).
### Table 3: Project manager features in subsequent project management field development phases

<table>
<thead>
<tr>
<th>Project management field development phases</th>
<th>Project manager</th>
</tr>
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</table>
| Traditional project management period (1960 - 1985) | • recruited from among experts,  
• fully responsible for the project due to the possessed knowledge,  
• role similar to the line manager,  
• formal qualifications related to the position description,  
• no impact on team members assessment |
| Transition period (1986 - 1993) | • opinion that the best project managers are selected from among managerial staff and have formal economic education,  
• behavioural skills equally important to technical ones,  
• lack of full responsibility for the project,  
• individual selection of project team members, responsible for subsequent expert project areas,  
• informal impact on the assessment of team members |
| Modern project management period (1994 - ) | • project manager as an integrator of resources, knowledge and processes,  
• requirement to possess knowledge about company operations, risk management and integration skills,  
• formal influence of the assessment of project team members and line managers |

Source: own work based on Haffer 2009, 75-77.

A role is related directly to requirements for its performer. Adding more information to the table above, it has to be stated that the primary criterion of selecting candidates for the project manager position was the topical knowledge they possessed. In the transition period project management personnel was recruited from among the managerial staff. Currently soft (interpersonal) competencies are more and more important.

The project manager role – similarly to the role of other managers – consists of a few roles. In table 4 the literature definitions of these roles were confronted with the classical approach, which is the list of managerial roles by H. Minzberg. What is significant, the role catalogue introduced by H. Minzberg in the 70s has been referred to the project manager position only since the 90s.
Table 4: Traditional managerial roles and project manager roles

<table>
<thead>
<tr>
<th>Traditional managerial roles according to H. Minzberg</th>
<th>Project manager roles according to R. Keeling</th>
</tr>
</thead>
<tbody>
<tr>
<td>interpersonal roles (a figurehead, leader, agent),</td>
<td>a centre focusing all events related to project performance,</td>
</tr>
<tr>
<td></td>
<td>a leader, person motivating administrative personnel</td>
</tr>
<tr>
<td>informative roles (a person, who monitors, passes on information, a spokesperson),</td>
<td>an link between internal and external project stakeholders</td>
</tr>
<tr>
<td>decision maker (role of an entrepreneur, problem solver, negotiator).</td>
<td>a person communicating and leading negotiations in all matters related to project performance,</td>
</tr>
<tr>
<td></td>
<td>a controller to financial and other kinds of resources,</td>
</tr>
<tr>
<td></td>
<td>a regulator of team work pace</td>
</tr>
</tbody>
</table>

Source: own work in Piwowar-Sulej 2011, 297.

As it can be concluded from the conducted literature studies, hard competencies are treated as a priority. They are relatively constant and it is much easier to learn them. It is also confirmed by J. M. Lichtarski. It can be concluded that the main criterion of selecting project managers is possessing knowledge and specialist skills related to the specificity of a project, and right after them – with experience (Lichtarski 2011, 221). And hence, the list of the most important “hard” competencies of project managers presented in the literature includes (own work on the basis of Chrościecki 2001, 57-59; Keeling 2000, 7; Toney 2002 from Wachowiak, Gregorczyk, Grucza and Ogonek 2004, 32; Lock 2009, 83):

1. high professional skills, including technical knowledge related to the project subject, the knowledge of general management methods and techniques and detailed project management tools,
2. the ability to implement,
3. analytical skills,
4. the ability to organize project management team work,

When constructing a list of these competencies, we can make use of the requirements a project manager has to meet according to the project management methodology implemented in the given POO. In table 5 a general list of project manager competencies was presented, consistent with two popular methodologies: Prince 2 and PMI.
Table 5: Project manager competencies according to selected project management methodologies

<table>
<thead>
<tr>
<th>Prince2 methodology</th>
<th>PMI methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>- the ability to prepare project assumptions,</td>
<td>- preparing a project management plan,</td>
</tr>
<tr>
<td>- phase steering,</td>
<td>- managing ongoing project works,</td>
</tr>
<tr>
<td>- product manufacturing management (delegating work),</td>
<td>- controlling project works and integrated change management,</td>
</tr>
<tr>
<td>- phase scope management,</td>
<td>- closing a project</td>
</tr>
<tr>
<td>- closing a project</td>
<td>The skills indicated above refer to such knowledge areas, as scope, time, cost, quality and human resources, communication, risk, delivery</td>
</tr>
</tbody>
</table>


Prince2 and PMI methodologies belong to so called traditional project management methodologies, which focus on presenting processes, project manager activity fields (knowledge areas) and detailed managerial tools. Meanwhile, in the modern, agile methodologies, flexible actions are exposed. To give an example, in the Scrum methodology, so called Scrum Master (the term “project manager” is not used) does not manage all project works, but only plays the role of a moderator, mentor or coach, supervising the consistency of project performance with the applied methodology. His task is to create appropriate conditions for team work. In addition, by organising everyday short meetings (approx. 15 minutes) with a team, the Master motivates and inspires the team for further work (Encyclopaedia of Management 2012). Therefore it is important to have also soft competencies.

According to studies conducted by A. Musiol-Urbańczyk among project managers, the efficiency of these employees is affected by soft competencies, especially by the communication skills, decisiveness and leadership (Musiol-Urbańczyk 2010, 97). A project manager’s competencies most often indicated in the topical literature, are (own work based on Chrościcki 2001, 57-59; Lock 2009, 83; Keeling 2000, 7; Toney 2002 cited by: Wachowiak, Gregorczyk, Grucza and Ogonek 2004, 83):

1. ambition, consistency in acting, determination,
2. honesty,
3. intelligence and independence of thinking,
4. flexibility,
5. ability to perceive the performed task in a holistic way and set it within time frames,
6. leadership,
7. openness to non-standard work methods,
8. sense of limitations of the possessed power,
9. highly developed interpersonal skills (including diplomacy, negotiations, ability to reach a compromise, tolerance for different points of view of a project team, calmness).

As far as roles performed by other members of a project team, which yield certain pattern competencies, are concerned, they can be divided into (Keeling 2000, 108-109):

a) tasks roles – useful when carrying out an enterprise, they include: leading teamwork, suggesting ideas and actions, monitoring teamwork progress, searching for data and information, reporting,

b) maintenance roles – motivating to work and facilitating tasks, relieving tension in a team, focusing, eliminating teamwork distractors.

In order to create a more detailed role list, you can also seek inspiration in studies on teamwork efficiency, conducted by M. Woodcock, P. Honey or M. Belbin (Woodcock 1993 cited by: Przewoźnik 2008, 63-64; Miller 2010, 72-73).

In competence valuation process in POO, you can also use project performance competencies schemes. On the basis of these schemes competence matrices are created, and then activities typical for a position or function played in a project team are ascribed to certain tasks, which are to be performed during the project.

The most important requirement posed against project works performers are (Trocki, Gruca and Ogonek 2003, 99-102; Wachowiak, Gregorczyk, Gruca and Ogonek 2004, 64):

- high-class technical skills,
- the awareness of organisation functioning rules,
- strong orientation on problem solving,
- strong orientation on result achievement, not only action,
- susceptibility to project management influence (subordination),
- good team player skills,
- ability to solve non-standard problems individually,
- having a high degree of self-assessment,
- ability to show empathy and mutual respect.

The aforementioned lists of competences of project team members are open are a kind of a suggestion, which can constitute a basis for creating competence profiles and models, and then valuating competencies. As it has been shown many times, routine work is also a feature of POO. It will be the case especially in the so called non-project organisations (e.g. banks). Competencies related to performing routine duties, e.g. in a line unit, have been omitted here on purpose, because they are identified much more easily (they should result clearly from job description forms).

**CONCLUSIONS**

Two most important tools to determine the basic salary could be job evaluation and competencies evaluation. As it was indicated, both approaches have advantages and disadvantages. It is important for an organisation to use such tools when shaping payroll policy, which are best adjusted to work specificity and job requirements. Decision in this scope has to be made on the basis of objective criteria.

A set of questions useful for the process of selection of the evaluation subject (job position and competencies) has been developed in the article. Characteristics of project team members which should be taken into account in the process of competencies evaluation have also been defined upon the basis of the literature studies.

Being aware of project diversity and complexity, and hence diversity of requirements posed against project teams, it is hard to create one universal model of project manager competencies and project work executors, which would match all cases. Therefore this article includes some suggestions on where to look for competence list elements and what such list could look like.

There have been few studies on payroll policy formation in POO and it would be worth undertaking them, also with reference to Polish reality. The research problem is therefore open and worth verifying for the sake of practical applications.
REFERENCES


