



COMMONALITIES OF PROJECT AND PROCESS MANAGEMENT FROM AN ORGANIZATIONAL VIEWPOINT

Palkovits-Rauter Silke, University of Applied Sciences Burgenland

Abstract

Project and process management are already established and standardized management disciplines of organizations. Entrepreneurial thinking and acting are corporate goals and a basis for the economic success of a company. Effectiveness and efficiency support the competitiveness of organizational units. Buzzwords like internationalisation, short product life cycles, networking or digitalisation are drivers and must be fitted into rising customer expectations organizations are facing. We handle such organizational challenges by using existing business processes or initiating projects. Under which organizational and staffing conditions does it make sense to start a project or to choose existing processes? The aim of this document is to elaborate existing similarities and differences of project and process management. Relevant literature on the combination of both disciplines is rare. Two particularly important issues are the perspective of the corporate structure and the topic of human resources. These two aspects have special importance to give organizations a decision aid for choosing the appropriate discipline. To answer this question appropriately, operational and organizational models, leadership styles, management approaches and roles in project and process management are considered on the basis of available literature and related to each other. As a result of the document the similarities and differences will be pointed out in order to enable executive managers to decide which management discipline is a suitable option.

Key words: *process management, project management, operational and organizational models*

JEL code: A1, A3, J5, J8

Introduction

Effective and efficient process management is vital for the continuous development of an organization to remain compatible on the market. This is similar to project management as competition and improvement animate to run through innovation behaviour that should be executed in a structured project-oriented way. Nordsiecks corporate doctrine with its concept of organisational and operational structure forms the basis of process and project management (Osterloh & Frost, 2006).

Projects are operated in parallel to already implemented processes, but under which conditions and constraints the decision between establishing a process or starting a project has to be made? In companies the setting of the organization plays a decisive role and can be divided into the following aspects: in operational and organizational structure, and in personnel aspects (Straub, 2015). The aim of this paper is to examine the commonalities and differences between project and process management. At the same time, the organizational and personnel issues are of particular importance in order to provide decision-making support to organizations, how to handle the upcoming tasks. Since process as well as project management are complex management concepts and already well researched, the present paper considers only the organizational and personnel perspectives.

Organizational Aspects

Looking at an organization from a holistic point of view, different aspects have to be considered. Taking over the external perspective, the outside environment of the organization is relevant. Things like possible competitors on the market, customer segmentation and growth



opportunities are essential features for the wealth of an organization. The internal view, on the other hand, is taking organizational development into account. The founding of an enterprise, the different growth phases with all their challenges and decisions made the organization up to what it is at present. Aspects such as the practices of organizing the entrepreneurial activity, the systemic treatment of an organization with the obvious action of individuals, and the view of an organization as an institution with its structural and procedural organization are equally important. All these facets help to make an organization comprehensible and controllable in its complexity.

Structural and Procedural Organization

Organizations need structured and well defined elements to work properly. These are the structural and procedural organization. As early as 1932 Nordsieck stressed out a separation of organizational structure and process organization within his work of intensive examination of the organizational theory. On one hand, the structural organization subdivides the company into task-specific sub-areas. The procedural organization, on the other hand, structures the process of business operations from the point of view of content, location and time (Osterloh & Frost, 2006), (Vahs, 2009).

The structural organization deals with patterns, units, hierarchies, principles of leadership and underlying positions and assigned tasks. The organizational chart is a useful tool for the graphical representation of a structural organization. Numerous different forms have been evolved over the years and are mentioned in this paper only by listing them: simple, functional, divisional or matrix organizations as well as tensor, process-oriented, project-oriented and project organizations. Table 1 will address these organizational forms in relation to their influence on project and process activities.

The core idea of the procedural organization is the question of the chronological order, taking into account the dependencies and the places where tasks have to be performed. Principles of adherence to specified deadlines, optimization of throughput times and consideration of capacity utilization are within the focus of this discipline. The processes of the organization are managed holistically and traversed across the structural organization (Kreidl, et al., 2006), (Krüger, 2009), (Link, 2011).

Project Management

Why consider project management? A simple answer is: It is necessary to deal with complex tasks, which can only be solved efficiently by project management. On the one hand, these are challenges for which the existing organizational and decision-making structures are too difficult to handle, on the other hand, project management is necessary to cope with cross-departmental, complex tasks in a structured manner (Heintel & Krainz, 2001), (Kraus & Westermann, 2010).

Projects are useful if the line organization reaches its limits with the predefined procedures because the tasks have become too fast, too new or the requirements have become too complex. A decisive added value of the project work is the flexible handling of procedures, which were created for this project at short notice. As a result, project management is not clearly assigned to the structural or procedural organization, since it combines disciplines from both worlds. (Lüschow & Zitzke, 2004)

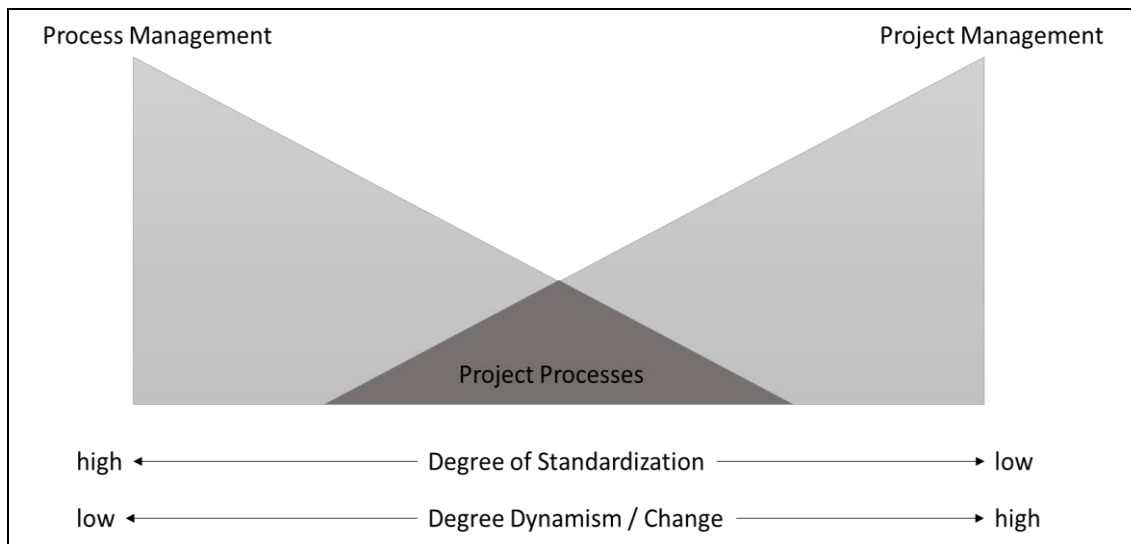


The methodology of project management is only used to the full extent when it is integrated into the overall organization and is also accepted by the workforce. The issue of project management must be anchored in the collective awareness of the organization so that it can be used for project-worthy activities. Various processes, such as planning, controlling and communication processes, are carried out during the project processing of tasks. This fact makes it clear that the disciplines of project and process management are, in a sense, Siamese twins that have strong interactions with one another.

Process Management

In the last decade, the procedural organization has become increasingly important under the key word of process management. The management often focuses on processes because the following objectives can be achieved more easily by consistently managing the processes (Gareis & Stummer , 2006), (Link, 2011): make rigid hierarchies more flexible, change interfaces between organizational units into crosslinks, structure the process portfolio of an organization, define process owners and responsibilities, join isolated department goals into common goals, optimize inventories, optimize personnel capacities, reduce processing times, increase delivery on time, consider customer requirements.

So it can be inferred that in the past, organization's emphasis on process management was driven by complex and hardly structured customer requirements, low service orientation and low quality awareness. In order to achieve a significant improvement, the objectives listed above were declared as major topics to solve and methods for improvement were sought. In response to these challenges, process management developed as a separate discipline (Bleicher, 2011), (Schulte-Zurhausen, 2014).



Source: (Hagen, 2010)

Fig. 1. Project Processes



Personnel Aspects

All the aspects mentioned above deal with organizational structures, charts, positions with assigned tasks, communication structures or operational processes. What all these organizational units have in common is the workforce behind these different concepts assuring the well-functioning of an enterprise. Both structural and procedural organizations need rules, certain kinds of hierarchies and leadership mechanisms with decision making competencies (Gareis & Stummer, 2006).

Leadership is seen as one of several strategic success factors within organizations. Executives help to identify with the goals to be achieved, promote the willingness of the workforce and strengthens the team spirit within the organizational units. Through their contribution, executives can expect more mutual trust, better internal communication and greater respect if they have the ability to empathize, are interested in employee expectations, and integrate the interests of employees into decision-making processes (Rattay, 2013).

Recently digitalization leads to remote controlling activities which is seen as unhuman leadership from the workforce point of view. This phenomenon is contradictory to the actual understanding of management. Leadership begins with creating an environment that enables performance and gives the workforce the opportunity to bring in all the skills and abilities (Covey, 2014).

Leadership styles taken into consideration in this research work are: *autocratic* or authoritarian with its rigid decision paths from executives, *democratic* or cooperative with its participation opportunities for employees, *laissez-faire* with its creative freedom of work and last but not least *situational* with its individual combination of leadership style related to situation and acting persons (Rattay, 2013).

The leadership styles described above deal with the individual leadership of executives and the social interactions between the management staff and the workforce. Management approaches do not consider personal interaction but facts and instructions within the defined environment. The common purpose of all management approaches is the discharge of executives, while different objectives and approaches are being pursued (Berger, et al., 2008).

Several management approaches have been researched and can be listed according to their principles. Management by *Decision Rules*, Management by *Delegation* and Management by *Exception* deal with principles to solve delegation problems. Management by *Objectives*, Management by *Results*, Management by *Projects* and Management by *Participation* consider target and result oriented principles (Hammer, 2015).

Roles within Project Management

Beginning with the start of a project an organizational unit is formed for a defined period of time. Next to business aspects a project organization with different acting people with assigned roles solving specific tasks, owning competencies and responsibilities is established. Such relevant and theoretically well-defined roles are the *sponsor* (person or group that provides the financial resources), *project manager* (assigned by the performing organization to achieve the project objectives), *project management team* (carries out the work) and other *team members* (carry out the work, but not directly involved with management). Sometimes the role of a *project coach* who gives experienced consulting to the project team is also installed. Each



project role is connected to defined responsibilities and assigned tasks. The interaction with each other is determined by the duration of the project itself (Rattay, 2013).

Roles within Process Management

Implementing process management is a challenging task as business processes are executed throughout the entire organization. Strategic and operational goals concerning structural and procedural organization have to be considered as well as decisions from top and line management and the workforce. As all requirements of these mentioned interest groups should be met it is recommended to install roles defined in process management in addition to already existing organizational roles. It is important to complement and not to replace or invent roles when assigning new tasks to positions (Senden & Dworschak, 2012).

Process roles taken under research are following the most common vocabulary as different literature sources like CMMI, ITIL or common standards are using different names for the same roles: the *process manager of chief process owner* (provides the process management system as controlling mechanism for the top management), *process responsible* (development, improvement and controlling of processes), *process owner* (operational responsibility for the execution of the process), *process team member* (support of process responsables and continuous improvement), *process coach* (knowledge transfer from best practice approaches) (Wagner & Patzak, 2015).

Commonalities and Differences

From the organizational point of view process and project management have been considered only in recent decades and are still installed or executed separately from each other. The upcoming paragraphs are addressing commonalities and distinctions found during the research activities with the main focus on organizational and personnel aspects.

Findings Related to Organizational Aspects

Continuous improvement as well as organizational learning are means to raise efficiency and effectivity and are major parts of both project and process management. Another point is the need for planned and well defined organizations. Projects as well as processes feature certain organizational forms and defined roles which can be seen as social sub systems where people work and interact with each other.

Table 1

Project and Process management from the Organizational Viewpoint

Organization Type	Commonalities	Differences
Simple Structure (Tree Structure)	Working together is hardly possible and communication should only be executed via executives. These two facts are in direct conflict with the strategies of project and process management.	If projects are defined, the role of the project manager should be executed by a management position due to the communication and decision rules within a project. As processes support the execution of tasks through different organizational units, process management is not appropriate for such an organizational



		form.
Functional Structure	This organizational form is the basis for the orientation of job enlargement. As the skilled person needed can be addressed, project as well as process oriented tasks can be executed. Project management does not play a key role within such an organization.	The role of the project manager should be executed by a management position, conflicts of goals of project and line organisation will occur. Direct communication lines between the management team will lead to excessive demand of the management.
Line-and-staff Organization	Employees within a staff organization will help to support project and process management activities. Usually assigned staff organizations are built like the PMO – project management office to smoothly support the line organization.	Projects can be directly executed within a staff organization. The execution of process management only within staff organizations is not productive, as the coordination of executives is different over time without the integration of the top management.
Matrix Organization	This organizational form is ideal to execute process as well as project activities as the management assignment is manifold and daily business for employees and management. Integrated project management can be implemented.	No differences can be addressed for the matrix organization.
Tensor Organization	This organizational form offers flexibility enough to install projects and process management. Like in the matrix organization integrated project management can be implemented.	As internationalization often comes with tensor organization, experts from different sites can be integrated into global projects. Processes are addressing customer needs and cannot be seen from a global viewpoint. Regional, cultural as well as market aspects have to be considered.
Process-oriented Organization	The focus on needed processes does not only include process management but also projects as they also need specific task flows. Integrated project management can be implemented.	No differences can be addressed for the process-oriented organization.
Project Organization	All activities are shaped by project oriented thinking. So forming, executing and adjourning tasks are managed by defined processes. This working style can be called differentiated project management.	This organizational form builds the basis to form project organizations for a restricted time period and to manage these projects in parallel. Existing and valid processes within the organization remain the same, they are only expanded by project specific processes.

Source: author's research findings

Taking Mintzbergs configuration of organizational structures into account, the following commonalities and differences related to project and process management can be derived (Mintzberg, 1979).



Table 2

Project and Process management from the Procedural Viewpoint

Organization Type	Commonalities	Differences
Simple structure	Small sized organizations usually operate on a simple structure where tasks are assigned by top management. Project and process management hardly exist as implementation is not worth the effort.	If projects are implemented, the top management is taking the role of the project leader. Tasks are executed in routines, but consciousness about process management usually does not exist.
Industrial bureaucracy	Industrial bureaucracy is excellent in standardization of tasks and processes for project and process management. Controlled information and communication channels support projects, processes can be executed throughout the organizational structure. Despite this long information flows and rigid processes are contra productive in any ways.	Much effort has to be put into the establishment of information and communication rules within project due to rigid hierarchical structures. Processes are standardized throughout industrial bureaucracies and are daily business.
Professional bureaucracy	A professional bureaucracy can be seen as lean industrial bureaucracy. One essential difference is short communication flows and lean processes. This has a positive effect on process and project management.	Within the organizational core experts are responsible for organizational procedures. Due to high specialization of the employees in such organizations, projects are appropriate, but hardly found.
Divisional form	Large companies are usually dividing their organizations into market segments to raise flexibility. These offer rigorous advantages for project and process management.	Due to multiple divisions and long communication flows the demand for coordination between divisions within project is very high. From the business process point of view, processes do not exist across divisions as they usually form closed systems.
Adhocracy	This organizational form is flexible and dynamic. Project and process management can profit from this diversity and dynamic.	Most of the activities in such organizations are executed within projects. Processes have a recurring aspect, so the organization usually does not define standardized processes with the help of process management.

Source: author's research findings

Findings Related to Personnel Aspects

Project and process management activities are strongly characterized by the fact that people are working together on something important, abstracted from their day to day business. These defined goals have to be achieved under certain conditions like time, personnel and monetary resources with the best possible result. Essential factors in this case are defining the



most suitable management style, implementing suitable management aspects and defining roles within an organization.

Executives and the top management play a vital role on the way of goal achievement. They influence their employees with their individual strengths and weaknesses in the course of communication and leadership. The use of a suitable management style allows positive influence on quality, time management and necessary effort.

The use of the appropriate management style naturally depends on various basic conditions. Within the disciplines of project and process management the selection of leadership is mutual from the management perspective.

The autocratic style is suitable for rather unexperienced employees, who are given a sense of security by strict decision lines from the management. However, as new employees very rarely execute major tasks in projects and processes, this management style is rather less suitable for securing productivity. As working in teams is one of the core fundamentals of project and process management the *democratic style* perfectly fits to both disciplines.

Contrary to the democratic style, the laissez-faire style leaves essentials like formulated goals, time limits and required quality behind. This style has weaknesses because of disproportional freedoms in relation to expected results and time and resource constraints.

Project management processes are characterized by a high degree of dynamism, partly changing conditions and short-term approaches. Under these circumstances, the *situational style* can show its strengths and is the most suitable leadership style. Processes have a significant dynamism, but the circumstances do not change due to the definition of a process, so the situational style would not be disadvantageous due to the flexibility, but it is not necessarily the best choice for process management.

Addressing the management concepts under research it can be seen that the common goal is to clear executives from their management role. The distinction lies between the delegation of simple tasks and the delegation of additional goal and performance targets. Both project and process management are target and result oriented, so the management concepts should be oriented on achieved output. The following approaches are therefore recommended for project management: *Management by Objectives*, *Management by Projects* and *Management by Participation*.

The approach Management by Results is not suitable as the selection of means to achieve targets does not play a vital role, so conflicts between involved organizational units can arise.

For the process management the concepts of *Management by Objectives* and *Management by Participation* are more than suitable. The above mentioned problem of the Management by Results approach is also problematic in the process management context, since other organizational components or processes could be impaired and the overall context within the organization is disregarded. Management by Projects is not a viable option for process management because of the lack of framework conditions.

Both project and process management have defined roles and tasks. There are mainly groups of persons with a focus on structure and purpose. In the case of project management this is the role of the *sponsor* or the *project manager*. Process management makes use of the role of a *process manager* to create the necessary structures and to derive the process objectives from the corporate objectives. For the transformation of the mostly abstract process objectives into operationally usable goals as well as the ongoing improvement of the processes is perceived by



the role of the *process responsible*. *Project and process teams* are responsible for the problem solving tasks of both management disciplines.

From the perspective of *coaching*, it should be mentioned that the similarities are very profound. In project management as well as in process management, the main focus of the coaching is on the methodological competencies and provide added value for the instructed persons by introducing experience, tools and techniques.

From the structural organization perspective project and process management are contradictory. Projects are organizations for a certain time period with a defined end and processes are recurring procedures over a long time period. So the assigned roles are also different. The roles of the project management are only integrated into the organization for the duration of the project and require links to the existing structure. Since the projects themselves are only designed for a certain time, but usually several projects run in parallel and new projects are started, the *project management office* (PMO) has proven to be worth the effort of establishing it. The tasks can be coordinated via the PMO and the project-relevant roles can be supported. Trained project managers can be located there in an organizational manner in order to be recruited for upcoming projects based on their abilities and experiences.

It is the opposite with the roles of process management. Processes are recurring activities that are permanently installed in the company. Therefore, these roles are permanently required to achieve the objectives and quality of the processes. In order to generate an overall view of the business processes, to recognize mutual interactions and to make use of synergies, it is recommended to implement a *process management office* (PcMO). Within this PcMO, basic process definitions can be made and assigned to persons with the role of a process manager.

Discussion and Recommendations

Project and process oriented organizational structures are often implemented decoupled from each other. This approach results in duplication, overlapping, misunderstanding, and power struggles between project and process activities. Wasted resources and inefficiencies are the logical consequence. The risk of failed projects and inhomogeneous processes is significantly higher because of the mentioned facts than in a coordinated procedure. A paradigm shift away from the purely function-oriented organizational form to a dynamic process-orientation has already started.

Where project or process thinking is present, it is simply possible to focus on the other management discipline since the approaches and prerequisites are already given from an organizational and personnel perspective. In a way projects and processes are like Siamese twins. Modern management approaches already provide improvement processes, which sometimes even end up in projects in order to develop, implement and sustain the desired optimization measures within the company. At the same time, various processes are taking place in projects which are intended to ensure progress, target achievement and compliance with the planned resources in the given time and the required quality. Interactions of this kind require a coordinated structural organization and a harmonious interdependent procedural organization.

The exploitation of synergies between the two management disciplines and the efficiency increase in the delivery of entrepreneurial activities are fundamental topics for sustainable success. This includes a clear understanding of the roles of the employees, efficient communication channels and a motivating approach to the team members. Within organizational structures, personnel aspects such as management styles and management



approaches are becoming increasingly important as they represent a decisive basis for the achievable output, both in projects and in processes.

Within all organizational structures taken under research, permanent structures of divisions, departments and hierarchies are installed. Within these well-defined structures more or less systematically managed processes are implemented and executed to support entrepreneurial tasks. A fitting supplement are for example projects that cover specific, complex and unique requirements to fulfil set goals. From the already mentioned commonalities and differences from an organizational viewpoint someone can come to the conclusion that projects and processes are not considered holistically although synergies could be generated.

The implementation of a *joint project and process management office* and the anchoring of this organizational unit in the organizational chart would strengthen the importance of these two subjects of research and thus strongly remarked in the structural organization. The systematic control and central organization of the projects and processes by this department generate a holistic view. This allows a direct derivation of the objectives from the company strategy. Based on this, suitable operational activities can be derived for the company within projects or processes.

In addition to all undoubtedly very important questions concerning the appropriate organization, the human factor is one of the most important resources in many companies in order to successfully compete in the market. This is because organizations are also seen as social entities in which people act with all their strengths and abilities, but also have weaknesses, fears and needs that play a role in the work performance. For these reasons, the respective management and the appropriate management style is required in order to employ human resources in the best possible way.

1. Recommended course of action

What can be seen from the findings above the possibilities and prerequisites are very complex and most of the time decision makers are not always aware of all relevant aspects, conditions and measurements. Table 3 shows the analytical dimensions that should be taken into consideration. Examples of these dimensions are aspects of upcoming tasks, the own company's structure or personnel aspects on the horizontal axis and projects, processes or line tasks as vertical categories.

In order to be able to derive recommendations for the top management the most appropriate analytical dimensions are related to criteria of interest and categorized according to the vertical axis. By individually weighting the features according to frequency of assignment a big picture can be derived and used as recommendation for organizational decisions.

Table 3

Analytical Dimensions for Decisions on Projects, Processes and Line Organization

Analytical Dimension	Project	Process	Line
Upcoming task:			
Importance for the organization	high	medium	low
Size of the task	high	medium	low
Risk	high	medium	low
Complexity	high	medium	low
Execution time	long	medium/short	short



Necessity of central control	high	medium/low	Low
Routine task	not suitable	suitable	suitable
Cross departmental activity	suitable	suitable	not suitable
External resources	suitable	partly suitable	not suitable
High coordination effort	suitable	partly suitable	not suitable
Organization:			
Structural organization is related to	flexible structure, project thinking, short decision paths	clear flows, process thinking, customer orientation	hierarchy, long paths
Procedural organization is related to	“ad hoc” processes, divisional thinking	predefined processes and use of experts	formalism and bureaucracy
Personnel aspects:			
Leadership style	democratic, situational	democratic	autocratic, democratic, laissez-faire, situational
Management by – approaches	objectives, projects, participation	objectives, participation	decision-rules, exception, delegation, objectives
Roles are defined and aligned for	projects	processes	line tasks

Source: author's research findings

Conclusions

Structural and procedural organization, leadership styles, management approaches and the personnel roles within an organization are narrowly connected topics which show mutual interaction. After closer consideration, organizational and personnel aspects of project and process management commonalities clearly dominate. A common consideration of both subject areas is extremely recommended.

Due to demanding day to day business decisions have to be made too fast and under a recognizable time pressure. Under these circumstances the author recommends to install suitable precautions. One possible organizational and personnel element could be a joint project and process management office as additional organizational unit to function as link between line organization, projects, processes and the top management.



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