Managing Temporary Organizations: Challenges and Prospects

NGIGE CHIGBO D. Ph.D

Department of Business Administration, Faculty of Management Sciences, Anambra State University, Igbariam Campus, Nigeria

ABSTRACT

This paper examines Managing Temporary Organizations: Challenges and Prospects. It is basically an exploratory analysis. The paper explores the special challenges created by virtue of the temporary character of an organization, especially with regard to the kinds of people typically assigned to it, the work process that generates its output, the special demands made of its manager, and a host of other human resource management challenges. It also offers a number of prospects/potential benefits of temporary organizations to the economy/the study of organization and management. Awareness of the challenges inherent in the nature of temporary organizations coupled with the appropriate management responses and their prospects to the economy/the study of organization and management; can hopefully permit us to function more productively as members of temporary organizations, and thus offers suggestions to those who manage people.

Keywords: Temporary Organizations, Projectification, Managing, Challenges,

1. INTRODUCTION

When one considers the amount of attention paid to forecasting the future in many different areas, the future of large organizations and of their management has received surprisingly little attention. One common theme that emerges from the limited amount of work done is the assumption that a significant future characteristic of large industrial organizations- and probably large organizations of any sort- will be an increasingly fluidity in their internal mode of operation. A major portion of their work will be accomplished by temporary teams that are formed for specific purposes. These teams will generally be composed of people taken from various parts of the organization, brought together for the particular task, and then presumably disbanded and returned to their permanent locations.

In view of this, it is likely that in contemporary times and in the future that large organizations will become a mixture of more or less permanent assignments interspersed with, and perhaps underlying, a kaleidoscope of temporary assignments such as projects, task forces, or study teams, which are created temporarily for specific work and then disbanded once the work is completed. Thus, one of the most important trends in modern organizations is that of temporary, project-based structures becoming the everyday work environment for an increasing amount of individuals. In this regard, many firms are going through something that could be referred to as ‘projectification’; a general development process in which firms to a greater extent focus their operations on temporary organizations/projects, project management and various types of project-like structures (Engwall, Steinthorsson, and Soderholm, 2003; Midler, 1995: 363-375). This trend has several implications for traditional ways of thinking when it comes for example, management, organization, employee relations and contracts.

March (1995: 434) lends credence to this increasing use of temporary organizations in modern times by saying that in such a throw-away world as we have now, that organizations lose important elements of permanence… Throw-away- personnel policies, where emphasis is placed on selection and turnover rather than on training, development and learning which have become common in modern business, and even in politics and marriage. In other words, the new organizational ideal causes organizations to lose “important elements of permanence”, which should imply significant challenges for temporary organizations cum project-based organizations (PBOs) compared to more traditional functional structures (Galbraith, 1973). Consequently, this paper will thus argue among other things that of all the numerous challenges facing temporary organizations that one such important challenge has to do with the management of human resources (HRM), since temporary organizations/projectification considerably changes the relation between the organization and the people working in it.

Nevertheless, the interest for the growing importance of flexible organizational structures is not new. Researchers paid attention to this development already in the 1970s and 1980s. These studies did not look at the nature of temporary organizations/project-based structures per se, but rather identified the emergence of more flexible organizational forms in terms of, for instance, matrix structures (Galbraith and Nathanson, 1978) and ad hoc structures (Mintzberg, 1983).

Many of the studies which analyzed the general organizational development in modern industry refer to a need to face the challenges of a higher degree of globalization, uncertainty and complexity, and a fast technological advancement. The historical study by Hatch (1997) on organizational change and her overview of the literature
on organizational change supports the fact that contemporary organizations are facing a great deal of challenges from globalization, uncertainty and complexity, and a fast technological advancement. It also indicates the organizational responses; increased organizational flexibility and increased employee commitment and responsibility. In other words, Hatch (1997) asserted that this development cum scenario leads to the creation of ‘post-industrial organizations’ where the organizational borders are indistinct, or have disappeared, and where employees to an increasing degree work in temporary teams where they represent a certain area of expertise.

The development described by Hatch has found prodigious research and intellectual support in the Sociologist and organizational theorist Wolf Heydebrand. Heydebrand (1989: 337) puts temporary organizations/projects at the centre for the analysis of modern firms and societal structures and argues that project-based structures or rather temporary organizations are a prominent feature of many modern organizational forms. He states that modern organizations are staffed by specialists, professionals, and experts who work in an organic, decentralized structure of project teams, task forces, and relatively autonomous groups.

Early studies also point to important challenges brought about by the development towards flexible temporary organizations/project-based structures. For example, Galbraith and Nathanson (1978) highlight the changes in performance measurement/management and career structures, and the need for a strong human resource department to aid in such development processes.

More recently, a number of broader empirical studies have illustrated the trend towards temporary organizations/projectification. The survey by Whittington, Pettigrew, Peck, Fenton and Conyon (1999: 583-600) shows that a wider use of temporary organizations/project-based structures was one of the most evident changes in large European firms during the 1990s. It is therefore not surprising that a significant number of researchers have focused on studies of temporary organizations/projectification, in order to expand the knowledge within the field.

This field of research can be divided in two streams, one analyzing the temporary organization/projectification process on a macro- level and the other one on a micro-level. The stream that analyzes temporary organizations/projectification on a macro-level deals with the general trend in modern industry to increasingly use various forms of project-based structures (Ekstedt, Lundin, Soderholm and Wirdenius, 1999; Soderlund, 2005; Whittington, et al., 1999). This trend holds various dimensions but focusing on the organizational structure of modern firms, and that the increased occurrence of temporary organizations/project-based organizations (PBOs) should logically consist of two change patterns (1) that new firms increasingly start off as temporary organizations/project-based organizations (PBOs) and (2) that traditional, functional organizations change into relying more on temporary organizations/project-based structures.

Nevertheless, the stream of research that analyzes projectification/temporary organizations on a micro-level focuses on this second change pattern and deal with the temporary organization/projectification process in local firms that are moving or have moved from functional to temporary organizations/project-based structures (Lindkvist, 2004; Midler, 1995). The studies of the micro-level of temporary organizations/projectification provide valuable examples of specific temporary organization processes and they contribute to the general knowledge of the management of temporary organizations/project-based organizations.

Midler’s (1995) study of the French Car Manufacturer Renault- one of the most famous examples of studies that focus on the micro-level of projectification- stresses the need for studies on “the relation between the development of temporary organizations (as project teams) and the permanent structures and processes within the firms (Midler, 1995: 373).

Thus, in today’s world, temporary forms of organizations are growing in relevance and increasingly, the creation of economic value is organized in temporary organizations/projects. While the construction industry certainly remains the traditional point of reference for this development, other economic sectors such as the creative industries have become the new emblem for this form of value creation process. Perhaps most interestingly, however, is that even value creation processes in traditional organizations like automobile manufacturers have been diagnosed as being ‘projectified’ or in the form of temporary organizations.

Despite the continuous spread of temporary systems that transcend the boundaries of single organizations more often than not, we do not seem even close to getting away from a society of organizations (Perrow, 1995); and some already speak of a temporary organization economy/project economy or even project society. It is thus against this theoretical background that this paper uses insights from organization studies to explore Managing Temporary Organizations: Challenges and Prospects.

2. TEMPORARY ORGANIZATIONS: NATURE AND MEANING

The term temporary organizations or project-based organizations (PBOs) are normally used to describe the organizational form at one extreme of the scales, where the project structure dominates and the functional structure is non-existing or downplayed. To Hobday (2000: 874-878) a temporary organization refers to one in
which the project is the primary unit for production, innovation, and competition, and where there is no formal functional coordination across project lines.

There is a problem with this definition by Hobday. On the one hand, it is delimited to the organization of core activities, i.e. the activities that are primarily directed towards the creation of core products or services, which form the base for the organization’s revenues (Prahalad and Hamel, 1990). On the other hand, it rules out the possibilities for other activities, for example those related to what Midler (1995) refers to as “permanent structures and processes within the firm” to be organized through functional coordination. Lindkvist (2004), however, suggests that functional coordination might exist also in temporary organizations, for example in terms of competence layers. For researchers who focus on production, innovation or competition, the definition of Hobday is probably well suitable. However, for other researchers who focus on the other dimensions including the HRM dimension for the understanding of temporary organizations, it seems to miss out on important aspects. Thus, separating the temporary organization process from the development of permanent structures and processes opens up for alternative views of temporary organizations.

Projectification or rather the process of becoming temporary organizations does not necessarily lead to a total dominance of the project structure over the functional structure. For instance, when it comes to human resources management it is rather a question of redistribution of responsibilities. It is also a matter of variations in the balance of human resource management (HRM) - and task responsibilities for the different players in the organization. This view point of temporary organizations does not agree with Hobday’s observation that a temporary organization cannot have any form of formal functional coordination across the projects. Thus, the definition by Lindkvist (2004: 5) opens up for other forms of temporary organizations. In other words, there are two different types of temporary organizations depending on their origins or on the two change patterns as described by Ekstedt, et al, (1999); Whittington, et al, (1999) and Soderlund (2005). The first type is the original temporary organizations which denominates organizations created as project-based from the start and that hence have no history of organizing their core activities in functional structures. The second type of temporary organizations is the projectified temporary organizations, which implies that the organizations have gone through (or are still going through) a development from functional to project-based structures. This second type of temporary organizations includes large organizations that have an increasingly fluidity in their internal mode of operation; meaning that a major portion of their work will be accomplished by temporary teams that are formed for specific purposes. These sort of organizations are thus a mixture of more or less permanent assignments interspersed with, and perhaps underlying, a kaleidoscope of temporary assignments such as projects, task forces, or study teams, which are created temporarily for specific work and then disbanded once the work is completed. Thus, one particular example of temporary organizations are those created in the R & D departments of modern organizations. In this sense, temporary organizations created to prepare proposals, evaluate problems or opportunities and propose solutions, resolve crises, develop prototypes or new designs, etc, are a way of life in research and development (R & D). Therefore, it is perhaps inevitable that in an activity devoted to the creation of change, the patterns of organization would exhibit a considerable degree of fluidity and temporariness.

Consequently, not all activities in temporary organizations necessarily are organized in projects, but that the project is often times the primary unit for core activities. The question then is, what consequences and challenges do temporary organizations pose to ‘permanent’ activities and processes that are not primarily related to the core activities, for example; competence development, assessment, wage issues/waging, etc.

3. CHARACTERISTICS OF TEMPORARY ORGANIZATIONS

Having established/reviewed what a temporary organization is all about, the next step is to analyze the characteristics of temporary organizations. In starting this analysis it is necessary to establish some boundaries because a large variety of temporary organizations will undoubtedly be created in the future operations of large corporations, and it is therefore necessary to specify the type from which this analysis is drawn. The temporary organization under consideration in this paper has three significant characteristics.

The first is the nature of its objective. The organization may be regarded essentially as a “one-act-play”. A specific task is assigned. This task frequently will involve a paperwork output in terms of a study or appraisal recommending a plan of action on a technical problem or preparing a contract proposal. In some cases, it may involve the preparation of prototype hardware or the accomplishment of technology transfer. It has many similarities to a project organization that typically has a single goal to achieve, at the end of which the people manning the project will seek employment elsewhere. In most cases, because of the specific convergent nature of the assignment, the objective is put on a “best effort” basis; i.e. within an allotted time the people assigned to the task will produce the best result of which they are capable. Sometimes, the sponsor has no clear idea of the results he wants.
The second characteristic, not unexpectedly, is that the organization operates in a specified and limited time frame – by such and such a date a task will be completed. No extension of time will be permitted, and thus time becomes a dominant factor in determining how much work can be done; in effect, performance goals are scaled to fit the time available. In some cases, the time scale is simply specified as requiring the accomplishment of a specific assignment as rapidly as possible, without indicating the due date for completion.

The third characteristic of these temporary organizations involves the unusual character of the staff. The people typically come from a variety of locations throughout the larger parent organization. They are assigned on a temporary basis, which may be part-time work scattered over several months or full-time work for a shorter period of time. The important thing is that the workers must have permanent assignment elsewhere in the parent organization. Hopefully, they are put on this task because they possess specialized skills that are regarded as important to the completion of the work. They might also be put on the task because they are regarded as dispensable by their parent component. However, their own career assignments are in other parts of the organization and their own aspirations for advancement or increased stature are focused on the more permanent structure that exists elsewhere in the total organization.

Furthermore, these people frequently come from a variety of assignments in the larger organization. They represent different ages, levels of experience, and levels of responsibility. They constitute a veritable menagerie of interests, skills, and points of view. The initial status structure of the temporary group could be described as chaotic. It has no coherent hierarchy. The people thrown into the melting pot come from different statuses in their permanent assignments; they have differing expectations of how to be treated in this temporary organization, and of how much influence and control they should have over its operation. In addition, their initial commitment to the task of the temporary organization is at best uncertain. In many cases their understanding of why the task is being performed or why they were chosen to participate is quite limited. Their own commitment to the success of the operation has yet to be created, and in many cases they come to the operation with what could be termed a hidden agenda. They hope the group will eventually accomplish selected goals that will redound to their advantage or to the advantage of the permanent group that they believe that they represent in the formation of the temporary organization. These hidden agendas or implicit objectives may or may not be destructive to the work of the group, but they must gradually be identified – at least covertly – and reconciled with the work of the group.

4. CHALLENGES IN MANAGING TEMPORARY ORGANIZATIONS

The first challenge in managing temporary organizations lies in the fact that the operation of these organizations frequently generates substantial group anxiety. In this regard, the demand for guidance and defining the objectives of the organization incidentally generates considerable anxiety and tension within the group. Thus the group faces a task in defining its work; what does the sponsor really want? Does the given assignment appropriately define what is desired?, etc. In view of this, it is not surprising when one considers the characteristics/circumstances under which these organizations were formed that the work of a temporary organization is an anxiety-ridden, tension-filled physically exhausting activity. The operation of these temporary organizations frequently generates substantial group anxiety. The group is operating in real time, sometimes in accelerated real time, where the completion of the task in the prescribed time is in itself perhaps the most challenging aspect of the work to be done. On the one hand, there are the usual problems and anxiety associated with learning to work in a new group, coming to grips with new people, and learning to be effective and establishing one’s place in the hierarchy of a new organization. On the other hand, this normal anxiety is in every case heightened and compounded by the challenging cognitive problem (i.e. the demand for guidance and defining the objectives) for which the group was created and with which it must deal. In this situation the first thing that usually happens, i.e. the appropriate group response is that the members of the group turn to the manager and demand that he supply clear sailing orders. There is an assumption, either explicit or implicit, that because he is the manager of the group, he knows more about why it was formed and what its objectives are (i.e. if they are not clearly stated by the sponsor), and more about the nuances and subtleties of the environment in which it will operate than do the other members of the group. Consequently, he is expected to be in a position to give them clear and explicit instructions so that they can get on with the work.

In fact, the group’s demand for guidance contains a substantial element of the search for a means to relieve the anxiety generated in the course of coming together. Frequently, the leader knows little more than the others about why the group was formed or how it is to function. His lack of sufficient information to provide explicit sailing orders is frequently regarded as a sign of weakness by the rest of the group, and there may be an expression of either overt or covert disappointment that the group isn’t receiving very effective leadership.

The second challenge in managing temporary organizations is the challenge of developing the right methodology and the information to be used in accomplishing the groups work. In this regard, there is generally an expectation
that the leader will provide at least the initial methodological tools for the group to begin its work. Not surprisingly, he is frequently in no position to do so, and even if he is, the group is not yet in a position to make effective use of the tools. Thus, the recognition that the leader does not have these tools, that the development of the necessary methodological tools is one of the challenges that the group faces, and thereby creates hostility and an expression of disappointment that the leader is not being effective in providing for the needs of the group. This concern over methodology is two dimensional, with one dimension reflecting objective need and the other representing an attempt to deal with the anxiety that the group is generating. One means frequently devised or rather the appropriate management response for dealing with this anxiety is for the group to engage in what one might term “busy work”, i.e. extensive efforts to collect data, check the literature, conduct interviews, or make relatively obvious analyses. These projects are thus undertaken with considerable vigour or enthusiasm, largely because they at least represent something tangible that the group can undertake, leading it to believe that it is indeed making progress and thus helping to relieve its anxiety.

A third challenge in managing temporary organizations is the process dynamics challenge. Hence, besides the early demand for guidance coupled with the consequent anxiety generated by it and the challenge of developing the right methodology and providing the necessary information to be used in accomplishing the groups work (i.e. the output oriented aspect of the work of the group, which involves the accomplishment of its specific task), the pressures generated to sort out and establish the process dynamics required for the group to be able to function together; will effectively block rapid early progress toward the group’s objectives and is therefore a challenge in the management of temporary organizations. Process dynamics entails that members of the group somehow or another have to learn to work together by minimizing conflicts. In process dynamics, one faces in heightened form many of the classical features of group interactions, heightened primarily because of the shortened time scale and the requirement to achieve specific goals under considerable pressure. Hence, these people are likely to have never worked together as a group and many of them may have had little experience in participating in group activities. Under these circumstances, the first thing to establish is the interaction mode. How will conversation occur in the group? How will people be recognized? What sort of rules will the group adopt to govern its deliberations, its scheduling of the time of meetings, the length of meetings, the subject matter of meetings – all the things that have to do with how the group will go about accomplishing its task? This therefore represents a challenge in the management of temporary organizations. The appropriate management response may lie in the leader or manager of the group providing some suggestions or a schedule for this kind of activity on the part of all the people. In this regard, there is much probing among members to uncover strengths and weaknesses, to identify individual modes of operation, to discover how best to approach people in order to be effective with them. Much time will inevitably be devoted to this task while the group goes about the extrinsic function of completing its work.

Moreover, there is the challenge of balancing political considerations against work-oriented criteria in reaching a consensus in the form of a report, in the management of temporary organizations. In this sense, throughout its work the temporary organization will encounter a persistent concern over the credibility of its final output (be it report, prototype, or final design), and will struggle with the problem/challenge of balancing political considerations, which may affect the credibility of the result, against work-oriented criteria, which will determine its intrinsic value. Thus, this final stage requires that the group reach a consensus by some means or another, and the manner by which it is done is one of the things with which the group/temporary organization must struggle. Usually, there is insufficient time to talk through and solve all problems. In some cases, the chairman, some other individual, or an alignment of power in the group must essentially force a conclusion and resolve conflict, not necessarily in the most desirable fashion but in a way that recognizes the inexorable imperatives of the time scale in which the work is being conducted.

Furthermore, project/temporary organization managers as well as other members of temporary systems seem more- or-less capable, not only of handling the continuous lack of time, but also of dealing with the challenges of temporary membership, for instance a lack of commitment due to temporariness of the task. Nevertheless, Engwall, et al. (2003: 130) are of the view that as organizations move into temporary type of organizations/project-based structures, that human resource management, hiring of staff, and competence development all seem to be affected and thus becomes a challenge. Furthermore, issues concerning working life must be readdressed in this new corporate context design. From the perspective of the individual employee, factors like motivation, commitment, empowerment, job satisfaction, time pressure, and medical stress seem to reconceptualized in the projectified context – and this represents a challenge.

Hobday’s (2000) study of the effectiveness of temporary organizations in managing complex products and systems lends credence to this view point. Hobday (2000: 885) is of the view that temporary organizations creates a high pressured work environment that had left little space for formal training or staff development, and a lack of incentives for human resource development. He also argues that temporary organizations can breed insecurity over career development because of the dispersion of technical leadership across projects. Allen and
Katz (1995), Eskerod (1995); and Larsen (2002) in their study of the Danish project-based company, Oticon supports this observation by pointing to changes in career structures in temporary organizations. Other studies identify challenges/problem with staffing and resource allocation (Clark and Wheelwright, 1992; Engwall and Jerbrant, 2003). Midler’s (1995) main concerns in his study of the temporary organization/projectification process of Renault is the difficulty to maintain the long-term technical learning process when the organizational structure promotes short-term objectives. Midler also points to the need for changes in people assessment and career management. However, some researchers argue that the increasing ill-health in work life can be explained by the increased demands and responsibilities placed on employees and the lack of management and support systems to aid the employees in handling this development (Strannegard and Rappe, 2003).

5. PROSPECTS INHERENT IN MANAGING TEMPORARY ORGANIZATIONS

A number of prospects accompany the proper management of temporary organizations. In this regard, in the contemporary world, temporary forms of organization are growing in relevance and increasingly, the creation of economic value is organized in temporary organizations. This creation of economic value is not only with respect to the construction industry, other economic sectors such as the creative industries have become the new emblem for this value creation. Perhaps most interestingly, however, is that even value creation processes in traditional organizations like automobile manufacturers have been diagnosed as being projectified; i.e. encouraged by the creation of temporary organizations. In this sense, temporary organizations also encourages the development of core competencies and career development, and thus adds to the competitiveness of firms. Moreover, the understanding of temporary organizations and the challenges they face as opposed to functional organizations offers real prospects to the management of organizations in understanding the relation between the individuals and their organizational context. In this regard, temporary organizations as one of the new organizational forms are important driving forces for changes in HRM practice. Thus, the development of new, flexible organizational forms puts a new focus on co-workers and on competence issues, instead of on task and work as was the case earlier. Hence, the prospect is on the development of a high quality, flexible workforce, which places higher demands for the HRM practice. As Guest (1991) puts it, HRM needs to respond with the speed and flexibility that the environment requires, and the move towards organizational flexibility challenges traditional personnel management.

6. CONCLUSION

This paper has reviewed managing temporary organizations: challenges and prospects. It thus explored the special problems/challenges created by virtue of the temporary character of an organization, especially with regard to the kinds of people typically assigned to it, the work process that generates its output, the special demands made of its manager, and a host of other human resource management challenges. It also offers a number of prospects cum potential benefits of temporary organizations to the study of organization and management. The outline/review of the challenges has attempted to demonstrate that much of apparent inefficiency and wheel spinning is inherent in the nature of temporary organizations. It reflects the work that must be performed to create the process dynamics necessary for the functioning of the group, and the “working out” of the perfectly valid anxiety generated by the severe time pressures and complexity of the assignment. Awareness of the relevance of the “inefficiency” and anxiety can hopefully permit us to function more productively as members of temporary organizations.

REFERENCES

CALL FOR JOURNAL PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There’s no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** [http://www.iiste.org/journals/](http://www.iiste.org/journals/) The IISTE editorial team promises to the review and publish all the qualified submissions in a fast manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

MORE RESOURCES


Recent conferences: [http://www.iiste.org/conference/](http://www.iiste.org/conference/)

**IISTE Knowledge Sharing Partners**

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library , NewJour, Google Scholar