

## PROJECT MANAGEMENT AS AN INSTRUMENT FOR ORGANIZATIONAL DEVELOPMENT

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**ABSTRACT.** Project management is an open system of knowledge, skills and practices, which is widely used in the process of organizational development. In recent years, it has established itself as a good instrument for this purpose. Its application allows the organization to adapt to the environment and to achieve the expected economic results. Each project means a change in the desired direction. This change is purposeful, structured, organized and planned so that it suits the strategic development framework of the organization. Change management is an inevitable component of modern management process. The existence of any organization is directly related to its suitability and capacity to manage the change in all the life cycle. The implementation of project-oriented approach is appropriate and effective tool for management of change, and on this basis for organizational development.

**Keywords:** project management, management of change, organizational development, project

### УПРАВЛЕНИЕТО НА ПРОЕКТИ КАТО ИНСТРУМЕНТ ЗА ОРГАНИЗАЦИОННО РАЗВИТИЕ

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**РЕЗЮМЕ.** Управлението на проекти е отворена система от знания, умения и добри практики, която намира широко приложение в процеса на организационно развитие. През последните години то се утвърждава като добър инструмент за целта, който позволява на организацията да се адаптира успешно към обкръжаващата я среда и да постига очакваните икономически резултати. Всеки проект означава промяна в желана посока. Тази промяна е целенасочена, структурирана, организирана и планирана, така че да се вписва в стратегическата рамка за организационно развитие. Управлението на промяната е неизбежен компонент на съвременния управленски процес. Функционирането на всяка организация се намира в пряка зависимост от пригодността ѝ да управлява правилно промяната. Прилагането на проектноориентирания подход е възможен способ за ефективното ѝ управление, а оттам и за растеж и развитие.

**Ключови думи:** управление на проекти, управление на промяната, организационно развитие, проект

### Introduction

The boom of world economic and technological development we have witnessed during the past decades, makes the changes in the economy, politics and techniques an inevitable and objective necessity. Significant factors, among which the scientific and technological progress, globalization, integration and internationalization lead to an accelerated transformation of the social culture, values, attitudes and patterns established. Their divergent influence forces organizations to cope with complex challenges in order to survive and progress. Current economic prospects are drawn by increasingly fierce competition and the continuous technology improvement. As a result, it is particularly important for each organization to work more efficiently, with better quality and faster, not only to maintain its positions but also to achieve new ones. This is a difficult undertaking and requires the application of a special approach, which should focus on change and its management with a view to achieving organizational development. Finding appropriate mechanisms, techniques and methods for that purpose, in conformity with the new realities remains relevant for any organization which is focused on successfully overcoming the contemporary economic, technological and

social challenges. It continues to be the subject of scientific discussions in search of the best solution in current conditions.

The present study is based on a critical review of selected theoretical considerations. An analysis and a summary of some good practices in this field have been performed. Its purpose is to reveal the potential of project management as a good way of organizational development. This in principle new methodology allows the organization to adapt more successfully to the surrounding environment and to achieve the results expected.

### Project and Project Management - Theoretical and Applied Aspects

From a theoretical point of view, the project is most often defined as an intention, concept for implementation, a plan, or a scheme for creating something. It is an activity of applying knowledge, skills, methods and techniques to satisfy the needs and expectations of the stakeholders (PMI, 2011). These knowledge, skills and methodological tools have been grounded and summarized in a comprehensive methodology. As a result, they are completely applicable to different

parameters of the project specification - economic, technical, technological, legal, social and environmental.

From a practical point of view, the project is a system process that is planned, organized, directed and controlled, i.e. managed. It is distinguished for its great dynamism, resulting from the internal organizational environment and its external environment. Its development from the start to the end point shall lead to the achievement of the final result. The examination of the project as a system process raises the question as regards its organization, administration and management. The creation of a specific product - a product or service whose marketing would lead to economic or other benefits secondary to the organization is usually indicated as a main purpose. The project undertaking supposes activity, initiative and entrepreneurial impulse in order to be launched. Its successful completion depends on the efforts on behalf of the main initiator (sponsor), the manager and the project team from the ideological concept to the achievement of the expected result.

The beginning and end of each project are clearly defined and developed within the defined framework of time, scope and quality. The limitations of this process result from the target set and the resources available to ensure its realization. The project implies a certain investment to be made related to investing time and funds for implementation. The resources invested are of a different nature - financial, technical and technological, energy, human, information, etc. They define the project parameters and establish the respective requirements and limitations. The opposite applies also, the parameters are directly dependent on the resources available. The analysis of good practices shows that the project is a good tool for their organization. That is why it is an undertaking suggesting a targeted approach. The project process requires structured, organized, planned, coordinated and controlled impact by the manager and active interaction between the members of the team constituted to fulfil the target set. This target must be clear, particular, measurable and realistic to the framework established.

The purpose of the implementation of any project is a positive change to be achieved. Entirely logical, performing such complex assignments in a specific organization leads to the development and improvement of its capacity to adapt successfully to the environment and to be highly effective. Such an approach provides an opportunity to economize the activity and increase the capacity of the organization to change pursuant to the current economic requirements and to keep pace with the leading trends.

The temporary nature and uniqueness of the project, as an independent subject of management, make it strongly different from routine operations and "ordinary" business (Dinsmore et al, 2005). The difference in principle between the current activities and tasks and the project ones requires the application of different management practices and approaches. The need to satisfy this necessity gradually transforms the project management into independent scientific and research field which is of substantial interest. Over the past sixty years, it has also become a working method for achieving strategic purposes and organizational development.

The project - as a comprehensive and complex undertaking - should be managed. The project management is an open and developing system of knowledge, skills and good practices accumulated up to now. The ideological concept of this methodology arises because of the pragmatic need to differentiate and reconcile the processes of management of the present activities of the organization, change management and innovation management (Andreev, 2006). Since the mid-fifties of the last century, it has been successfully used in the development of engineering projects. The success of this current methodology is not surprising. The reason is the proven practical benefits for the organization: providing flexibility, competitiveness, productivity, responsiveness and adaptability. The significant results achieved in its application lead to the fast spreading thereof and entry into practice in all fields of business activity.

Project management may be used in practice by any organization because it is a comprehensive system applicable to its current features and to the increased requirements of the external environment. It is a working and accessible mechanism for both small and large organizations realizing a wide range of purposes. Its usefulness in a different context makes it highly valued by the organization's management. Through its implementation sustainable organizational development is achieved, based on innovations, modernization and improvement on different structural hierarchical levels. However, the difficult transitions from one condition to other, which shall be performed in a timely manner, are easily performed namely by project's implementation and application of appropriate management methodology.

## **Change and Change Management – Theoretical and Applied Aspects**

"There is nothing permanent except change." This Heraclitus maxim is of more than 2,500 years, but today it continues to be completely valid, especially in business. After years of fruitless efforts for organizational change, it is clear that the knowledge about this process is of critical importance to success. Many authors indicate in their works that the project and its management may be revised exactly as a process of organizational change. The issue of development and change continues to be a subject of serious research interest (Jones et al, 2005; Turner & Müller, 2005; Gilley et al, 2008; Standish Group, 2013).

In the literature, change is most often understood as moving to a desired condition and achieving the main purposes set in the strategic framework of the organization. It involves the implementation of new procedures, the introduction of current technologies and managerial approaches, modernization of work organization, raising the standards, the development of human capital, etc. According to Burnes (2004), the change is a constant characteristic of the organization existence, on operational and strategic level. It may be presented as acceptance of a new idea or behaviour. In summary, the change involves making improvements to influence the way individuals and groups work and interact with each other. Introducing new processes and technologies may change the way of work performance, redefine roles and responsibilities or improve the structure and organization of work. Often this

leads to other expectations, new operations, systems and tools, partnerships and relationships. In practice, however, the change is the only adequate response of the organization to the influences of the external environment, whether they have positive or negative influence of its functioning and results. It is usually caused by the dynamics of the environment of the organization. This is a response of the influence of factors on which the organization has no or has only limited control, such as legislation, the institutional framework, environmental requirements, competition, consumer attitudes, business and social environment, etc.

In order to be successful, any change must be targeted, planned in advance, organized and controlled. It should be part of the strategic framework and future prospects for development of the organization. Now, its survival, feasibility and progress are directly related to its capacity and suitability to make the right changes in time. Whether the change is operational and transitional or general and strategic, it is a prerequisite necessary for organizational development in the conditions of rapid progress of technology, integration and globalization.

In the contemporary theory of management, "change" and "project" are related concepts. One of the reasons for this is that the concept of good change is at the core of each project concept. Thus, the change management becomes an inevitable element of the management process. That is why, over the past decades, there has been an increasing interest in the use of the project approach as a method of organizational change realization (Crawford et Hassner-Nahmias, 2010). The existing practice of many organizations having high performance in different fields of activity shows that it may be successfully performed and on the grounds of the targeted projects realization. This contributes significantly to the synchronization of the internal and external environment and increases efficiency, productivity and competitiveness. As one of the most important parameters, the competitiveness is directly dependent on the responsiveness to change.

Current world statistics for international organizations having high performance indicates that:

- 89% of them evaluate project management as successfully working and effective mechanism for growth and development;
- 81% of them actively participate as project sponsors;
- 57% of them consider the implemented projects with their business strategy;
- 54% of them acknowledge that they understand the importance of the project management for increasing their chances of success in strategic initiatives;
- 60% of those applying the methodology achieve the results expected, while for those who do not apply it, the percentage is 51%;
- 59% of them already use the toolbox at one or more departments or throughout the entire organization (PMI, 2015).

A careful analysis of these data shows that the approach is already widespread. The successful experience of the large companies also gives reasons for the smaller ones to focus on its application. One of the reasons for this is that it is available and working method for organizational development.

Change management, as one of the most significant elements of development, represents a process of continuous adapting of the direction, structure and possibilities of the organization to respond to the constantly changing needs of current and potential customers (Moran & Brightman, 2001). This process requires flexibility and complexity that project management offers. In a dynamically developing economic environment, such type of management becomes an important part of the growth and sustainable progress strategy of a highly efficient organization.

In the contemporary social and economic conditions, the process of development requires continuous and targeted change. Typically, this change, in a similar way to the project itself, is preliminary planned, organized and formulated as a specific assignment. The need for change throughout the life cycle of the organization is objectively justified because it is the only adequate response to significant external environment dynamics. The change is due as a result of the influence of different factors - economic, political, legislative, institutional, social, environmental, technological, technical, information, etc. Each organization operates in a turbulent environment and experiences the influence of a set of factors. The external environment is characterized by many factors: unpredictability, uncertainty and risk, which seriously affect the activity. Therefore, the organization should change according to the signals received. Their influence is diverging and may be revised in two main approaches – as threats to be reacted against, or opportunities that can be utilized. Nevertheless, changes are needed at all hierarchical levels - both operational and strategic level.

Each project is a "carrier of change" and main agent thereof. According to Webster (2011), the project is perceived as efforts of society to achieve changes. Behind it there is a justified need for modification and improvement of the structure, organization, models, methods or products produced. The current economic practice shows that project management may be a flexible and effective tool for change management. Based exactly on the project-oriented approach, it leads to a number of positive effects for the organization, as increasing its stability and resistance to external negative influences and shocks. Through the change, it can mostly benefit from the opportunities of growth and progress provided by the environment. The capacity of the organization to change adequately would provide it with a number of competitive advantages and would enable it to maintain and expand its market positions, taking maximum advantage of the paths opened for development.

It is clear that one of the opportunities for adequate change management is by applying the project approach. It is confirmed to be a good alternative for the purpose. The reason for this may be found in the fact that each project represents a change. Deployment of innovations and modernization is impossible through routine operations. It is usually performed through projects implementation. Each organization shall change, in order to be successful and to remain in its field of activity and not to lag. The targeted implementation of different types of projects provide opportunity for that. One of the reasons the project management to be increasingly imposed in practice is in the potential of the approach to assist positive change implementation. However, organizational change is not

a one-time act, but a continuous iterative process related to improvements, innovation and adaptability to the external environment. Its diverging influence reflects on the activity and end results. That is why very often the response to the dynamically changing external conditions is in the realization of projects that will "bring" the organization in conformity with the requirements of the environment and to lead it to improvement and growth. In any case, the change must be sought and supported by the team manager in order to contribute to efficiency increase and to improve the activities and hence the performance.

From these considerations it is obvious that "change" and "project" are related concepts. In turn, change management and project management are also interconnected processes. The nature of project management is connected with change. In conditions of enhanced economic dynamics, the only unchanged element of the management process is exactly the organizational change. It comes as a consequence of the interaction of the organization with the environment in which it operates and to whose signals reacts.

### **Organizational development through project management - opportunities and prospects**

The organizational development is a scientific trend focused on the change, the way of operation and the organization activity. This trend appears in the early 30s of the XX century as a result of research devoted to human relationships. It is found that the structure and processes significantly influence the behaviour and motivation of workers and employees. Consequently, they directly reflect on the performance of the works and the final results. The standards and values, together with the culture, establish change according to the influence of a set of different factors determining the status and dynamics of the external and internal environment.

In the course of scientific research, the old ones are expanding and new knowledge accumulates, whose practical application leads to organizational development achievement through modernization, innovations and growth. The development requires long-term efforts by the team members, which to contribute to providing opportunities to improve the capacity of the organization for solving problems and its ability to cope with changes in the external environment (French, 1972). This is a long-term process that assists the changes, and hence the achievement of better efficiency, financial results, customer satisfaction, and team work commitment (Thomas, 2008).

As contemporary practice, the organizational development is a process of implementing continuous effective modifications. It is also known as a field of applied science focused on the understanding for the need for continuous change and its proper and timely management. This is an interdisciplinary field that is related to sociology, economic psychology, motivational theories, business administration, management and economics. As the project management, the organizational development is a rapidly growing field of knowledge in which many new methods and approaches are gradually being approved. The concept, having foundations set by Lewin (1951), begins to assert itself in the mid 50s of the past century, but today continues to enrich and expand.

From a pragmatic point of view, the organizational development is associated with the successful organizational change. It aims to change people, processes and technologies (Lunenborg, 2010). The organizational development is a set of strategies for transforming beliefs, way of thinking, values and structures in the organizations aiming at their optimal adaptation to new technologies, markets and threats from the external environment (Bennis, 1969). In this sense, it should include: the possibilities for organization adaptation; the alternatives to improve the interaction between its system elements; planning processes and the internal economic analysis (Radev, 2007).

The stages the organization passes through during its evolution may be indicated by the organizational development. It is reformed during the different cycles of its life. For this purpose, modifications in structure, processes and human resources are necessary. Towards organizational development, better performance of the individual, then of the group and the whole organization by increasing its potential is pursued. A wide range of management techniques, including four basic steps are applied for this purpose:

- diagnostic / establishing the need of change;
- planning;
- implementation;
- assessment.

In short, it is about planned, organized and managed by the top effort that increases efficiency and maintains good health of the organization (Beckhard, 1969). It is inevitably linked to the implementation of the requirements of a rapidly developing external environment and approach for organizational change is possible (Mirvis, 2006; Burnes, 2007; Ramos & Rees, 2008; Boje et al, 2011;).

Now, one of the most important assets of the organization is its ability to "understand" and manage changes. It is obvious that if it does not undertake them, it will lag significantly behind its competitors and partners and will not be able to give the respective response to the external dynamics. The organizational development is related to planning, the organization's roadmap, the strategy development and follow-up, structure and processes improvement in order to improve the efficiency of the activity (Cumming and Worley, 1997). In this way, it is also linked to change and its management if they are based on the principle of the project approach.

The beneficial effects expected as a result of the organizational development process are most often related to:

- improving the organizational culture;
- profitability and competitiveness increasing.
- achieving health and well-being in the organization;
- resolving problems occurred and reducing potential future possibilities of their occurrence;
- improving the structure and processes of the organization, etc. (Egan, 2002).

The organizational development and project management are distinguished by their interdisciplinarity and their touch points to different scientific fields. The focus of project management as a scientific field and applied field of knowledge is mainly on the economic and technical aspects of change, while the focus on change management is primarily on its

social element and on human potential development. However, the common between them is their focus on change implemented through improvement. In practical terms, the processes of change management and project management are crossed during the implementation of a specific project assignment or initiative. Each of them has the necessary and critical structure to effectively achieve results. Through the implementation of project undertakings, the sustainable capacity increase of the organization is possible to be transformed, assessing the degree of objectives' achievement and its current manner of functioning and seeking ways for future progress. If we examine the organizational development as a planned, organized and controlled process of change at different hierarchical and structural levels, it is easy to be implemented and it is accessible through the application of the methodology and practice of the project-oriented approach.

## Conclusion

The new realities face the organizations with serious challenges in current economic conditions. They must comply with higher and higher requirements in order to stay on the market and continue to develop. Many of them use the project-oriented approach for this purpose. These organizations decide to change through projects implementation. The reason for choosing exactly this approach is that it provides the necessary flexibility and adaptability, allowing the performance of different undertakings with equal success at the least possible cost for resources and time. The competitiveness of the organization is directly dependent on its capacity to change, to meet the needs of customers and partners, and to be competitive. The project management allows the targeted change to be achieved through implementation of assignments of different types and scopes, hence, organizational development. The application of this methodology creates the conditions necessary for the organization for quick adaptation to external requirements and potential opportunities through change. Performing only routines does not give an opportunity for change. Therefore, other approach is needed in practice. If the project management is implemented strategically and purposefully, it is a way of ensuring the necessary complexity, flexibility and adaptability. The transformation of negative external influences and shocks into real opportunities that can be utilized may be performed through organizational change and its management. Moreover, the use of the project-oriented approach improves the human potential and thus leads to organizational development, which aims at updating competences, knowledge and skills of the management and team. The catching up of new trends and entering them takes a lot of efforts, time and cost of the organizations. However, this is a prerequisite necessary for their success.

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