

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The research is primarily focused on an aspect of project management. In this regard, the implementation of formalized project management is the subject of further investigation. The examination is limited to public sector work departments responsible for the construction activities by which building accommodation is provided.

The literature review commences in section 2.2 where the construct of an implementation strategy is examined. This section further provides the general analytical framework for the delineation of the literature review.

Section 2.3 reviews the relevant project management literature. The purpose is to gain an understanding of the content of formalized project management.

Implementing a strategy requires change. Literature related to the management of organizational change is thus reviewed in section 2.4. The purpose is to examine a general change management model for implementing formalized project management.

Where applicable, sections 2.3 and 2.4 include specific research propositions which are used as the basis for the development of the questionnaire for the empirical part of the research.

Finally, section 2.5 summarizes the literature review.

2.2 STRATEGY FORMULATION AND IMPLEMENTATION

2.2.1 Introduction

This first section of the literature review examines the construct of an implementation strategy.

Subsection 2.2.2 defines a strategy and presents the several dimensions and the different organizational levels through which strategic decisions may be characterized. A further focus point is the formulation and implementation of the strategy itself. Subsection 2.2.3 views strategy formulation from both a content and process school perspective. This distinction is also made to strategy implementation, which is presented in subsection 2.2.4. These three subsections provide the general analytical framework for the remainder of the literature review. Subsection 2.2.5 provides a summary of section 2.2 of the literature review.

2.2.2 Definition of a strategy

While objectives or goals, in general, represent the end points toward which all organizational activities are aimed (Koontz, O'Donnell & Weihrich, 1988: 62), strategies reflect the large-scale, future-oriented plans to optimize the achievement of the objectives (Pearce & Robinson, 1985: 6).

Koontz et al (1988: 63) propose that the following three definitions of a strategy are indicative of the most common usages of the concept. Strategies are:

- General programs of action and deployment of resources to attain comprehensive objectives.

- The program of objectives of an organization and the acquisition, use, and disposition of resources.
- The determination of the basic long-term objectives of an organization and the adoption of courses of action and allocation of resources necessary to achieve these goals.

Two aspects appear central in these definitions of a strategy namely, (1) the focus on objectives and (2) the deployment of resources of the organization. With regard to this research, it is important to note that a strategy to implement formalized project management should be linked to the long-term objectives of the public sector work departments and further meet their resource constraints.

However, a strategy does not precisely detail all future deployments of human and nonhuman resources. Rather it provides a broad framework for managerial decisions related to the desired long-term position of the organization and its utilization of scarce organizational resources.

To better understand the concept of a strategy, Pearce et al (1985: 7-8) list the following dimensions of strategic decisions:

- Strategic decisions require the involvement of top-level management. These decisions overarch several areas of the organization's operations. At this level, there is the necessary perspective for understanding and anticipating the wide-ranging implications and ramifications of the decisions. Furthermore, top-level management have the power to authorize the resource allocation and deployment for implementation.
- Strategic decisions involve substantial resource deployment. Human

and nonhuman resources must either be redirected from internal sources or secured from outside the organization. In either case, the decisions commit the organization to numerous actions over a specific time period.

- Strategic decisions have a significant impact on the long-term position of the organization. The decisions may lock an organization into a particular position for an extended period of time.
- Strategic decisions are future-oriented. Through anticipation and forecast, emphasis is placed on developing projections that will enable the organization to select the most promising strategic position. A proactive and anticipatory stance should be adopted towards change.
- Strategic decisions have major multifunctional consequences. The decisions are coordinative and require the involvement of more than one functional department or division of the organization. Each of these areas will be affected by the allocation or reallocation of responsibilities and resources related to the decision.
- Strategic decisions necessitate considering the factors in the external environment of the organization. Organizations are open systems which impact and are impacted on by external conditions largely beyond their control.

With regard to this research, it is important to note that a strategic decision taken to implement formalized project management would (1) require the approval of top-level management (2) commit the departments to numerous actions which may also involve resource deployments (3) dictate the long-term position of the departments (4) demand a proactive and positive

stance to change (5) impact on more than one functional division in a department and (6) require departments to adapt to the external conditions largely beyond their sphere of influence.

Pearce et al (1985: 8-10) further identify three levels of a strategy and indicate the characteristics of strategic decisions at each of these levels. The levels are related to the three-tier decision-making hierarchy found in most organizations. The levels are:

- The first level, where top-level management are primarily responsible for the overall performance of the organization. They set the overall objectives and formulate the strategies that span the activities of the individual divisions or sections within the organization. The decisions at this level tend to be value-oriented, conceptual and less concrete than those at the other levels. The decisions are characterized by greater risk, cost, and impact potential on performance as well as by longer time horizons and greater need for flexibility. These consequences follow the far-reaching futuristic, innovative and predominant nature of top-level management strategies.
- The second level, where middle management are responsible for the translation of the general statements of direction and intent generated at toplevel into concrete, functional objectives and strategies for the individual divisions. The decision characteristics at this level fall between those of the toplevel and the next level, the functional level decisions.
- The third level, where functional or lower-level management are responsible for the implementation or execution of the strategic plans of the organization. They develop the annual objectives and specific short-term strategies. These decisions involve action-oriented

operational issues. The decisions are made periodically and lead directly to implementation of some part of the overall strategy formulated at the other higher levels. The functional decisions are more concrete, quantifiable, require less organizational-wide cooperation, are relatively short range, and involve low risk and modest costs because they are dependent on available resources.

With regard to this research, it is important to note that while top-level management may decide on a particular futuristic, far-reaching and innovative course of action for the organization (such as the implementation of formalized project management), the second and third levels of management would be responsible for the actual detailed formulation and successful implementation of the strategy.

The purpose of strategies is therefore to determine and communicate, through a system of major objectives and policies, a picture of what kind of an organization is envisioned and how it will be achieved (Koontz *et al*, 1988: 63). The **what** and **how** are key words that are relevant to both strategy formulation and strategy implementation.

2.2.3 Strategy formulation

Strategic management as defined by Pearce *et al* (1985: 6) is seen as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization. The first component, strategy formulation is described in this subsection. The second component, strategy implementation will be described in subsection 2.2.4.

As part of her comprehensive research on the issues of strategy implementation, Schellenberg (1983: 19-21) notes that the focus of strategic

management research has almost entirely been on strategy formulation to the relative exclusion of strategy implementation. She contends that while the impact of correctly formulating strategies should not be diminished and accepts that a well-conceived strategy is necessary, it is, however, an insufficient condition for organizational success. The strategy must be accomplished (or implemented) before the full potential for the organization can be realized.

Schellenberg (1983: 23-24) proposes that strategy formulation be viewed from both content and process school perspectives. The content school perspective focuses on what the strategy of the organization is or should be. The process school, however, is concerned with how the strategy is formulated, such as by analyzing the strengths, weaknesses, opportunities and threats to determine the appropriate strategy for the organization. This process is also generally referred to as formulating.

2.2.4 Strategy implementation

Pearce et al (1985: 287) regard the implementation of the formulated strategy as the action phase of strategic management. The strategy must be translated into concrete action and the action then carefully implemented to ensure the achievement of the objectives of the organization.

Schellenberg (1983: 21) regards strategy implementation generally as an administrative task by which top-level management select various tools in order to convert the strategy into reality.

Analogous to the distinction between the content and process of strategy formulation, Schellenberg (1983: 24-28) suggests that strategy implementation also be viewed from content and process school perspectives.

As before, the content school perspective focuses on what the implementation is or what the specific design is for implementation. The design is the vehicle through which the strategy is translated into the organization and can further be seen as the physical reflection of the formulated strategy. The three most commonly identified tools for implementation are (1) the organizational configuration or formal structure (2) the administrative systems or processes, such as budgets, reward and information systems, and (3) the leadership characteristics which include top-level leadership, interpersonal behaviour, participation and commitment.

The process school perspective is again concerned with how the strategy is implemented. They consider (1) the cognitive processes of the individuals involved (2) the social and organizational processes which constrain the choice of structure and (3) the political processes by which power is used to influence the implementation. Organizational behaviour which deals with resistance to change, management-by-objectives (MBO), and personality characteristics, such as interpersonal trust and conflict resolution, is relevant. This process is generally referred to as implementing.

Schellenberg (1983: 6) further argues that a requisite element in both strategy formulation and implementation is the concept of congruence. In formulation, the strategy of the organization and its environment need to be matched for greatest performance while in implementation it requires congruence among the various administrative tools used to implement the strategy.

Both strategy formulation and implementation may thus be viewed from process and content perspectives. Table 2.1 illustrates this subdivision (Schellenberg, 1983: 24).

Table 2.1: Strategy formulation and implementation: content and process school perspectives

PERSPECTIVES:	CONTENT	PROCESS
STRATEGY FORMULATION	What the strategy is	How the strategy is formulated: <i>formulating</i>
STRATEGY IMPLEMENTATION	What the implementation is.	How the strategy is implemented: <i>implementing</i>

Source: Adapted from Schellenberg, D.S. 1983. *Issues in strategy implementation: the effect of congruence among strategy, structure, and managerial performance*. Indiana University, Graduate school of Business. University Microfilms International. Exhibit II. p. 24.

With regard to this research, it should be noted that the content-related issues of strategy formulation and implementation (or what the strategy is and what the tools for implementation are) are the subject of focus in section 2.3. Section 2.4 focuses on the process-related issues of strategy formulation and implementation (or how a strategy is formulated and how it is implemented).

Finally, Schellenberg (1983: 28, 30) identifies three main areas where further research on implementation issues are necessary:

- Recognizing that the tool for implementation which has received the

most attention is the organizational configuration, research should be done on the other tools such as administrative systems and leadership characteristics.

- The process of implementing should be delineated and distinguished from the content of implementation. Of importance are the steps and the criteria which top-level management follow and consider when deciding among the various tools of implementation.

- The factors which influence the process of implementing. These factors would generally fall into three groups, namely (1) the cognitive schema of individuals involved including their cognitive and motivational orientation (2) the power/political dependencies and (3) the contextual constraints, such as the current structure, systems, leadership, culture, and organizational resources, size and technology.

This research will include attention to several of these above-mentioned aspects listed by Schellenberg (1983).

2.2.5 Summary

This first section of the literature review examined the construct of an implementation strategy.

A strategy is seen as a general programme of action which specifies the long-term objectives of an organization and indicates the deployment of resources to attain such objectives. Strategic decisions comprise several dimensions, which indicates the importance, prerequisites and impact of these decisions.

The characteristics of strategic decisions differ at each level of the typical decision-making hierarchy. Top-level management may decide on a futuristic, wide-ranging course of action, but middle and functional management are deemed responsible for the actual formulation and successful implementation of the strategy.

Strategy formulation and implementation may be viewed from both content and process perspectives. The content perspective focuses on what the strategy is and what the tools for implementation are. The process perspective focuses on how a strategy is formulated and how the strategy is implemented.

While the emphasis of previous research was on strategy formulation issues, Schellenberg (1983) contends that, without implementing a carefully formulated strategy, the full impact for organizational success could never be realized.

Further research on the process-related issues of strategy formulation and implementation is seen as a priority. This would include evaluating the alternative tools for implementation, identifying selection criteria to ensure optimal congruence, and determining the factors that influence the process of implementing a strategy.

The next section, section 2.3, focuses on the content-related while section 2.4 focuses on the process-related issues of a strategy to implement formalized project management.