

# Project management competence development framework in turbulent business environment

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## Abstract

Today's turbulent business environment characterised by uncertainty and inability to predict the future is extremely challenging, and thus requires the development of new competences. Especially within project management, competence development is one of the critical success factors. Competence development is seen as a critical success factor ensuring companies' competitiveness. Learning organisation, organisational learning, organisational culture, knowledge management and project management laid the foundation for the project management competence development (PMCD) framework introduced in this paper. The most essential features for organisations to update competences are presented. The proposed framework has been in use in Nokia case unit since year 2001 with good results. However, further studies are needed to create an evaluation method to provide a means to measure the impacts of the framework and develop it further. © 2004 Elsevier Ltd. All rights reserved.

*Keywords:* Competence development; Learning organisation; Project management

## 1. Introduction

### 1.1. Background and purpose of the study

Today's business environment is quite dynamic. Companies that are willing to survive in competition must react to the changes quickly. These changes are numerous and challenges to re-engineer or adapt with continuous improvement are numerous, too. According to Nyhan (1998) competence development is seen as one of the critical strategic factors ensuring companies' competitiveness. Competence is difficult to ensure, because it is distributed in several levels of the company. Examples of these levels are strategic or operative, and technological or business competence. However, winning corporations must acquire these competences. In high clock speed industries, where product life cycles are relatively short, this acquisition process is even more complex, because the content of

the competence may not be known long beforehand. These edge conditions have given rise to much discussion (e.g. Ivergard, 2000) about how to gain these competences and create organisational and learning environments, such as learning organisations, which foster employees' skills and sense of initiative and responsibility.

Latest management and leadership literature (e.g. Sydänmaanlakka, 2003; Ivergard, 2000; Laughton and Ottewill, 2003) stresses the managers/leaders role in this kind of challenging environment, i.e. business competence management inside the organisation. Common answers to meet these challenges are learning organisation, new ways of doing things, teamwork, communications, focus, and self-management. The organisation's role is to provide conditions to ensure this kind of competence development (Senge, 1994; White et al., 1996; Goldberger, 1999). However, the method required to make learning more concrete is not yet defined very accurately.

Today's telecommunications business is extremely challenging. So-called disruptive technological changes (Christensen, 1997) alter the industry and require development of new competences. The clock speed of the disruptive technological or other changes seem to increase more than in traditional industries. This also means that clock speed is

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higher and business cycles in telecommunication industry are shorter. This means that these business cycles are becoming one of a kind or unique. Uniqueness is also typical of projects. Additionally, project management competence consists of knowing the project environment, project management skills, leadership skills, and personal growth. Furthermore, [Cavaleri and Fearon \(2000\)](#) propose that project management structures provide a natural home for organisational learning. Project-oriented business management is one approach to manage turbulent business. For the future challenges managers need better knowledge of project management, better understanding of the project orientation in business and the turbulence (uniqueness) of the environment they are working in.

As a consequence of the above, the purpose is to point out that competence management is becoming more and more critical in today's turbulent business environment. Therefore, the main target of this study is to *present a project management competence development (PMCD) framework* for today's turbulent telecommunications business environment where disruptive technological changes occur. The main idea of PMCD framework arises from the turbulent business environment and the project-oriented business.

### 1.2. Implementation of the study

The aim of this study is to point out that competence development is becoming more and more critical in today's turbulent business environment. This study utilises definitions and views of competence (e.g. [Hamel and Prahalad, 1994](#); [Ivergard, 2000](#); [Sydänmaanlakka, 2003](#); [Drejer and Riis, 1999](#)). Theories of organisational learning ([Argyris and Schön, 1978](#); [Kolb, 1984](#)), enablers for creating learning organisation ([Senge, 1994](#)), views to organisational culture ([Schein, 1992](#)), and knowledge management theories ([Kolb, 1984](#); [Nonaka and Takeuchi, 1995](#)) are the foundation for this study. Turbulence in telecommunications business and accelerating product creation cycle times add further challenges to project management. Then, together with practice and theories, [Project Management Institute \(PMI\) \(2000\)](#) project management knowledge areas create the foundation of the framework.

This study has four main phases in order to construct a competence development (PMCD) framework for project-oriented operations:

- A theoretical foundation for competence development was created from the literature (see Section 2). Project management knowledge areas were reviewed in order to get profound understanding of the competences needed in unique setting of activities (see Section 2).
- Features of business environment of the target company were studied, where the need for project management orientation was clearly identified (see Sections 3.1 and 3.2).

- Construction of the project management competence development (PMCD) framework (see Section 3.3).
- Evaluation of the framework in practice (see Section 3.4) and comparison to parallel work.

This study utilises the principles of the constructive research method, i.e. constructing the PMCD framework. It can be located into the normative area of business studies comprising of a theoretical findings and empirical reflections. It is thus characterised as modeling, prescriptive, or recommending, not verifying explicit hypothesis. This research uses the qualitative approach, and as typical for constructive research, it is interpretative. For interpretative research, a given amount of subjectivity needs to be approved—interpretation is somewhat subjective in nature ([Kasanen et al., 1991](#)).

## 2. Theoretical basis for competence development

[Goldberger \(1999\)](#) argues that healthy individuals and organisations share the same three characteristics: productivity, innovativeness and resilience. When systems become excessively regular, there is an increase in predictability and a loss of resiliency, and this periodicity is bad for organisational health. Healthy behaviour can be described in words like plasticity, variability, resilience, and productivity. This type of variability enables the organism to adapt. The corporate diseases are excessive rigidity or over-regulation; too much predictability, anarchy, hierarchical dissolution. Healthy systems, therefore, live in between complete randomness and excessive order—that healthy zone is fractal. To keep the organisations healthy, managers should think themselves more as choreographers, composers and conductors.

[White et al. \(1996\)](#) offer new organisational perspectives and skills to managers when guiding managers throughout the turbulence of today's corporate environment. They argue that change and uncertainty are the new touchstones of leadership excellence. The business world of today and tomorrow can be seen as a series of fast flowing rapids full of excitement, challenge, adventure and uncertainty, where risks will be higher and rewards greater. They identify leadership skills necessary to ride the corporate rapids: learning from difficult situations or mistakes, maximising one's energy and using it for new learning opportunities, understanding simplicity as the means to clear and effective communication, bringing the focus on teams' various agendas, and being open to new ideas for learning and growth.

[Arie de Geus](#) said: "In the long run, the only sustainable source of competitive advantage is your organisation's ability to learn faster than its competitors. No outside force can take the momentum of that advantage away from you. Any insight or invention, whether it is a new way of

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