EKONOMIKA I ORGANIZACJA PRZEDSIĘBIORSTWA

NR 6 (797) CZERWIEC 2016

ECONOMICS AND ORGANIZATION OF ENTERPRISE

W numerze m.in.:

Otwarte procesy innowacji realizowane w sieci

Etyka i zapobieganie korupcji w administracji lokalnej

Wpływ czynników zewnętrznych na zmiany w strukturze łańcucha wartości przedsiębiorstw produkcyjnych

Komunikacja marketów DIY z klientami

α

Instytut Organizacji i Zarządzania w Przemysle "ORGMASZ"
Institute of Organization and Management in Industry "ORGMASZ"
Spis treści Contents

Teoria zarządzania przedsiębiorstwem

The Theory of Enterprise Management

- The Role of Conflict in Project Management in the PRINCE2 Methodology 3
  Rola konfliktu w zarządzaniu projektami realizowanymi w metodyce PRINCE2
  Marcin Krysiński
  Przemysław Miller

- Rekonstrukcja modelu zarządzania w gminach wiejskich 13
  Reconstruction of the Management Models in Rural Communities
  Małgorzata Marks-Krzysztkowska

Otoczenie przedsiębiorstw

The Environment of Enterprises

- Etyka i zapobieganie korupcji w administracji lokalnej 22
  Ethics and Corruption Prevention in Local Administration
  Agata Pierściennik
  Mariola Grzebyk

- Komunikacja marketów DIY z klientami 31
  Communication of the DIY Stores with their Customers
  Sebastian Zupok

- Wpływ czynników zewnętrznych na zmiany w strukturze łańcucha wartości przedsiębiorstw produkcyjnych 39
  The Impact of External Factors on Changes in the Structure of Value Chain of Manufacturing Enterprises
  Jolanta Walas-Trębacz

Praktyka działania przedsiębiorstw

The Practice of Enterprises’ Operation

- Implementing the Principles of Sustainability in Automotive Companies 56
  Wdrażanie zasad zrównoważonego rozwoju w przedsiębiorstwach motoryzacyjnych
  Tomasz Stoeck
Efekt synergii w aliاسie strategicznym
The Synergy Effect in Strategic Alliance
Rafal Drewniak

Otwarte procesy innowacji realizowane w sieci
Open Innovation Processes Executed Within Network
Małgorzata Dolinska

From Foreign Experience

Przemiany kondycji finansowej sektora produkcji artykułów spożywczych
w Polsce i Niemczech w latach 2005-2014
Transformations of the Foodstuffs Production Sector’s Financial Condition
in Poland and Germany in Years 2005-2014
Zbigniew Gołaś

Review and Presentation of Books

Recenzja książki James Rickards, Śmierć pieniądza. Nadchodzący upadek
międzynarodowego systemu walutowego
Book Review James Rickards, Death of Money: The Coming Collapse
of the International Monetary System
Dariusz Urban

Scientific Chronicle

Stowarzyszenie Południowy Klaster Kolejowy „Forum Internacjonalizacji w Transporcie
Kolejowym", Centrum Konferencyjne Golden Floor, 13 października 2016, Warszawa
The South Railway Cluster Association “Internationalization Forum in Railway Transport”,
Conference Center Golden Floor, October 13, 2016, Warsaw

III Konferencja Naukowa
„Logistyka i zarządzanie w mediach. Media Regionalne, Nowe Media, Monetyzacja” Instytut
Dziennikarstwa Uniwersytetu Warszawskiego Warszawa, 20 - 21 października 2016 r.
III Scientific Conference
‘Logistics and management in the media. Regional Media. New Media. Monetization’
Institute of Journalism. University of Warsaw Warsaw, 20th - 21st October 2016
The Role of Conflict in Project Management in the PRINCE2 Methodology

Marcin Krysinski*
Przemyslaw Miller**

Introduction

The term project derives from the Latin word proiectio, i.e. pulling forward. Nowadays it is interpreted as an idea, a plan of the intended building, construction, design, model, sketch [Kopaliński 1985, p. 344]. In the Polish language, the designation project has two meanings [Szymczak 1988, p. 933]:

- the deliberate action plan, the idea, the intention;
- the plan, the sketch of something, for instance, the construction, the building, the undertaking, the act.

This concept had solely technical connotations and was associated with engineering projects such as house design, bridge design, etc., including a one-time technical and organizational plans and the rules for supervising the work of contractors. As a result of the development of management science, especially the science of work organization, the semantic field of the term project has been extended to the concept of the project organization. The achievements of work scheduling (Gantt charts) and network methods (PERT and CPM) [Matczewski 2007, p. 455] were of key importance in this case, too.

The notion project also refers to projects in the field of computer science. IT projects are implemented by means of specialized methodologies. The most frequently used standards in this area, in addition to the PRINCE2 methodology, which will be characterized in more detail further below, are [Krysinski, Miller 2016]:

- PMBOK – the methodology developed by established in 1969 in Philadelphia, the American organization PMI (Project Management Institute) [Leido 2014, p. 120]. This organization is the largest institution bringing together professionals in the field of project management. Nowadays it operates in approximately 170 countries. The model for the suggested solutions are the rules and principles contained in the publication of the Project Management Body of Knowledge (PMBOK®). The American National Standard Institute has decided that PMBOK® Guide is the current standard in the field of project management [LondonSAM 2015].

* M.Sc. Eng., MA Marcin Krysinski, Department of Computer Science, Faculty of Management, University of Lodz
** M.Sc. Przemyslaw Miller, Department of Computer Science, Faculty of Management, University of Lodz
Teoria zarządzania przedsiębiorstwem

- Capability Maturity Model (CMM) – a standard, developed by the IT company known as Software Engineering Institute (SEI), used to assess the software development process. The evaluation is done in accordance with the five-point scale, in which the lowest rating is called „Initial” (nothing is controlled, everything is chaotic) and the highest one is „Optimizing” (everything is controlled and monitored, and all activities and processes and participants’ needs fully satisfied). Various stages, processes and aspects of software development are described within this continuum [Chrapko 2010, pp. 1-9].

- CM – the methodology of project cycle management. It is a set of tools for the preparation and management of the project using the method of „Project Matrix”. The purpose of the PCM is to draw attention to the need of taking into account the relevant issues and conditions of the project at the stage of its preparation and beginning as well as during implementation. Focusing on these aspects has the influence on the effectiveness of the entire process of the project management [Sobestiańczyk 2012, p. 7]. This methodology is the most commonly used to manage European projects, but also in the field of IT projects.

In this paper, in reference to the issues of conflict management, we will concentrate primarily on PRINCE2 methodology. It is aimed to show the role of conflict in the implementation of projects using that methodology. This problem will be shown in terms of general conflict issues and management in organizations, considering the specific nature of conflict, which occurs in the course of IT project implementation.

The authors indicate that the approach to the conflict in the management process is a determinative factor in what impact the conflict has on the IT project. Both the selection of content and layout is to serve the defined goals.

1. Characteristics of the PRINCE2 methodology

PRINCE2 is a publicly available methodology developed in the United Kingdom for the implementation of government projects. It is recommended as a methodology for IT projects in the public sector by the British government as well as the institutions of the European Union. This methodology is based on the products, and can be used in the implementation of all projects. PRINCE2 – is an acronym for: Projects In Controlled Environments, and number two – defines its second, more mature version [Bradley 1997, p. 13, 20].

This methodology can be successfully applied to the project of any size, regardless of the field concerned. PRINCE2 is an integrated set of processes and topics.

According to PRINCE2, the project is a temporary project organization set up to provide a business product in consonance with the existing business justification. The PRINCE2 methodology in the context of project management distinguishes four integrated components: principles, topics, processes and the project environment [OGC – Office of Government Commerce 2009, p. 3].
2. Conflicts in IT projects

The conflict, as assumed in the contemporary literature on management, is an inevitable component of teamwork. Any project of this kind must provide procedures for its creative, positive solutions at the level of principles and rules. This can prevent its destructive effects. It is believed that the conflict is an unavoidable occurrence, which should be addressed and its causes are rooted in the bad structure of management used by the managing personnel. According to this approach, harmony, cooperation and the absence of conflict are fundamental to achieving organizational effectiveness [Rahim 2001, p. 8].

The conflict is generally defined as the problem of misunderstanding and lack of consensus on how to approach the project and methods of implementation and is perceived as the art of convincing that you are right during disturbances in team communication [Frączkowski, 2003, p. 136]. On the other hand, Thompson [1998, p. 4] defines conflict as the differences of interests among people. Thus we can speak about the conflict if the aspirations or the interests of two or more parties collide with each other, that is, the realization of aspirations (interests) of one of the parties limits or excludes the implementation of the other. Contradictions of aspirations create the so-called conflict situation. We should speak about the real conflict when the parties begin to block their actions, and therefore they take action to realize their aspirations at the expense of other parties [Sobczak 2005, p. 171].

It has been lately believed that the conflicts which occur in teams working on projects are natural and ought to be used in order to achieve better results [Frączkowski 2003, p. 136; Kysiński, Miller 2016]. The following types of conflicts can be distinguished:

- intrapersonal,
- interpersonal,
- within a group,
- between groups.

At the organizational level, March and Simon [1958, p. 112] consider conflict as the collapse in the standard mechanisms of decision-making. Thus an individual or a group of people have difficulty with a choice of alternatives.

Conflicts usually appear as a result of change, and the project is certainly a change leading to the creation of a new, hitherto absent quality. As it is noted, the changes are the main cause of conflict, because they include issues which relate to the ambition and the emotional engagement of the most creative and expressive team members [Frączkowski 2003, p. 136].

The characteristics of conflict in IT projects should be depicted taking into account the above considerations. Similarly to other projects, in the case of an IT conflict it relates to teamwork. Thus conflicts occurring in the team working on an IT project are connected with general issues of conflict in organizations. The determinants of conflicts in IT projects are primarily the specific issues which teams implementing IT projects need to deal with and implementation methodology – each of them generates a slightly different type of conflict, and thus, requires some other methods and instruments of management.
Conflicts can arise at any stage of an IT project, however, they most frequently take place at the stage of reaching agreement between the client and the supplier, as it is the period when the competence gap (the level of expertise) and the conflict of interest (mainly an economic one: the customer always would like to receive the optimal, in terms of quality, service at the lowest cost) are the strongest ones. As noted in the literature successful project should meet the parameters of success such as: target achieved (range), ending at a certain time and within the planned budget. Some, more fastidious clients add to this list the criterion of meeting specific quality requirements for project work, which is closely linked to recipient satisfaction (customer) [Sorita-Drączkowska 2011, p. 89]. All of these issues are decided at the stage of agreement between the client and the supplier. Their influence on the final outcome of the project determines the status of these conflicts in an IT project as a whole.

Andrzej Sobczak attaches key importance to conflicts occurring at the stage of agreement on the IT project. As he writes, during the whole process of developing software a particularly important role of conflict management should take place at the stage of requirements engineering, as ensuring the satisfaction of one requirement is difficult enough, but to ensure simultaneous and continuous satisfaction for diverse and often conflicting requirements is much harder. The conflict situation in this area results from one of the following circumstances:

- lack of adequate knowledge in the field by stakeholders during the construction of the computer system;
- changing requirements for the emerging system;
- poor flow of information and poor coordination between various stakeholders / teams involved in the construction of the system [Sobczak, 2005, p. 171; Krysiański, Miller 2016].

Conflicts appearing at the stage of engineering of requirements are divided into the following [Sobczak, 2005, pp. 171-172]:

- intra-conflicts – conflicts that occur between requirements, i.e. at a time when there is a negative interaction between those requirements; the solution to this kind of conflict is to decide „which requirement is more important”, and „the implementation of which requirement will bring more benefits”;
- inter-conflicts – conflicts that arise between the requirements and characteristics (functionality) of the individual components; the solution to this kind of conflict is based on the decomposition of requirements and retrieval to match subrequirements with the available components; However, you must realize that some of the conflicts of this type remain unsolved.

A slightly different division of conflicts refers to the basis of conflicts [Sobczak, 2005, p. 172]:

- technical conflicts, related to the incorrect engineering of requirements specification - they occur most often in a situation where there is no consistency between different requirements;
- sociological conflicts - associated with inconsistencies and contradictions emerging in requirements from different stakeholders.
At the stage of implementation of the projects the most frequent conflicts are among direct suppliers, i.e. in the implementation team. They can emerge as a result of [Schmidt 2009, p. 36]:

- differences related to the objective set in the team, as far as rules of operation are concerned;
- misunderstandings and differences of opinion;
- verification of purpose and action plan;
- loss of faith in the success of the project.

The special role in case of the arrival of conflict is assigned to people who are in charge of project management tasks, especially project manager. Their task is to identify conflicts and make use of adequate procedures in response to the conflict so that it can become a creative, not destructive factor.

3. Conflict and conflict management in organizations

To maintain the control over the conflict, it should be included in management procedures. Conflict management is a wide range of actions to eliminate, reduce, weaken the conflict or to give it a specific direction aiming to use its constructive features [Potocki 2005, p. 6]. This approach is based on the assumption that the conflict is generally a positive and desirable phenomenon, which if controlled, allows you to optimize the effects of work of the team or organization. Sometimes conflict management is, as outlined here, defined as the art of creative conflict resolution and the resolution of conflict-based problems, whereby it has the task of targeting these conflicts to create synergies to get a positive and not destructive result [Schmidt 2009, p. 38]. In other words, the conflict is not something desired or searched for, but if it appears, it should be used in a creative way, advantageous from the point of view of the objectives of actions or objectives of the organization.

It is important to distinguish between conflict management and the management by means of conflict. The latter means the conscious act of triggering the conflict, its escalation or maintenance in order to force the group to accept a specific attitude [Potocki 2005, p. 6].

Conflict management involves several steps [Potocki 2005, p. 6]:

- analysis of the conflict situation – the determination of the type of conflict, the dispute matter, the behavior of the parties involved, methods of manifestation and evaluation of a conflict situation from the point of view of the efficiency of the individual and the entire organization;
- design and choice adequate to recognize a conflict situation, the appropriate strategies involving the use of a specific conflict resolution techniques;
- implementation of the accepted strategy and monitoring the development of a conflict situation and making any necessary changes;
- conflict resolution and drawing constructive conclusions.

The manager plays a special role in resolving conflicts in the organization, in our case – in the project team. They should be able to see the conflict situations which take place
during the project, to try to exclude them entirely or at least minimize them. All negative personality traits affecting one another have an impact on the completion of the project. Problematic situations which can lead to failures affecting the completion of the project should not be allowed to happen. In existing conflict situations the project manager must not leave the participants alone, without finding a solution to the problem. It has a huge impact on the relationships between people, and at the same time on actions taken in favor of progress in the implementation of the project [Klimiuk 2009, p. 39].

Generally the organizations takes below methods for solving conflicts [Potocki 2005 p. 7]:

- by stimulating the conflict;
- by limiting or suppressing conflict;
- by resolving conflicts;
- by managing using the method of „four steps” [http://www.va.gov/ADR/4SConflict.asp 2016.04.10]:
  1) Raise the Issue;
  2) Discover the Underlying Interests;
  3) Invent Options for Mutual Gain;
  4) Develop Agreements Based on Objective.
- by the negotiation method.

The choice of method of conflict management is a strategic decision based on the recognition and the nature of conflicts. This choice determines whether the conflict will be used in a creative way and help to increase the efficiency of the teamwork, or will lead to constant arguing, decay, and consequently the reduction of the effects of teamwork or even squandering.

4. Conflicts in IT projects in the PRINCE2 methodology

All the above also applies to projects carried out using the PRINCE2 methodology. Yet there are some differences regarding the time and location of the conflict in the context of the project structure adopted on the basis of the methodology. As mentioned above, the PRINCE2 methodology is based on principles, topics, processes and the project environment. PRINCE2 distinguishes 7 principles, or the basic principles of this methodology (they can also be described as a good practice):

- continuous Business legitimacy
- the use of experience
- defined roles and responsibilities
- stage management
- management with tolerance
- focus on products
- adjustment to project conditions

It should be emphasized that the project which could be described as conducted in accordance with the PRINCE2 methodology must fulfill all the 7 principles. This methodology
The Role of Conflict in Project Management in the PRINCE2 Methodology

defines 7 topics:
- Business Case
- Organization
- Quality
- Plans
- Risk
- Change
- Progress

It should be noticed that PRINCE2 is a methodology in which project management is based precisely on the processes. Here is the overview of the processes:
- Starting up a project – SU
- Directing a project – DP
- Initiating a project – IP
- Controlling a stage – CS
- Managing product delivery – MP
- Managing a stage boundary – SB
- Closing a project – CP

The project environment, which is the fourth part of an integrated project management according to PRINCE2, determines the adaptation of the PRINCE2 methodology to a specific project, depending on various factors in the project. Conflicts in the group carrying out the project may appear, especially in the planning process, i.e. in planning project management, division of tasks, developing the schedule of tasks and activities, etc.; and the implementation of process, i.e. in the process of delivery. A specific type of conflict may occur in the processes of work termination – a crisis. It is characterized by „a lack of exit opportunities, a regression, lock or prolonged paralysis” 1. The background of the crisis may be exhaustion, dissatisfaction with the results, disbelief in the termination of the project in the planned form, the fear of customer dissatisfaction and so forth. The crisis in contrast to the conflict must be overcome so as not to significantly influence the final result. Managers play a crucial role in identifying, monitoring and resolving the conflict, but also the structures of the organization are responsible for project control processes. They secure the project as a whole. Thus at the time of the conflict actions should be used to prevent any destructive influence on the project.

Therefore, it is also necessary according to the PRINCE2 methodology launch the mechanism of conflict management. It should cover areas such as management of human resources in the project, especially management of the integrity of the project, to ensure project consistency, coherence and final success. It will not be possible without the creative solution to the conflict (conflicts) which occurred during the project implementation in the PRINCE2 methodology.

A strategic analysis using the SWOT method was conducted in order to evaluate the possibility of conflict management in the projects implemented in PRINCE2. The list of key factors influencing conflict management in a project implemented in line with the above mentioned methodology is presented in Table 1.
Table 1. The SWOT analysis of conflict management in the project according to the PRINCE2 methodology

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- the PRINCE2 methodology in one of the four integrated components of the project management which mentions the project environment. It should be understood as a collection of all sorts of human, material and organizational factors which affect the implementation of the project.</td>
<td>- lack of soft parameters determining the success of the project. The only three important parameters of this projects are the realization of the project within a planned time, budget and scope.</td>
</tr>
<tr>
<td>- communication management strategy in the project. The description of ways and the frequency and scope of communication between the project team and project stakeholders. The strategy of communication management is a component of Project Initiation Documentation describing how the project stakeholders and other interested parties will be informed during the project.</td>
<td></td>
</tr>
<tr>
<td>- the risk management in the project, including risk identification, risk assessment, risk control, keeping a record of risk - the risk register. One of the seven principles of the PRINCE2 methodology precisely refers to the risk. PRINCE2 recommends that every project have their own risk management strategy.</td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>- properly identified risk in the form of conflict within the project team may have added value for the entire project properly stimulated and moderated can lead to brainstorming, which will result in productive development of different opinions within the project work.</td>
<td>- failure to identify risk in the form of conflict by the risk project manager.</td>
</tr>
<tr>
<td></td>
<td>- in project organizations the possibility of negative and hidden impact of conflict from one project on the next one.</td>
</tr>
<tr>
<td></td>
<td>- in the case of the project manager oriented absolutely on target (project delivery), occurrence of conflict and its escalation may be deliberately ignored. This may have a negative effect on the project, and certainly on the team.</td>
</tr>
</tbody>
</table>

Source: own analysis

Taking into consideration the facts, one may come to the conclusion that projects done according to the PRINCE2 methodology are equipped with the tools for efficient management of conflict at different stages of the project, as well as in different areas. The main threat to the emergence, as well as the expansion of the conflict in a project managed in the PRINCE2 methodology is the failure to identify risks in the form of the possibility of the arrival of a conflict, or its acceptance.

Conclusion

The conflict is an integral component of human activities in a team. It can have a destructive influence on the team and the final results of their work or on the contrary – it may be used for the benefit of raising their level of efficiency. This also applies to undertakings done by project method, including IT projects, regardless of the methodology adopted.

1 Compare with [Krysikowski, Miller 2016]
The Role of Conflict in Project Management in the PRINCE2 Methodology

In the IT projects using the PRINCE2 methodology, conflicts can occur at any stage of the project. These conflicts appear mainly as a result of communication errors between the client and the software supplier. Conflicts in the planning phase result from more professional matters, while fatigue may cause conflicts and crises, which can appear during the end stages as well as the closing of the project.

To avoid the destructive impact of the conflict on the project, also in the case of projects using the PRINCE2 methodology, it is necessary, in case of a conflict emergence use the mechanisms of conflict management. It must not be ignored, it ought to be recorded in the risk register, a project manager should constantly monitor risk and manage it properly. Appropriate mechanisms of conflict management should operate, especially in the field of communication management strategies.

Bibliography

6. Krysiński, M. i Miller, P., 2016 (article submitted for print), Rola konfliktu w zarządzaniu projektami realizowanymi w metodycie PMBOK, (eds. P. Urbanek and E. Waluńska), Ekonomia i zarządzanie w teorii i praktyce. Ekonomia i nauki o zarządzaniu w warunkach integracji gospodarczej (vol. 9).

EKOLOGIA I ORGANIZACJA PRZEDSIĘBIORSTWA

6/2016
Summary

This paper analyses the impact of conflict on the projects, especially IT projects executed in the PRINCE2 methodology. The main aim of the article is to assess the possibility of conflict management in the projects executed in this methodology. The research methods used by the paper are the review of the literature and the study of individual cases.

Streszczenie

W opracowaniu dokonano analizy wpływu konfliktu na projekty, w szczególności projektów informatycznych realizowanych metodą PRINCE2. Zamierzeniem autorów jest ocena możliwości zarządzania konfliktem w projektach realizowanych wg. metodyki PRINCE2. W pracy wykorzystano takie metody badawcze, jak przegląd literatury oraz analizę porównawczą.

Keywords: conflict, PRINCE2 methodology, project management.
Słowa kluczowe: konflikt, metodyka PRINCE2, zarządzanie projektami.

JEL Classifications: A11, M10, O30, D74.