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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

DEPARTMENT OF PROJECT MANAGEMENT

**THE ASSESSMENT OF ORGANIZATIONAL STRUCTURE IN
SUPPORTING PROJECTS: THE CASE OF ETHIODER PLC**

By Beza Teferra (GSD 0632/07)

**A Project Work submitted to Addis Ababa University School of
Commerce in partial fulfillment of the requirements for the degree of
Master of Arts in Project Management**

**June 2018
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DECLARATION

I, Beza Teferra hereby declare that the study which is being presented in this project work entitled **“THE ASSESSMENT OF ORGANIZATIONAL STRUCTURE IN SUPPORTING PROJECTS: THE CASE OF ETHIODER PLC”** is original work of my own. It had not been presented for a partial fulfillment for any educational qualification at this university or any other and in any projects by any means, and all the resources materials used for this thesis had been accordingly acknowledged.

Signature: _____

Date: _____

Beza Teferra

ACKNOWLEDGEMENT

I would like to express my appreciation to the Almighty GOD who has supported me and strengthened me in all possible ways to lift me up on the mountains that came across my way. Deep gratitude goes to Dr. Mengistu Bogale for his caring advice and guidance throughout the preparation of this project and along with this, I thank the General Manager and staff of EthioDer who took part in the interview and focus group discussion and gave bold and confident response. Next to this, would be my family – I really appreciate their patience, support and moral they have given me to reach this stage.

ABSTRACT

Project delivery for EthioDer private limited company has encountered completion delay and loss of team spirit in recent times. One of the sustainability focused strategies adopted by the EthioDer is by implementing capital projects in order to meet the medium and long term goals. However, studies have shown that an appropriate organizational structure is contingent upon the type of work performed and the environment in which the organization conducts its business functions and employees. Every organization must have a well-defined organization structure if it wants to be very competitive, productive, efficient, and dynamic if it wants to survive and grow by meeting the internal team and external consumer demand. Therefore, the main objective of this project work is to understand the basis of organizational structure used by EthioDer, to identify project implementation problem and to examine the cause and effect elements of the current structure on project team. According to David Thomas (2003), one of the main reason for using an inductive approach is to condense extensive and varied raw text data into a brief summary format. The research considered an inductive approach using qualitative research method for data collection and analyzing process. Sample of the various categories of employees was taken from the company's total population using snowball sampling technique. Interviews and focus group discussions were employed as the main tool for data collection exercise. Table Method was adopted at data analysis stage. The findings indicated that the organizational structure in place is a functional type of structure where its departments are grouped by areas of specialization within different functions. In EthioDer, the project generally occurs within the functions. Team members complete the project work over and above their responsibilities to normal departmental work. Communication primarily occurs within the same function. The study further revealed that the structure is the source of major problem negatively impacting on project performance (creating implementation delay) and the project team's output. Based on this, a 'projectised' organizational structure (a project equipped with its own resources and functions) to be adopted among other recommendation made by the study.

Key words: organizational structure, challenges, project performance

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Chapter One: Introduction

1.1 Background of Study

Organization structure is a setup or a framework which determines the hierarchy of people, its project function, workflow, and the reporting system in an organization. The organization structure is an enterprise environmental factor that plays an important role in guiding the ways in which we humans behave and our organization runs its operations (PM4DEV 2007).

A project organization uses a structure to facilitate the coordination and implementation of project activities. The structure defines the relationships among members of the project management and the relationships with the external environment, thus reducing the possibility of uncertainty and confusion at project initiation phase. One of the important decisions of project management is the form of organizational structure that will be used for the project (Kader, 2014).

Each project has its unique characteristics and the design of an organizational structure should consider the organizational environment, the project characteristics in which it will operate, and the level of authority the project manager is given (PMBOK 2004).

EthioDer is a wholly owned and operated Ethiopian company who provide turnkey and full logistics management services for a wide range of markets, including oil and gas, mining, construction, geo thermal and power industries. The company combine the global experience of the core team with a high degree of local expertise and knowledge which is key elements of success in any project. Among additional service deliveries include importation of agricultural chemicals and machineries, fuel supply and management services, warehousing, in-country tour and vehicle rental services.

Currently EthioDer runs with 112 staff members with budget investment of more than ETB 100 million capital. In order to sustain its operation, the organization has to expand its business by exploring new areas and winning national tenders through implementing mega projects. EthioDer uses functional structure (traditional) and the complexity of this type of structure set up projects to be handled by functional departments which mostly depend upon these department's resources like equipment, expertise and finance to execute implementation. The complexity of the structure has led the projects to face delay and ruin the project team caliber. The study therefore investigates how EthioDer's organizational structure impacts on project performance and provide recommendation.

1.2 Statement of Problem

It's true that the structure of an organization can have a major impact on project management. The way organizations is structured influences how projects are run and managed. It can also influence how much authority and reach a project manager has on the overall aspect of projects. The selected project structural approach has its own strengths and weaknesses, thus affecting the success of the project significantly (Partington, 2000).

An organization structure is the framework which helps an organization to run its operation effectively and achieve goals with minimal obstruction. The organization structure defines the relationship among the various departments and teams of the organization. It helps organizations to delegate authority, power, and responsibility. The organization structure defines how an employee will report to his superior, which helps in coordination and cooperation within the members of the group. The main advantage of having an effective organization structure is that it reduces the friction among employees by clarifying the roles, responsibilities and reporting structure (PM4DEV, 2007).

Having a proper organization structure can bring immense benefits to any organization. A few of these benefits are company growth, facilitation of employee specialization, better communication, etc.

EthioDer is currently using functional structure (with traditional flavor) right from startup of the organization. Recently, its service functions are increasingly demanding to meet the three project pillars – time, quality, human resource and huge cost of delivery when executing projects. Hence, positive changes like expanding the workforce pool, increased budget winning enormous national tenders has been the company's success area and at the expense of over- stretched capacity to deliver with the existing organizational structure. While the company has growth agenda through employing new national projects, there is now a concern if and whether the organization can proceed with the current functional structure. The project delay experience has greatly concerned EthioDer's management.

Again many organizational flaws can be related to an inappropriate structure chosen in order to reach a desired goal. An appropriate structure is contingent upon both the type of work to be performed as well as the environment in which the organization conducts business (Bolman & Deal, 1997). EthioDer recently encountered project delay as a result of poor employee – project relationship (Dinsmore and Cabanis Brewin, 2006). This project therefore assess the organizational structure in supporting projects using the case of EthioDer PLC.

Different organizational structures provide different strengths and weaknesses to the work to be performed and it is therefore important to find a structure suitable for the desired outcome on stability and predictability (Mintzberg, 1983). The research outcome will inform the right structure that fit EthioDer's project purpose.

1.3 Basic Research Questions

- i. What is the Ethio-Der's project structure?
- ii. What are the problems faced by the organization during implementing projects?
- iii. What is the cause and effect relationship of EthioDer's organizational structure on project team?

1.4 Objectives of the study

- i. To determine the basis of the organizational structure that is put in place for projects run by EthioDer (and recommend new structure if need be)
- ii. To identify the problems of implementing projects at EthioDer
- iii. To examine the relationship between project structure and project team at Ethio-Der company

1.5 Significance of the Study

This research serves to support EthioDer tackle its problem and drive to alleviate its performance in its growth endeavor. Additionally, this project work will provide academic research contribution.

1.6 Scope of Study

Project performance is influenced by several factors (Blismas *et al.*, 2004), the research focuses is on the effect organizational structure for the success EthioDer's multiservice project.

Project performance is considered in the context of achievement in strengthening project delivery through building project team structure; it does not include other emerging performance metrics used in the measurement of project performance.

1.7 Limitation of the Study

Some of the primarily selected respondents who could have contributed to the study failed to participate as a result of field trip – the research was instead conducted using staff present in Addis at time of interview and focus group discussion. This may affect the project work in limiting the target size for both type of data collection exercise.

EthioDer has never commissioned any study to assess project staff performance and hence this study recognized this fact as a gap during review literature work.

1.8 Organization of Study

The study consists of five main chapters. Chapter one deals with the introduction while chapter two reviewed published literature works related to the topic under discussion. Chapter three featured the methodology adopted in carrying out the project work. Chapter four consisted of analysis of the collected data, findings and discussion. Chapter five contained the summary of findings, conclusion and recommendations.

1.9 Definitions of Terms

- Research – To study (something) systematically, gathering and reporting on detailed and accurate information.
- Sampling – A process through which study participants, or locations, are recruited to take part in a study.
- Snowball Sampling – It is a non-random sampling technique wherein the initial informants are approached who through their social network nominate or refer the participants that meet the eligibility criteria of the research under study. Thus, this method is also called as the referral sampling method or chain sampling method. It is used where potential participants are hard to locate.
- Three way match – It is when we compare a number of different data sources and methods to confirm our findings. For example, we could compare the perspectives of staff members, owners or senior management and reviewed documents to reach to common agenda and validate consensus. This method is also called triangulation – a method that can bring strength to conclusions or identify areas for further work.
- Findings – Summaries, impressions or conclusions reached after an examination or investigation of data.

- Bias – A tendency to yield one outcome more frequently than others, often as a result of having or showing an unfair tendency to select some people or locations over others.
- Generalize – The ability to make statements and draw conclusions that can have a general application.

Chapter Two: Review of Related Literature

2.1 What is Project Structure?

A project organization is a structure that facilitates the coordination and implementation of project activities. Its main reason is to create an environment that fosters interactions among the team members with a minimum amount of disruptions, overlaps and conflict. One of the important decisions of project management is the form of organizational structure that will be used for the project¹.

Some organizational structures can definitely impair the organization's ability to deliver project success. So choosing the correct organization structure is imperative to the success of that particular organization. The three primary project management organizational structures are functional, matrix, and projectised (PMBOK 2004). Every organization must compare and contrast these three organizational structures to figure out which one will best fit organizations wants and needs. Once an organization finds its organization structure, it will help put to drive on the road to success.

2.2 Primary Project Management Organizational Structures

There are three primary project management organizational structures that have become the foundation for how an organization is run: functional, matrix, and projectised. Each structure has advantages, and if used correctly and in the right environment, the structure can further the completion of projects (Tait, 2010).

These structures have many disadvantages as well. An organizational structure can help or hurt project success, plus some organizational structures can impair project teams' ability to deliver projects. A company's organizational structure can either get in the way of, or help support the overall success of their projects. Some organizational structures may also impede the ability to share resources and impair the workers ability to deliver projects. But these structures can still work well if the project managers understand them correctly and good communication exists. Choosing the correct organizational structure for each project is imperative for the success of that project. Companies must compare and contrast all choices to pick the best one suited for their particular project (Kerzner, 2006).

¹ http://www.classtoolkit.org/sites/default/files/documents/PM4DEV_Project_Management_Structures.pdf

2.2.1 Functional Structures

The functional organization, the most common type of project management organizational structure, works best in small organizations where all the sections are geographically close together and provide a small number of goods and/or services. The organization is broken up into different structures based on specialty in the functional organization.

An advantage to the functional structure is the role of the functional manager, which means there's only one boss (Tait, 2010). Having one boss makes it easier to manage specialists and reduces or prevents conflicts of interest. The main disadvantage is that project managers have limited authority and a limited career path in this type of structure.

From specialization perspective, the most obvious advantage of a functional organization is that grouping employees by specialization ensures a dependable level of departmental competence. This is particularly so for large organizations that have several functional levels within a department – a particular tech group that follows up on tech issues not resolved by the primary telephone tech support group, for example. Membership in this group could require a bachelor's degree in computer science, a manager's recommendation and a minimum number of years of field experience. This ensures that support issues moved up to the follow-up group are handled by fully qualified personnel, which increases customer satisfaction and retention (Patrick, 2018).

According to Patrick (2018), segregating the workforce according to function clarifies organizational responsibility and allocation of tasks. This tends to eliminate duplication of assignments that waste time and effort and makes it easier for management to direct work to appropriate employees. However, some benefits of a functional organization can become disadvantages. Having departments populated by employees specializing in specific work areas means that fruitful interactions between employees with different perspectives are reduced or eliminated.

Patrick (2018) also noted that when each group of specialists in a functional organization is relatively isolated, the common bond that emphasizes a single overarching organizational purpose is almost inevitably weaker than in an organization where different kinds of employees regularly interact.

As communication becomes increasingly dominant in organizations, isolated groups may underperform or even fail because they have no institutionally recognized way of communicating needs and issues to other functional groups that might have helped. In some instances, managers of other functional groups may not respond helpfully or in a timely way because of the thinking "it's not our problem." By the time the need for cooperation has been established, the moment when cooperation would have been most effective may already have passed (Patrick, 2015)

Territorial disputes is also an additional disadvantage of using a functional organizational structure. Patrick (2018) explains that it is closely related to the failure of functional groups to cooperate with one another emerging the possibility of territorial disputes. These disputes may have to do with disagreements over priorities, budgetary competition or any number of issues that stem from a clash of egos that occur when each department has its own separate functional structure or where a strong sense of a common purpose is lacking.

2.2.2 Matrix Structure

The matrix organizational form is an attempt to combine the advantages of the pure functional structure and the product organizational structure (Kerzner, 2006). This form is suited for “project-driven” companies such as construction. The power and authority used by the project manager come directly from the general manager since each project represents a potential profit, so the project manager has total responsibility and accountability for project success.

Project management is a “coordinative” function, whereas matrix management is a collaborative function division of project management (Kerzner, 2006). There are certain ground rules that exist in a matrix development that include: participants spend full time on projects, horizontal and vertical channels must exist for making commitments, quick and effective methods for conflict resolution, good communication between managers, managers have input in the planning process, horizontally and vertically oriented managers must be willing to negotiate for resources, and horizontal lines must be permitted to operate as a separate entity (except for administrative purposes). According to Bilie (2018), a matrix organization does not exhibit clear lines of authority or responsibility in that the boss-subordinate relationship may not be clear. In addition, a cross-functional team member may receive one direction from a functional manager and a different direction from the cross-functional team manager. As a result, some individuals become disturbed by the ambiguity, and conflict may arise. In turn, high worker dissatisfaction and employee turnover may result.

According to Quain (2018), functional managers in a matrix organizational structure are not pulled from their comfort zones and areas of expertise to manage projects that require a specific skill set. As a result, they can focus on what they do best, which is to manage and coach employees, ensuring they are well-trained and that they are focusing on goals of the division or department the functional manager oversees. In this system, project managers are also freed to focus solely on the goals and objectives of the specific projects they oversee, helping both sets of managers maximize their talents.

The matrix structure can provide a rapid response to changes, conflicts, and other project needs. Conflicts are normally minimal, but those requiring resolution are easily resolved using hierarchical referral (Kerzner, 2006). Almost all of the disadvantages of the traditional structure are eliminated due to the abundance of advantages in the matrix structure. The fact that employees

work on different projects in a matrix organization also increases their interaction with their colleagues, which can help foster a deeper sense of teamwork and cooperation. When employees are isolated in a top-down hierarchy, they rarely have the opportunity to work on different projects with different sets of colleagues. In a matrix organization, employees from different departments and divisions exchange information and skills to complete a project (Quain, 2018).

Quain (2018) indicated that the matrix organization provides workers with a greater sense of autonomy – they aren't just completing functional tasks in their divisions or departments, they are also working on projects where their input, ideas and concerns are taken into account by the project manager. Without that freedom, projects stall or aren't completed because team members can't agree on the most efficient way to proceed. The matrix structure however create psychological stress in terms of creating lack stability in the interfaces of team members, team structure, work roles and work role in a project life cycle. It creates conflict between rapid fluctuation in the structure and function of the team and the individual's need for stable relation (Bilie, 2018).

According to Bilie, multiple managers, conflicting policies and procedures, and contradictory loyalties can lead to ineffective management. In addition, infighting may occur between functional managers and cross-functional team managers who are each forced to compete for the time of the individual team members. Matrix organizations benefit from neither structural stability nor routinization of function, which also can lead to inefficiency of both the individual worker and business processes. In addition, the cross-functional manager may lack the authority to make critical decisions which greatly impedes project progress.

From cost perspective, Bilie added that employees are frequently chosen to participate on cross-functional teams because they possess a broad and diverse skill set. However, in general, the wages earned by an individual increase in relation to the skills he possesses. In addition, an individual usually performs functions in support of both the matrix organization and the functional organization, which can increase overtime costs for the organization. Also, more managers may be hired for the matrix organization, which also increases personnel costs. Finally, the lack of structural stability or routine functions leads to operational inefficiency and increased costs.

2.2.3 Projectised organizational structure

When an organization has a fewer number of projects but the projects have longer duration, a pure project organization is proposed. Each project manager is appointed and he or she is responsible to conduct all activities associated with the project, so the project manager is responsible to the program manager. The project manager has fully authority for the execution of the project and he reports to the program manager in the parent organization (Scribd, 2011).

A projectised organization focuses on its activity programs which are implemented through projects. Its aim is to empower the project team and to act with autonomous discretion. It

encourages power delegation to the people who have accepted to take responsibility for the outcomes of their tasks. This does not mean that the project manager would be acting independently but rather there would be still monitoring and evaluation and organizational development. It recognizes managerial leadership dedicated to empower and train subordinate teams. The project manager provides a layer through establishing a framework where the projects can be run successfully. This is the type of organizational structure in which the project manager have all the responsibility for assigning priorities and for directing the work of persons assigned to the project (Square, 2015).

Since that the organizations nowadays are result-oriented, they continuously enhance their working culture and environment. They motivate their employees to constant learning and development and learn from their experiences and generously share it through corporate knowledge in order to benefit from the lessons being acquired. Companies carefully arrange all their activities into different project and / or programs. The project manager processes the full authority over it. The project team members are required to report to him.

In this projected organization structure, there will be no functional manager or if there would be one, his power or authority would be just limited. With this, people would be flexible and can learn from their own and from other people as well.

Transparency is observed in this kind of projectised organizational structure. The project team members directly reports to the project manager which makes it easier to resolve the issues and enables faster decision making. Further, it promotes effective communication since there are shorter lines inside the project team. It is another advantage that the project team members become more flexible and versatile because of their experience in various projects. Projectised organization also encourages instantaneous cooperation, sound communication, and milestones (Square, 2016).

This means lines of communication will be shortened because the project manager directly communicates with the parent project organization members. In this kind of structure, the fast reaction time keeps activities on schedule, but technology suffers because without strong functional groups, which maintain interactive technical communication, the company's outlook for meeting the competition may be severely hampered (Kerzner, 2006).

2.3 Organizational Structure Contribution to Project Management

How do organizational structures affect projects and project management? – requires an understanding of the different organizational structures and their effects (Vivian, 2004)

- **Functional Organizational Structure.** These firms are organized into functional divisions based on primary functions such as engineering, human resources, finance, IT, planning and policy. Each different functional division operates independently and isolated groups of

workers in a division report to a functional manager. The functional manager generally both allocates and monitors the work and carries out tasks such as performance evaluation and setting payment levels. In this model project managers have very limited authority. Functional organizations are set up for ongoing operations rather than projects and so this organizational structure is often found in firms whose primary purpose is to produce standardized goods and services (Vivian, 2004).

- **Matrix Organizational Structure.** In a matrix organization control is shared. The project manager shares responsibility for the project with a number of individual functional managers. Shared responsibilities can include assigning priorities and tasks to individual team members. But functional managers still make the final decisions on who will work on projects and are still responsible for administration. Project managers take charge of allocating and organizing the work for the designated project team. In this type of structure, there is a balance between ongoing operations and projects, so it is a common structure for organizations that have these dual roles. For instance, local body organizations that are responsible for both maintaining existing infrastructure (ongoing operations) and commissioning the construction of new infrastructure (projects) often have matrix structures (Vivian, 2004).
- **Projectised Organizational Structure.** In a projectised organization the project manager has full authority over the project. This includes the authority to set priorities, apply resources, and to direct the work of team members assigned to the project. All members of the project team report directly to the project manager and everybody is assigned to a project. After completion of the project, resources will be re-assigned to another project. This type of structure is common in firms that work on sizeable, long-term projects, such as in the construction industry (Vivian, 2004).

2.4 Implications of organizational structure on project management

In a functional organization, projects that exist within a single functional division generate no particular organizational issues, but projects that cut across functional divisions can be challenging. This is because projects that extend across functional divisions are demanding to manage because the project manager has no direct functional authority and must obtain continual cooperation and support from functional managers of other divisions in order to meet project objectives. This can get complicated (PM4DEV).

Because the matrix structure gives authority to both project managers and functional managers the outcome is to provide a more seamless division of labor and ultimately to build a stronger team culture. However, the potential for conflict between functional managers and project managers still exists because there is still resource conflict. Everyone who is on a project team still has two bosses –functional manager and project manager (PMBOK 2004).

In a projectised organization, authority is centralized. Because projects are removed from functional divisions the lines of communication are shortened. Both these factors enhance the ability to make swift decisions. Project teams develop a strong sense of identity which in turn creates a high level of commitment from team members. Due to their involvement in consecutive projects of a similar nature projectised organizations can develop and maintain a long-term body of experience and skills in specific areas.

It is clear that projectised organizations make it easier to run projects because the entire structure is set up for that purpose. But if a Project Manager manages a project within other organizational structures, then recognizing and understanding the impacts will raise the manager's awareness of the potential project management pitfalls and project team can be proactive about resolving them. Communication, conflict resolution and team building will be key to success (Viviana, 2004).

2.5 Relationship of organizational structure with project team performance

Harisha et al., (2010) defined performance as the success in meeting pre-defined objectives, targets and goals. In simple terms, performance refers to getting the job done or producing the intended result at the right time. Once an organization has made a decision on how it expects its employees to act in the workplace, what employee attitude it expects, what it wants its employees to achieve, it can then implement its structure and promote the growth of culture morals and customs to achieve these anticipated boldness, manners and objectives. Structure does not only lead to increased organizational capabilities, but also the processes that result in increased performance (Wolf D, 2002; Clemmer J, 2003).

One of the main objectives of the structure is to reduce uncertainty and confusion that typically occurs at the project initiation phase. The structure defines the relationships among members of the project management and the relationships with the external environment. The structure defines the authority by means of a graphical illustration called an organization chart (PM4DEV, 2007). Good performing employees working in a structure that is poorly designed tend to adapt to the poor structure. This phenomenon is as a result of employees not having total control of the organization's procedures, processes, policies and all the organization's supporting systems. These feelings are often amplified by a performance management system that arbitrarily pushes people for behaving like the system, structure, or processes they have been forced into (Clemmer J, 2003).

The structure cannot be designed too rigid or too loose, since the project organization's purpose is to facilitate the interaction of people to achieve the project ultimate goals within the specified constraints of scope, schedule, budget and quality. The objective in designing a project structure is to provide a formal environment that the project manager can use to influence team members to do their best in completing their assignment and duties. The structure needs to be designed to help

develop collaboration among individual team members; all in a cost effective way with a minimum of duplication of effort and overlaps (PM4DEV, 2007).

2.6 Relationship of organizational structure with project performance

Organizational structure adopted for management of building projects is an important area to consider for the success of projects (Sarfo, 2007). Loo (2003) also grouped project management activities that facilitate project success require the establishment of organizational structure for their effectiveness. The areas cover technical (e.g. planning, controlling, and procedures) and people (e.g. leadership, communication, and conflict management).

The establishment of management structures for the management of a project is one of the important activities required for accomplishing goals. Shaker (2003) in a publication reviewing Peter Drucker books, who argues that management is the function, which involves getting things done through other people. Basically this involves the following, which are all aspects of setting organization matters for performance: getting Managers with leadership capabilities, getting staff with competence and appropriate skills, placing responsibilities on people for successful completion of the project, establishing clear delegated authorities, defining proper communication lines. Since these outlined duties relate to the matters concerned with internal organizational running, it may be argued that they are solely for the purpose of improving only organizational performance. Kotnour (2000) asserts that some of the internal organizational matters such as organizational learning practices increase project success too. The tendency to have the project success increased therefore lies in the ability of the manager to develop certain strategies within the organization. The activity of setting a project organizational structure is, for instance, one of the major organizational matters whose influence on project performance may be significant.

Sidwell (1982) in his investigation into the impact of client decision-making upon organization process and project success concluded that project structure has influence on the project performance from inception to completion. Getting an organizational structure alone is not enough. As much as having an organization structure is important for the achievement of project success, the effect of the size of the management structure adopted for management of a project needs to be also given special thought (Sidwell, 1982).

2.7 Summary

Main findings from the literature is that the structure put in place in an organization depend upon its suitability to meet its objectives. Hence an organization which is project oriented or based have to re-align its structure in order to achieve the optimized project performance. The project performance may vary from organization to organization depending upon the structure in place. Optimum practices depend on the level of performance of the outcomes realized. This necessitates finding out of the relationship between organizational structure and project performance (and or

project team performance). Project performance is considered to be tied to project success and this is also associated with project objectives. Project performance is therefore measured using certain criteria developed based on the project objectives. The reviewing of literature work, therefore, contributes in understanding the cause and effect of organizational structure on project team performance which automatically paves way for project success.

Chapter Three : Research Methodology

3.1 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research design is the conceptual structure within which research is conducted, constitutes blue print for collection, measurement and analysis of data (AAUSC²).

The research design therefore gives direction to a research because it includes how a data should be gathered, what particular instruments will be used for the study and how these instruments should be interpreted (Cresswell, 2015). The design of a study defines the study type (descriptive, exploratory, semi-experimental, experimental, review, etc) and sub-type (e.g., descriptive-longitudinal case study), research problem, hypotheses, independent and dependent variables, experimental design, and, if applicable, data collection methods and a statistical analysis plan.

The project work used descriptive study. The exercise will give the answer to ‘*what*’, ‘*who*’, ‘*where*’, ‘*when*’ and ‘*how*’ questions by enabling to understand facts, current setting and describe well grounded picture of the situation (PMBOK 2004).

The organization EthioDer plc is one of the growing companies in Ethiopia with the capacity of exerting over 100 Million Birr project investment in the area of service delivery. This project research will use descriptive research method to understand and describe the contribution of project structure to success of multi-sector projects. The project work will consider the current proceeding of the organization that will be followed with recommendation to feed into senior management focus should the structure need to meet the esteemed growth and dynamic environment.

3.1 Research Approach

Accordingly Dudovskiy (2015), there are two types of research data collection methods - quantitative, qualitative and mixed methods. Quantitative method has the following characteristics.

- It is measured and expressed in terms of quantity. It consists of expression of a property or quantity in numerical terms.
- It helps in precise measurement, knowing trends or changes overtime, comparing trends.

² Research Method, Addis Ababa University School of Commerce (2014)

- It involves quality or kind, helps in having insight into problem or cases.

What is missing from quantitative research method is the voice of the participant (Creswell, 2015). In a quantitative study, large amounts of data can be collected about the number of people who hold certain attitudes toward the area of concern, but what qualitative study tells us is why people have thoughts and feelings that might affect the way they respond to that concern and how it is given (in this way, qualitative and quantitative data are frequently complementary).

Possibly the most important point about qualitative research is that its practitioners do not seek to generalize their findings to a wider population. Rather, they attempt to find examples of behavior, to clarify the thoughts and feelings of study participants, and to interpret participants' experiences of the phenomena of interest, in order to find explanations for human behavior in a given context (Dudovskiy, 2015).

Research following a qualitative approach seeks to explain 'how' and 'why' a particular phenomenon, or program, operates as it does in a particular context. As such, qualitative research often investigates i) local knowledge and understanding of a given issue or program; ii) people's experiences, meanings and relationships and iii) social processes and contextual factors (e.g., social norms and cultural practices) that marginalize a group of people or impact a project. Qualitative data is non-numerical, covering images, videos, text and people's written or spoken words. Qualitative data is often gathered through individual interviews and focus group discussions using semi-structured or unstructured topic guides ³.

Table. 3.1 Summary of differences between qualitative and quantitative research

	Qualitative research	Quantitative research
Type of knowledge	Subjective	Objective
Characteristics	Flexible	Fixed and controlled
	Contextual portrayal	Independent and dependent variables
	Dynamic, continuous view of change	Pre- and post-measurement of change
Sampling	Purposeful, Snowball	Random
Data collection	Semi-structured or unstructured	Structured
Nature of data	Narratives, quotations, descriptions	Numbers, statistics
	Value uniqueness, particularity	Replication
Analysis	Thematic	Statistical

Although the table above illustrates qualitative and quantitative research as distinct and opposite, this project will therefore apply qualitative data collection method in order to gain better

³ The Open University, 'six types of data collection and analysis methods'.

alignment to project structure that involves the views of staff members and their perception towards project structure. Additionally, it responds to the project objective and research questions. A general inductive approach provides an easily used and systematic set of procedures for analyzing qualitative data that can produce reliable and valid findings (Creswell, 2015). Inductive approach also provide a simple, straightforward approach for deriving findings in the context of focused questions. Many evaluators are likely to find using a general inductive approach less complicated than using other approaches to qualitative data analysis (Thomas, 2016).

For this project work, an inductive approach was adopted, which according to Saunders et al (2007) the order that should be followed is: data collection, data analysis, summary findings, conclusion and finally, development of possible recommendation.

3.1 Population and Sample Size

The target population refers to the entire staff members working at EthioDer Company. Hence, 30 selected respondents were taken as sample for this study.

3.2 Type of sampling method

The researcher will use snowball sampling method in the project work. This method refers to a non-probability sampling technique in which a researcher begins with a small population of known individuals and expands the sample by asking those initial participants to identify others that should participate in the study (Crossman, 2018). In other words, the sample starts small but "snowballs" into a larger sample through the course of the research.

This methodology is done through asking others to identify people who will interview well, because they are open and they have an in-depth understanding about the issue under study. It has advantage of finding hidden population, time management and creating possibility of collecting primary data in a cost effective manner (Dudovskiy, 2018).

According to Crossman (2018), Snowball Sampling method is a very good technique for conducting qualitative research with a specific and relatively small population that is hard to locate. The project work noted that most staff members were on various project sites (out of Addis Ababa) and the research required the assistance of EthioDer's management to identify and locate staff members that will reside and arrive in Addis Ababa for scheduled interview date. Further detailed selection criteria was set to identify interviewees by developing parameters that will be relevant to the research work. The main parameters were year of service, experience, cross functional team working record, achievement through promotability ladder and depth of service knowledge.

3.3 Data Collection Method

Qualitative data collection methods are exploratory and descriptive in nature and allows the respondent to talk in some depth, choosing their own words. This helps the researcher develop a real sense of a person's understanding of a situation (McLeon, 2008). Qualitative data collection methods emerged after it has become known that traditional quantitative data collection methods that were unable to express human feelings and emotions (Dudovskiy, 2015). It is noted that "qualitative methods are often regarded as providing rich data about real life people and situations and being more able to make sense of behavior and to understand behavior within its wider context.

The study used interviews and focus group discussions to explore EthioDer's staff beliefs, values, understandings, feelings, experiences and perspective of projects the organizations is running. According to Dudovskiy (2015), the strength of qualitative method is that they generate rich, detailed data that leave the participants' perspectives intact and provide multiple contexts for understanding the phenomenon under study.

3.3.1 Individual Interview

An individual interview is a conversation between two people that has a structure and a purpose. Interviews can be defined as a qualitative research technique which involves "conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program or situation." [Boyce & Neale 2006].

This study will use semi-structured interviews to get confirmed response from respondents. The outcome will have a high chance of reaching to the main and common answer the researcher is seeking to probe. The researcher will have one to one interviews and discussions with 20 staff members being picked from each of the hierarchical ladder through snowball sampling method.

Advantages of interviews include possibilities of collecting detailed information about research questions. Moreover, in this type of primary data collection researcher has direct control over the flow of process and has a chance to clarify certain issues during the process if needed. Disadvantages, on the other hand, include longer time requirements and difficulties associated with arranging an appropriate time with perspective sample group members to conduct interviews (Connaway, L.S.& Powell, 2010). Therefore, timing and environment for interviews need to be scheduled effectively. Interviews need to be conducted in a relaxed environment, free of any forms of pressure for interviewees whatsoever.

3.3.2 Focus Group Discussions

Focus Group is a type of in-depth interview accomplished in a group, whose meetings present characteristics defined with respect to the proposal, size, composition, and interview procedures. The focus or object of analysis is the interaction inside the group. The participants influence

each other through their answers to the ideas and contributions during the discussion. The moderator stimulates discussion with comments or subjects. The fundamental data produced by this technique are the transcripts of the group discussions and the moderator's reflections and annotations (Krueger, 1994).

Focus groups are group discussions conducted with the participation of 12 to 15 people to capture their experiences and views regarding specific issues closely related to research questions. Focus group discussions allows to explore how a group thinks about an issue, the range of opinions and ideas, and the inconsistencies and variations that exist in a particular community in terms of beliefs and their experiences and practices (Dudovskiy, 2015).

The focus group discussion will invite EthioDer participants (representatives from all levels of hierarchy) – in two separate rounds - for whom the issue is relevant. The discussion will capture their experience (when working for EthioDer) along with their views regarding specific issues that is closely related to research question(s). Focus groups are led by a moderator (the researcher) who is responsible to ensure that group discussions remain focused on the research method. Advantages of focus groups include the possibility of obtaining primary data through non-verbal channels, as well as, verbal channels and approaching the research area from various perspectives. It will also re-confirm the information gained from the interview exercise and refine analysis result.

3.4 Method of Data Analysis

Qualitative data analysis is a process that seeks to reduce and make sense of vast amounts of information, often from different sources, so that impressions that shed light on a research question can emerge. It is a process where the researcher explore to get information and offer an explanation or interpretation. The information consist of interview transcripts, documents, company websites, pictures, videos etc. A basic principle of qualitative research is that data analysis should be conducted simultaneously with data collection (Coffey & Atkinson, 1996). This allows to progressively focus on the interviews and observations, and to decide how to test emerging conclusions.

The project work will employ qualitative data analysis to enable deeper understanding of individuals (staff members) response and analyze the contribution of project structure towards the success of multi-sector projects.

Qualitative data analysis typically revolves around the impressions and interpretations of key researchers. However, through facilitation, participants can also take an active role in identifying key themes emerging from the data. Because qualitative analysis relies on researchers' impressions, it is vital that qualitative analysis is systematic and that researchers report on their impression in a structured and transparent form (Open University, 2006).

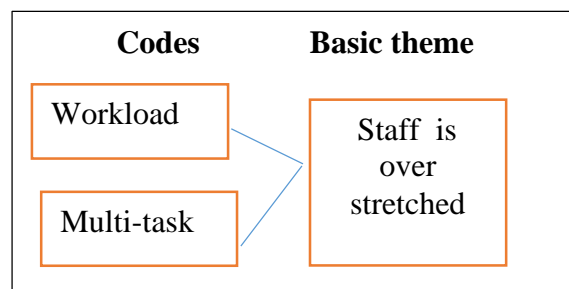
3.4.1 The process of reducing data

Following collection of raw data, the aim is to condense all of the information to key themes and topics that can shed light on the research question, coding is the practice to reduce data (Miles and Huberman, 1994). A code is a word or a short phrase that descriptively captures the essence of elements of the material (e.g. a quotation) and is the first step in the data reduction and interpretation.

To help speed up coding, it is possible, after having read through all of the data, develop a coding framework, which consists of a list of codes that the researcher anticipate to be used to index and divide the material into descriptive topics. The project work used inductive thematic network approach. This approach code all the gathered data, allowing for new impressions to shape interpretation in different and unexpected directions (Attride-Stirling, 2001). It experiences high possibility of new code addition to the list as the researcher progress with the coding, continually developing the coding framework. Coding is a long, slow and repetitive process, and this practice encourages to merge, split up or rename codes when progressing. There is no fixed rule on how many codes to go for, but if there are more than 100-120 codes, it is advisable to merge some of the codes (Corbin and Strauss, 1990).

Following coding exercise, the next step used abstracting themes from the codes. The idea is to group the codes together to represent common, salient and significant themes (Attride-Stirling, 2001). If, for example, the codes ‘work load’ and ‘multi-task’ appear in the interview transcripts, they can be clustered together as staff engaged on various functions are overstretched (see figure below).

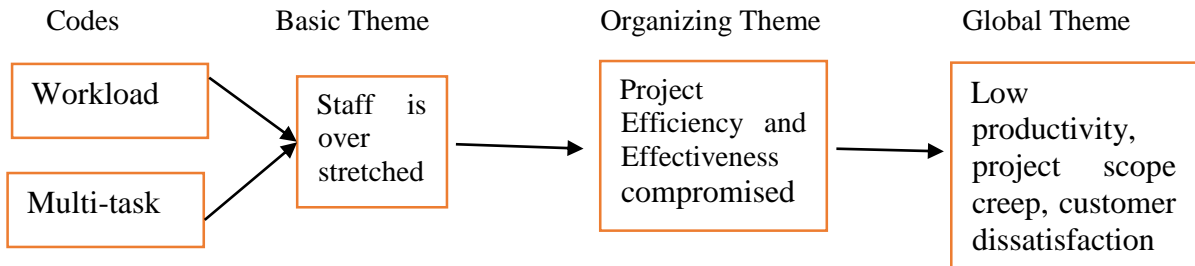
Figure 3.a Transferring codes to basic themes



During the process, it is to note that all of the codes will not be of interest and relevance to the research question and that the study will choose to selected cluster of the codes into ‘basic themes’ that help shed light on the question. The basic themes are then clustered together into higher order and more interpretative ‘organizing themes’ (Attride-Stirling, 2001).

Figure 3.b also illustrates how the study will transparently show path from having descriptive codes to focusing on a few distinct, interpretative and networked themes that the researcher can use to begin answering parts of the research question.

Figure 3.b Data reduced to provide global theme



The method of cutting out codes and moving them around on a table is often referred to as the ‘table method’. The ‘table method’ works particularly well for reasonable studies and is very cost effective (Attride-Stirling, 2001).

3.5 Secondary Data Review

The Researcher used various in-house documents (financial report, audit, department reports and asset holding reports) to give understanding on the organization’s capacity/performance and record in delivering projects, via adhering to the iron triangle (time, cost and quality). Secondly stakeholder report (including project completion endorsement, Government recognition, stakeholder capacity assessment report, and contract arrangements) enhanced understanding from stakeholder’s perspective. The last but not least, human resource documents like staff appraisal, staff performance related documentation, job descriptions, promotion record, etc. gave highlight to the study with respect to staff demonstration on project implementation. The above three methods gave the study a three way match to understand elements related to organization’s structural capacity and productivity.

3.6 Ethical Consideration

Some important ethical concerns that should be taken into account while carrying out qualitative research are: anonymity, confidentiality and informed consent. According to Richards and Schwartz’ findings, the term 'confidentiality' conveys different meanings for health care practitioners and researchers.

The research process will be discharged with confidentiality – not disclosing names on respondents’ feedback. The summarized reporting will generalize the consensus and the outcome of the research will be informed to the senior management for their consent prior to declaring the research product as final output that is submitted to Addis Ababa University of Commerce.

Chapter Four : Data Analysis and Discussion of Results

4.1. Qualitative Data Analysis

EthioDer employed around 112 staff members out of which 60 staff account to permanent position while the rest remain to be temporary staff members. The recruitment of temporary staff is related to project demand especially at time of project start-up and during implementation period. Majority of staff members are discharging their responsibilities outside Addis Ababa. The interview and focus group discussion was conducted in Addis and therefore required follow-up of staff departure and arrival schedule.

The interview with EthioDer staff members was conducted successfully. Thirty participants were selected through snowball sampling method and interviewed for one to one discussion. The project work managed to accomplish 23 interview questions with individual respondents.

A focus group discussion (FGD) is a good way to gather together people from similar backgrounds or experiences to discuss a specific topic of interest. Two focus group discussions were held using 12-15 participants composed from all levels of function and hierarchy (venue was held at EthioDer head office). The target grouping who were involved in the interview session also appeared in the FGD so as to help the project work refine its common consensus. The questions raised for discussion were highly related so as to i) enable gather group response, ii) to confirm and support the interview result and iii) discuss additional areas and input new views not gathered in the interview session.

The group of participants was guided by a moderator (or group facilitator) who introduces topics for discussion and helped the group to participate in a lively and natural discussion amongst themselves (ODI 2004). The FGD was well moderated with dual facilitators that is the researcher (to shape the discussion answer the questions) and General Manager of the company.

The questions or the areas for discussion were related to the interview questions where and majority of the response seemed similar. The researcher noted the confidence of staff when airing their views with no line management barrier and also the grateful behavior they have shown for working at EthioDer company. Again, there isn't much view coming out of the discussion on where there needs to be systematic coordination in the overall operation (may be it is because things have not gone out of hands), what the steps are or the need for change in the organization structure except from the senior team.

4.2. Collected Data and Analysis (Focus Group Discussion and Interview)

The interview questions and focus group discussions were designed with mix of closed and open ended questions to enable respondents come up with more of their views till the researcher is able to understand and also come up with their suggestion till we reached to the confirmed and agreeable consensus.

The interview and FGD questions were more or less similarly designed so as to refine and validate the consensus. Straight forward response from the respondents was gained especially on the cause of the problem that led to project delivery delay and reduction of team spirit. Interviewees agreed for a structure that is loose structure, low specialization, low formalization, decentralization, low hierarchy and large span of control) to exercise a platform for creativity and easy two way communication. It was noted that EthioDer is pursuing a tight structure, extensive specialization, high formalization, high centralization, high hierarchy and narrow span of control). Senior management informed that controlling more than 100 staff members is quite difficult hence needed to put structures in place such as narrow span of control high hierarchy chain of command, strict rules and procedures which turns to be mechanistic in nature.

Projects are temporary task and unique in nature hence would recommend an autonomous structure for it. Typical advantage is avoiding unnecessary delays in going through long approval process for projects approval, procurements and contracts due to the hierarchy of decision making. Difficulty may arouse if one uses the current structure for growing project operation like EthioDer for reason that the structural approach differ as explained by the respondents thorough interview and FGD result is given in Table 4.1.

There are two ways of analyzing qualitative data. One approach is to examine findings with a pre-defined framework, which reflects aims, objectives and interests. This approach is relatively easy and is closely aligned with policy and programmatic research which has pre-determined interests. This approach allows to focus on particular answers and abandon the rest. This approach is called 'framework analysis' (Pope et al 2000). The second approach takes a more exploratory perspective, encouraging to consider and code all data, allowing for new impressions to shape interpretation in different and unexpected directions. This approach is called thematic network analysis (Attride-Stirling, 2001).

The study used thematic network analysis – it involved reading and re-reading the gathered data in its entirety. In this approach, the main aim is to condense all of the information received from respondents to key themes and topics that can shed light on research question. The method is called table method which is started by coding the data (fig.4.1). A code is a word or a short phrase that descriptively captures the essence of elements of data and is the first step in the data reduction and interpretation.

To help speed up coding, after having read the enormous data the study developed a coding framework, which consisted of a list of codes used to index and divide data into descriptive topics. Since the study followed a more inductive thematic network approach, addition of new codes was created when progressing with the coding, thus continually developing coding framework (fig 4.1). Coding is a long, slow and repetitive process, and this study was encouraged to merge, split up or rename codes as the study progressed. There is no fixed rule on how many codes to aim for, but the study merged similar and related codes.

Having done with the initial coding, the next exercise was to abstract themes from the codes (see fig. 4.1). The codes were grouped together to represent common, salient and significant themes. Label these clusters of codes with a more interpretative form from 'basic theme' to 'organizing theme' then to 'global theme'. Figure 4.1 illustrated how the study can transparently show from having descriptive codes to focusing on a few distinct, interpretative and networked themes that can be used to begin answering parts of the study question.

The method of cutting out codes and moving them around on a table is often referred to as the 'table method'. The 'table method' works particularly well for smaller studies. The project work used table method to code the information gathered from interview and focus group discussion. Thirty interviews plus two focus group discussions resulted in getting enormous amount of information which required reduction of data into themes of Basic – Organizing – Global codes – it is given in figure 4.1.

The table method shown in fig4.1 informed the information gathered from the respondents with regards to the interview questions and focus group discussions. The first row in the figure led the gathering of direct response but coded in an interpretative way as *effects*. It also helped to reduce and convert the raw data into meaningful word. The code has captured the main problem as staff being burdened to enormous workload coming from more than two superiors and this affected prioritization exercise automatically resulting in schedule over-run. It also shown difficulty of managing multiple tasks, and one way communication that fostered the inability to address grievance aspects and also discuss best practices plus lesson learnings from routing deliveries.

The first stage coding practice is labeled to be *caused* from '*basic theme*' category which indicated the one way communication and drop down of multiple assignment as a sign of activating highly centralized making system with a mission statement not addressing the current organisational agenda. The third stage of clustering informed a more refined interpretative causal form termed as '*organizing theme*'. In this category, the bureaucratic style had led to platform of non-enabling environment to creative and innovative approaches among project team. Such approach is driven by low level of integration among the functions thus expanding knowledge gap on project management, lesson learning and best practices.

The last stage of interpretative causal category (Global Theme) of the problem faced by EthioDer and its staff members is the organizational structure not responding to the EthioDer's servicing demand.

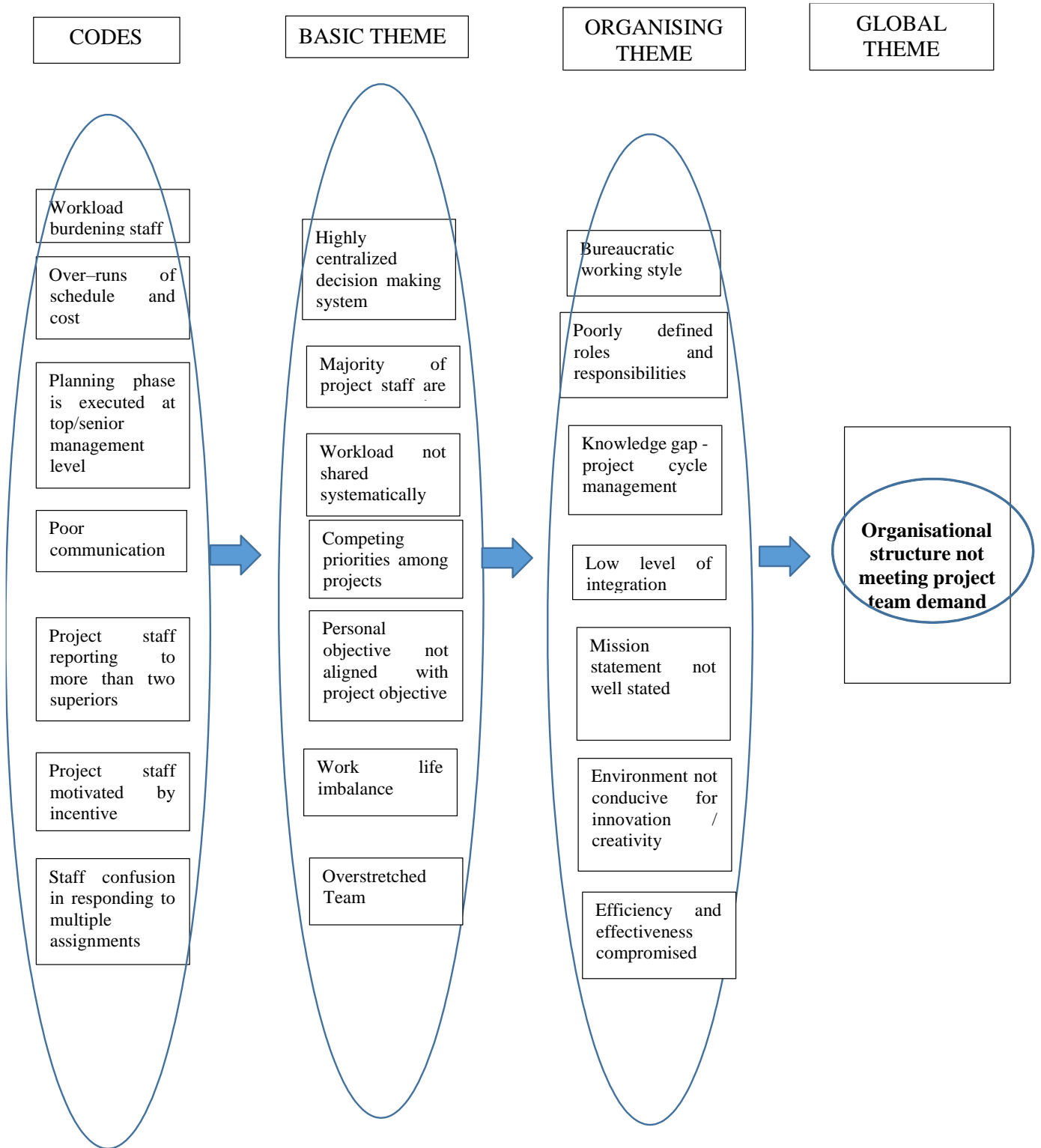


Fig.4.1 Table Method – Coding of gathered information to reduce and categorize gathered data

The study also analyzed information putting focus on the positive aspect of the structure and highlights on the some focus areas of respondents response. It is given as below.

- 60% of the respondents have been with EthioDer for more than 12 years (permanent staff members). Respondents showed their content glance and response about the maturity they have developed over the years to work responsibly across functions.
- 25% of the temporary staff are more of gap fillers when new projects arise and when there appears to be gap during project implementations. These number of staff members have been contracted with this company on more than 3 occasions for the reason of good pay, on-job learning opportunity, the respect they received from the company as permanent staff members and this led the temporary staff to boldly face challenges and act whenever they are called to fill gaps.
- All participants from the junior team are committed to execute immediately at time of peak season at the expense of work-life balance
- All participants (except top management) shared common view – their standby mode indicate their expectation of new demanding calls (additional responsibilities) are likely to come their way while on duty.
- 80% of respondents informed the problem of project task delay while awaiting decisions to come from superiors.
- 80% of respondents informed the problem of project task delay when responding to multiple task that come from superiors.
- 60% of participants informed that they have not had any opportunity to sit with line managers and discuss performance appraisal except for trouble shooting during project implementation phase.
- All respondents (100%) are proud to be working for the EthioDer. Additionally they are grateful for the opportunity they have been given especially to work on big mega projects (Mining, Oil and Gas Refinery Logistic Provider – pioneer in Ethiopia) as well as the environment they have been again exposed to working with international partners like TESLA, Africa Oil Companies, etc. Additionally all respondents appreciate and enjoy the high administrative standard the company is using as part of organizational upgrading and ensure customer/client satisfaction (e.g. procuring latest vehicles and machineries to avoid field work interruption, maintaining international health and safety standards, etc.)
- All respondents informed of gaining experience in working beyond their responsibilities (For example Tour officers support the mining team at the camp in receiving and orienting expat refiners upon arrival to Ethiopia).
- 80% of respondents agree on the enormous but doable workload or work pressure but do not have any complaint at this time. The remaining 20% welcomed the challenge of workload though it compromised their work-life balance.
- 100% of respondents informed the fact that project planning and contracting arrangement is executed at senior level but next forwarding steps are jointly planned with middle and junior

team. Decision making process is executed at senior level and delegation of authority has not been drilled down to middle level hierarchy.

- 100% of the respondents welcomed the idea of new additional and bigger project start-up. 18% of the respondents agreed for systematic kind of new coordination based organizational structure to follow if the organization is pursuing and competing to win big projects. Remaining respondents won't object to any type organizational structuring and is willing to work based on any new proposed organogram.

4.3. Result from Secondary Documentation Review

The research referred to the following documents:

Three consecutive year audit report (2006-2008) along with the company financial and narrative report. Reports informed pleasing unqualified opinion that recognized sound financial control. Financial report informed incremental revenue in the life history of the organization (by 20%). To note : Year 2010 showed slow activation on the side of Tour Operation and Mine Camping section due to security situation in the country.

Department reports (especially from the backbone functions of the company) were considered as imminent elements to enrich the literature review work. The import section report indicated communication with international suppliers and in-house functions to facilitate purchase (with procurement and finance), import and sales arrangement. Main imports involve agricultural chemical items and heavy duty machineries.

The operation department housed the logistics arrangement (that primarily handle warehousing, workshop and transport functions). The company has possession of more than 50 vehicles and >ETB 40 million worth camping materials and accessories. In addition, the company is investing in construction of a nine storey building to meet its need for office expansion at Bole Road, behind Edna Mall. The Researcher is informed that the design of the building allows entry of additional sector that is the hotel industry (in fact a 3 – 4 star guest house service provision) along with massive capacity warehouse to keep assets and other relevant materials. The operation section also house the Human Resource unit (HR). The HR records inform personnel data year of service, position and staff member remuneration increase. The HR host team building, support on job learning and periodic staff retreat and or away days.

The Tour Operation is the first icebreaker to EthioDer company. The operation was successful in gaining tourists from all over the world and it is still operational. This section involved in planting trade fairs in Europe and Asia. It has partnership with more than 20 guest houses, hotels and resorts to entertain touristic guests. This section was led by a Tanzanian expert on Safari and Tour management.

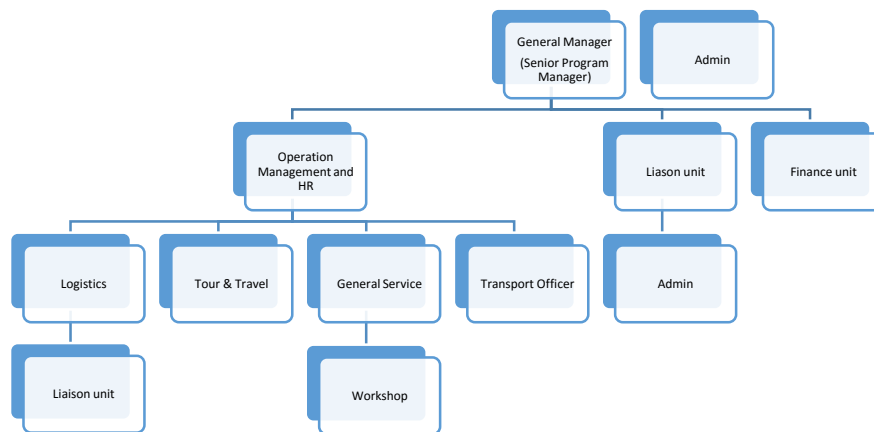
Mining, Gas and Oil Refinery Camp Logistics section is the biggest investment the organization has exerted and it is the pioneer company to host refinery agents with 100% logistics capacity in the country. The company has gained international high standard partners like Tesco, Africa Oil Companies, etc. EthioDer showed its environment friendly service through the Sewage treatment system it planted to water cycle in Arbaminch city. This is a remarkable achievement for the country, the company and the staff in demonstrating high level competency in meeting international standard for 24/7 service for span of 2 years.

The project work referred to the roster of photos or videos taken during and after service for evidence of structural plants (4 star equivalent mining camp logistics), picture of clients using the service package during and after project work. Additional function is the well-known vehicle sales and rental service where there is huge turnover of sales and rental activities in a peak of every 3 – 6 months.

The organogram showed functional ties among the functions but given the massive amount of work going on in the organization, the organogram does not reflect strength on the functional, operational and technical relationship among the general team and with particular projects.

ETHIODER PLC

Fig 4.2 Functional Structure – EthioDer PLC



The researcher explored the stakeholder feedback (e.g. client impact assessment pre – project planning phase and post -project endorsement) and or project completion report (if possible – report attached with stakeholder endorsement) to understand their perspectives on the general service delivery of EthioDer. The research noted the recognition from Ethiopia Mining and Energy Ministry as an encouraging feedback from ministerial office.

Chapter Five : Summary of Findings, Conclusions and Recommendations

5.1 Summary of Project Finding

The principal aim of this research is to find out the effects of organizational structure on the success of multi-sector projects (by taking the case of EthioDer PLC). Hence the study was conducted with the following objectives in mind:

1. To determine the basis of the organizational structure that is put in place for projects run by EthioDer (and recommend new structure if need be)
2. To identify the problems of implementing projects at EthioDer
3. To examine the relationship between project structure and project team at Ethio-Der company

EthioDer's management is positively ambitious in looking forward to the company growth and expansion agenda. The company has no question on financial, material and technological resources to reach to its ambition and so far enjoyed the pioneering role of work executed on new national projects (e.g. mining, oil and gas refinery works). The study however noted that the expectation of EthioDer's management on its project team is high and the issue of project delay experience remained a question when adequate resources of finance, material (vehicles, equipment, etc.) and technology is mobilized. Such imbalance of facts has led the management to seek the barrier factor that is holding the organization's capacity from delivering new and higher level mega project implementation work. This led the study to take qualitative focused research method in order to explore the bottleneck behind project delays and to understand the perception of staff on the project and the company in general.

From the study finding, it was clear that the basis of the current organizational structure put in place for projects execution is a functional structure arrangement. The company's diverse projects have shown that functions have multiplied, bringing into existence massive and complex project operation in oil and mining industry. The study revealed that almost all projects are and were initiated by the top and divisional management, and a project manager is then appointed who must form a team from people in the various sections. Even though the company had to undertake multi-sector projects, hence they relate to projects in a very weak structure where most authority reside in the functional managers.

The study further noted that expertise is kept together in groups but team members are only on the project on a part-time basis. Conflicts appeared between project team members on day to day routine work and their project work. Findings informed that it is often very difficult for project team to gain commitment from the selected people because of no dedicated resource. When gap appears within the project team, the company hires people on temporary basis as troubleshooting mechanism.

The study noted that the performance of staff with respect to project implementation is remarkable. The staff is relentlessly exerting its effort to meet its responsibilities to the maximum level. The organization has so far gone through many projects with small to large budget investment. The notable problems initially stem from structural problem as the hierarchical layer below top management is more reactive and not empowered to make decision, execute approval, delegate and engage in planning or influencing forum. The study therefore revealed staffs' preference of working on a project that has complete autonomy of decision making, approval delegation and budget utilization.

5.2 Conclusion

This study has been able to show that the structure in place has been the main problem for the success of project at EthioDer. Study revealed that the informal nature of communication and assignment of work has confused staff members in making priority and reporting in timely manner. The functional type of working has given the staff members no exposure to participate in the planning session so as to contribute their experience and views for the performance of the project. The human element can be considered in more participatory way during the whole cycle of project management. However, the busy schedule of departments has also brought gaps in undertaking performance assessments. The functional organization structure which the company is currently using works best in small organizations where all the sections are geographically close together and provide a small number of goods and/or services.

Every organizational structure has advantages as well as disadvantages, but choosing the correct structure can help implement a successful project (Kerzner, 2006). This is why it is so important to compare and contrast these structures and choosing the correct one to meet company's needs and wants, because choosing the wrong one could end in failure of the project.

For organizations that run multi-sector projects need to think of the right structure to fit the environment dynamics (Agris, 1992). In many ways the simplest and most obvious organizational form for managing projects is the projectised organization. In this, each project at EthioDer becomes a self-contained organization with all resources and functions within the functional divisions. This form is often used by organizations carrying out major projects. The project is often initiated by top management and central support, then a project division is formed with its own director. Each project is largely self-contained with its own budget, support operations, staff, and facilities (Sadler,2000).

Such structure is simple and easily understood, focus and responsibilities are very clear, each project has its own dedicated resources, and each project can build its own organizational ethos and identity. It is a structure that can be good at delivery. It is often best suited to large, long-lasting, and stable projects.

There are two design factors that significantly influence the process of developing a project management structure. For large projects that have multiple specializations or technical areas, each area may have a different need; from differences in goals, approaches and methodologies, all of which influence the way the project will implement its activities. While specialization allows each project component to maximize their productivity to attain their departmental goals, the dissimilarities may lead to conflict among the members or leads of each component. In general, the greater the differences, the more problems project managers have in getting them to work together. Coordination is required to bring unity to the various elements that make up a project.

Integration is the degree of collaboration and mutual understanding required among the various project components to achieve project goals. Most projects are characterized by the division of labor and task interdependencies, creating the need for integration to meet project objectives. This need is greatest when there are many project components that have different specializations. The goal of the project management structure is the achievement of harmony of individual efforts toward the accomplishment of the group goals. The project manager's principal responsibility is to develop integrating strategies to ensure that a particular component or activity is organized in a way that all of the components, parts, subsystems, and organizational units fit together as a functioning, integrated whole according to the project master plan. Interviewees generally agreed that for innovation and creativity, new structure (loose structure, low specialization, low formalization, decentralization, low hierarchy and large span of control) may be suitable with the reason that staff is given room to think and rely on his/her own expertise to carry out assigned project tasks. Most innovative strategy of companies are pursued through projects which may suggest that a projectised structure for multi-sector projects is be suitable.

The interviewees emphasized on the project implementation delay especially responding to multi-tasks coming from two or three departmental functions. Hence they recommended project structure where a strong level of authority reside in projects and bypassing most of the existing company functional structure to implement projects and handing it over to the end users. Additional advantage is avoiding unnecessary delays in going through long approval process for projects approval, procurements and contracts due to the hierarchy of decision making. Project approval process must be limited to the project managers, and ensuring clear lines of authority in order to expedite the process and reduce its effect on project delays as the tall hierarchy of decision making and approval have its tolling effect on the project delays.

Budgeting for capital projects have to be given a second look with the view of avoiding underestimating and overestimating by bringing in qualified personnel to handle this rather than it being done by the functional lines who may not be focus in capturing all the project cost elements in the project.

Since the study has clearly shown that it will be beneficial to institute project structure, it is recommended that further research is commissioned to study the impact of implementing the new project structure at EthioDer (that is after a six months or a year time).

5.3 Recommendation

Drawing from deeper understanding of the challenges faced by the organization (and staff members), the study recommends that there should be an effort to reduce the negative effect of the current organizational structure on project performance. A new project structure therefore must be put in place with its own Project Manager reporting to the Managing Director. In this case, the project structure must have its own procurement, contract, finance, human resources and control system in place independent of the main functional lines. Projects must be well resourced and efforts must be made to reduce drastically its reliability on the functional lines. This type of structure is called **projectised organizational structure**. In this type of organization, project managers have a high level of authority to manage and control the project resources.

The study recommends EthioDer's senior management team to design a projectised organizational structure that fully support the project management. This is done by putting emphasis on the nature of projects run by the organization and adapting how roles and responsibilities are assigned. The organization needs to define the project manager's job, degree of authority and autonomy, and relationship to both the organization, other projects and to other units in the organization. Upper management also should specify communication channels, methods of conflict resolution between the project and the rest of the organization.

In line to the projectised structure, the study recommends that staff members are specifically assigned to the project and report directly to the project manager. The project manager is responsible for the performance appraisal and career progression of all project team members while on the project. This leads to increased project loyalty. Complete line authority over project efforts affords the project manager strong project controls and centralized lines of communication. This leads to rapid reaction time and project staff are retained on an exclusive rather than shared or part-time basis. Project teams develop a strong sense of project identification and ownership, with deep loyalty efforts to the project and a good understanding of the nature of project's activities, mission, or goals.

According to Collins and Porras (1997), the most successful firms were founded on clear statements of mission and showed a history of continuity in acting in accordance with their ideologies. EthioDer's mission still stands with tourism sector focus while additional multi-sector projects are and have been implemented so far. In addition to this, the company has growth agenda of working on national multi-mega sector projects in the near future. The study therefore recommends the organization to develop a mission statement that will align to existing and prospective multi-sector projects.

Knowing what staff perception is vitally important for top management. Carrying out regular employee attitude surveys has become standard practice in many progressive companies to enhance to understand employee need and want (what is working and not working), strengthen

project and employee relations, increase productivity and plant high quality projects (Sadler, 2000). The study recommend EthioDer to set up periodic employee survey so as to probe important in-house perspective and to understand what works (and what doesn't work) for individual projects (including teams) and strengthen platform for project managers to be accessible to project teams.

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APPENDICES

Appendix 1. Interview Questions*

Dear Madam and Sir,

Thank you for giving me your precious time for this interview. The purpose of the interview is to collect data for the project work entitled **THE ASSESSMENT OF ORGANIZATIONAL STRUCTURE IN SUPPORTING PROJECTS: THE CASE OF ETHIODER PLC**. As you all know the backbone of any organization is the human element and the interview focuses on your work experience with EthioDer, the challenges you have come across and suggestions on the way forward. Please be informed that your response to this interview will add enormous value in making this project a successful one and please be free to ask questions or clarification about the process.

Please do note the ground rule - i) participant response is kept with utmost confidence and ii) there are no right and wrong answers to the interview questions.

General Questions

1. Name :
2. Line of duty:
3. Year of service

Main Interview Questions

1. How do you accomplish your task / multi-task?
2. Two whom do you report?
3. How many staff members do you line manage?
4. How many staff members do you functionally direct?
5. Where does the decision making role lay in the hierarchical ladder?
6. To what degree will there be rules and regulation to direct employees and managers?
7. Tell me your perception about the organization – EthioDer?
8. What are the challenges to you?
9. What do you see as a challenge to the organization?
10. How do you describe workload in this organization?
11. How do you determine priority?
12. What is your concern – it could be personal related to the organization?
13. Is there anything you would like the organization to fix?
14. Do you find EthioDer a pleasant place to work?
15. Do you or your colleagues have clear idea where EthioDer sees itself in 5 years time?
16. What is the perception of your colleagues about the company?
17. Do you see long term future?
18. Do you find your salary competitive in comparison to other organizations?
19. Are you satisfied with EthioDer’s benefit package?

20. Do you have clear understanding about your objective?
21. Does EthioDer consider quality in its service delivery?
22. Does EthioDer value its employees?
23. Do you think the hiring is fair? And do you think the project implementation is fair as well?

Thank you very much for your time and response.
Beza Teferra

*also used for Focus Group Discussion

Appendix 2. Focus Group Discussions (FGD)

Dear Madam and Sir,

We met again. Thank you for giving me another precious time for this discussion. The purpose of the interview is, as you know, to collect data for the project work entitled **THE ASSESSMENT OF ORGANIZATIONAL STRUCTURE IN SUPPORTING PROJECTS: THE CASE OF ETHIODER PLC**. The backbone of any organization is the human element and the discussion focuses on your work experience with EthioDer, the challenges you have come across and suggestions on the way forward. Please be informed that your response to this discussion will add enormous value in making this project a successful one and please be free to ask questions or clarification about the process.

Please do note the ground rule - i) participant response is kept with utmost confidence and ii) there are no right and wrong answers to the interview questions.

Main Interview Questions

1. How do you accomplish your task / multi-task?
2. How many staff members do you line manage?
3. Where does the decision making role lay in the hierarchical ladder?
4. To what degree will there be rules and regulation to direct employees and managers?
5. Tell me your perception about the organization – EthioDer?
6. What are the challenges to you?
7. What do you see as a challenge to the organization?
8. How do you describe workload in this organization?
9. How do you determine priority?
10. What is your concern – it could be personal related to the organization?
11. Is there anything you would like the organization to fix?
12. Do you find EthioDer a pleasant place to work?
13. Do you or your colleagues have clear idea where EthioDer sees itself in 5 years time?
14. What is the perception of your colleagues about the company?
15. Do you see long term future?
16. Do you find your salary competitive in comparison to other organizations?
17. Are you satisfied with EthioDer’s benefit package?
18. Do you have clear understanding about your objective?
19. Does EthioDer consider quality in its service delivery?
20. Does EthioDer value its employees?
21. Do you think the team hiring is fair? And do you think the project implementation is fair as well?

Thank you very much for your time and response.

Beza Teferra

Appendix II. Criteria for target selection (interview and focus group discussion)

Criteria	Total Target Population	Representation
<ul style="list-style-type: none"> • Service year (mix of new and old staff members) • Staff members working in more than two functional departments • Staff who received verbal or written recognition for special project achievement 	30	<ul style="list-style-type: none"> • 3 (Senior Managers and Project Leads) • 6 (Middle level Managers - had project responsibilities e.g. Logistics, liaison, etc.) • 8 junior team members whose direct responsibility involve cross functional team engagement (from Workshop officer, Transport, Tour and Finance team) • 3 Administrative team members (Finance, Office manager, Documentation officer) • 10 Temporary recruits (Drivers, Project officers, Liaison Experts, Logicians, etc.)

Appendix III. Interview and FGD Participant Demographic Data

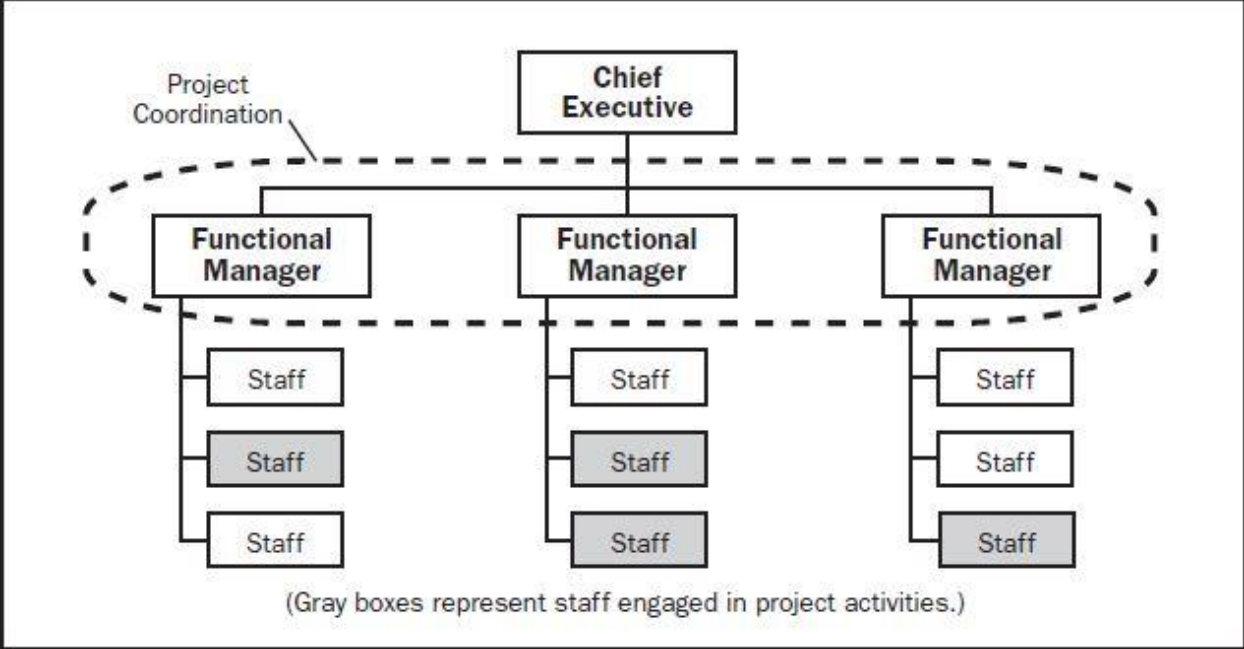
S/N	Variables	Alternative	Percentage
1	Sex	Female	20%
		Male	80%
2	Age	25 - 35	35%
		35 - 45	61%
		55 - 65	4%
3	Educational Level	Diploma	5%
		Degree	42%
		Masters	3%
4	Experience / service (in year)	Below 5 years	20%
		5 -10 years	20%
		Above 10 years	60 %

Appendix IV. Summary of the main functions at EthioDer

Function	Description
1. Mining, Oil and Gas Refinery – Camping Logistics	This is a huge mega project that is autonomously run at EthioDer (pioneer in Ethiopia). The depth of investment is high (ETB 40 million) in order to meet the international standards like health and safety, intensive sewerage and recycle system, client satisfaction system, installation of British electrical system for 24/7 full food and commodity supply and accommodation for 2 years
2. Import Section (Agricultural Machineries and Agro-chemicals)	Deal with case by case import arrangement that is considered as autonomous project executing body.
3. Operation & HR Section 4. Logistics (Manage transport ,workshop , warehouse and nine storey building work)	It is handled as part of internal work process and system.
5. Tour Operation	This operation deal with multiple tour arrangement – that is the hosting capacity of maximum of 40 tourists for individual touring round. Such kind of individual package is considered as standalone project.
6. Car hire and Rental	This section deal with renting four wheel vehicles for rural travel

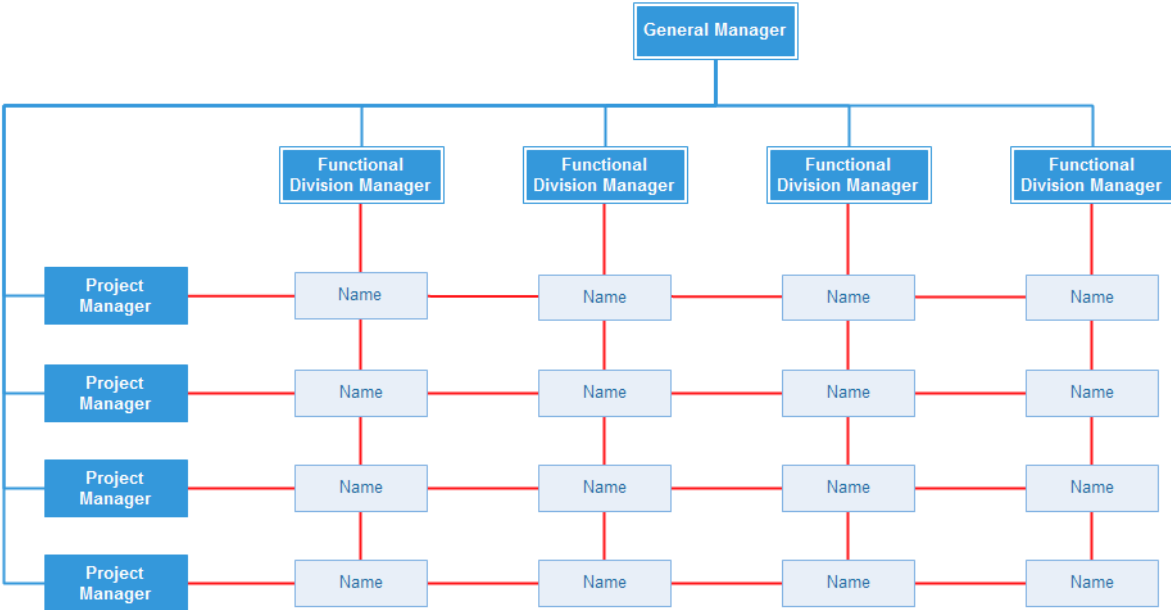
Appendix V. Sample Organizational Structures

1. Functional Organizational Structure



2. Matrix Organizational Structure

Matrix Org Chart Template



3. Projectised Organizational Structure

