THE ROLE OF EMPLOYEE ENGAGEMENT STUDIES IN THE IMPROVEMENT IN PROJECT RESULTS: NEUCA S.A. – CASE STUDY

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Abstract

Polish businesses more and more often commission studies, as well as participate in an intra-sector comparison of results concerning both employee engagement and satisfaction. Human capital is perceived as an element of a competitive advantage. Scientific research indicates that there is a direct influence of employee satisfaction and engagement on the business performance. The article constitutes a case study which aims at showing the way how to use employee satisfaction and engagement results to improve a large company, NEUCA S.A. The study concerns the employees of the projects office. Furthermore, the article indicates the determinants of employee engagement, describes the undertaken streamlining activities and shows how they affect business results in the area of project management. The case study corresponds with the results found in the literature concerning this subject. It also shows good practices which can be used in large businesses.

Keywords: employee engagement, project management, team structure, organizational improvement

Paper type: Case study

1. Introduction

NEUCA S.A. has been conducting research concerning employee satisfaction for four years, which is in line with its strategy. Human resources are perceived as one of the basic pillars of the company development. The first results revealed, however, unsatisfactory level of employee satisfaction. Therefore, NEUCA S.A. decided to look for a business partner who, apart from conducting research, would provide the company with benchmarks; namely, the results of other companies which share similar characteristics. Consequently, it would enable NEUCA S.A. to gain good practices from the leading companies. For two years the research for NEUCA S.A. has been carried out by AON Hewitt. It concentrates on employee

engagement as a factor which determines the company performance to a far greater extent than employee satisfaction.

The company's scale is particularly challenging for comprehensive work on the improvement of employee engagement. NEUCA S.A. is the biggest wholesale distributor of pharmaceuticals in Poland. It consists of twenty businesses, employs altogether 3500 people and operates on the territory of the whole country. The scale of its activities results from the company's size, as well as challenges connected with the company's integration, whose development to a great extent took place through acquisitions. Moreover, apart from the wholesale activity, which constitutes the company base and its pillar, there are additional activities, such as: a production of medicaments, an advertising agency, a production of software for pharmacies, cooperation with independent pharmacies, as well as the creation of an outpatient clinic chain. These are only the chosen issues related to the company's operation on the health market. One of the key challenges for NEUCA is the effective change management. The implemented projects are deeply diversified, starting with technological and business solutions, ending with marketing and sales projects. A high pace of changes is connected with the evolution of organizational culture toward modern corporate management on a big scale. The objective, apart from good performance on the market, is to create a long-term company development based on engaged and effective employees.

In the article the main stress is put on the use of the research results concerning employee engagement in the project office, in order to improve their engagement and consequently, enhance project management effectiveness. The project office is an organizational entity subordinate to the Management Board of NEUCA and constitutes a part of the Development Department which consists of market research and analysis, as well as a process improvement unit. The office is responsible for two key processes: project portfolio management and the execution of projects. Project portfolio management is strictly related to the strategy of the organization, as well as the realization of the company's expected performance. It takes place in a form of portfolio meetings on the management board level and portfolio meetings of particular business areas, as well as through monitoring of project statuses. It is also connected with the IT order management. The portfolio meetings are of interdepartmental character and executed according to NEUCA's project management standards which are based on good practices taken from the project methodology of PMI (Project Management Institute). Project managers from the project office are guardians of project sub-portfolios; they execute key projects, as well as provide people from other organizational entities, who carry out smaller projects, with substantive support. Effectiveness of the project execution is evaluated in relation to project results, their timeliness, compliance with the budget and the execution stage of project products. The implementation of project objectives is also evaluated; however, it happens either after project

products, which provide business effects, are submitted, or after a project completion, in a form of a final project report. The work quality of the project office is additionally evaluated with the use of an internal survey: "the support level of the project office". The details concerning this survey are provided in the methodological section of this article. The recipients of the support are the organizational entities which execute projects in their sub-portfolios. The support consists in the project implementation or substantive support of people who carry out projects and are employees from outside the project office. "The support level" stands for the evaluation of project execution from the perspective of employee engagement in the project office, knowledge of the supported area, project execution skills, as well as a project influence on the results of the area. However, the employee engagement research carried out by AON Hewitt is focused on the evaluation of the engagement level of the project office employees. Therefore, the correlation between employee engagement and the evaluation of engagement by business entities which cooperate with project managers can be observed.

2. Employee engagement – determinants and consequences

Today businesses function in the global reality on more and more demanding markets. On these markets one can observe both a faster flow of capital and information, consequently, the use of knowledge. The leading businesses strive for the creation of, the so-called, "culture of continuous improvement" and the maximum use of innovation. Only such an approach ensures competitive advantage. The classic approach to lean organization by cutting costs or outsourcing processes and resources no longer brings sufficient effects. According to V. Govindarajan "such activities can be called weight reduction diet, which (…) reduces costs for some time; however, it is not the only panacea for productivity problems and, therefore, it will not invigorate the organization and in a long run, it will not guarantee the possibility to compete" (Carr and Trahant, 1998). Innovativeness plays an important role and is understood as a process which manifests itself in many minor innovations spread in time and brings a culmination in a form of a great breakthrough (Trias and Kotler, 2013). Kotler pays attention to a paradox, in which short-term efficiency is based on planning, an absolute use of rules and in a long perspective on innovativeness that changes the rules faster and faster (Trias and Kotler, 2013). The above mentioned implications lead to the conclusion that the source of competitive advantage is the organizational human capital, the main factor of creativity and organizational innovativeness. It can be confirmed by IBM's research from 2006 in which 41% of respondents (756 CEOs and company leaders) indicate that employees are the biggest source of innovative ideas.

The influence of employees on the success of companies was noticed in 15th century. The value of human capital was concluded by A. Smith who compared "a qualified employee to an expensive machine which brings a bigger return on

capital than an investment in education". However, it was in 19th century when a scientific approach to management and human resources began to develop. The British industrialist and a reformer, R. Owen, "improved working conditions and increased the minimum age for all employed children. He also introduced benefits for employees, as well as shorter working hours. Owen assumed that a greater concern for a worker would result in an increased production" (Griffin, 2004). A mathematician Ch. Babbage, focused on effectiveness of work, however; he understood that harmonious relations between the management and the labor force might bring benefits for both sides" (Griffin, 2004). At the beginning of 20th century scientists concentrated on issues concerning work efficiency. The blooming economy did not have problems with the financial capital; however, there was a shortage of labor force. This situation led to the development of two approaches of the classical theory of management. The first approach - scientific management – "focuses on the improvement of each worker's activity" (Griffin, 2004). The key figures who represent this approach are W. Taylor, the author of the piecework concept, and H. Grantt, the author of the method called the "Grantt chart" which is still used, for instance, in project management. The second kind of the classical approach to management is administrative management. It focuses on the management of the whole organization and treats a human-being as a part of a machine whose work should be appropriately designed and controlled. A natural consequence of the above mentioned approach was a behavioral trend in the theory of management. An increase in work efficiency caused workers' and managers' frustration which resulted in problems with efficiency and effectiveness of work. It was caused by the existing discrepancies between the workers' behavior and the imposed working style.

The foundation for the behavioral approach was laid by H. Münsterberg, an author of industrial psychology, who claimed that "psychologists can contribute to managers in the field of the employee recruitment and motivation" (Griffin, 2004). M. A. Parker Follett's research has the key role, too. She appreciated an employee participation factor criticizing at the same time the bureaucratic organizational model. Furthermore, she argued that such approaches "may hinder the development of knowledge, as well as employees' skills at the lower echelons of hierarchy and eliminate an important factor of motivation which is self-control" (Griffin, 2004).

The so-called "Hawthorne experiments" were of great significance for the development of the behavioral approach. Contrary to appearances, these experiments did not aim at any psychological analysis of workers; they concentrated on aspects connected with the effects of lighting on work efficiency in Western Electric. The results were not unambiguous as an efficiency increase was observed both among workers where the lighting was changed and in the control group. In the next stage of the experiment, in which more work parameters

were changed, scientists participated under the leadership of Mayo. On the basis of the studies he concluded that "the old concept of *homo economicus* motivated by personal economic needs ought to be broadened by a concept of *homo socialis* that was motivated by social needs and desired such working conditions that brought satisfaction. *Homo socialis* reacted more to pressures of the group than the management power" (Mayo, 2011). Behaviorists used a scientific approach to analyze workers' behavior and focused on factors which influenced employee motivation and patterns of behavior.

"According to A. Maslow, a human-being is motivated by a strive for his/her satisfaction of needs, which are set up in a certain hierarchy. At the bottom, there are physiological needs and safety needs. At the top, there are *ego* needs (a need for esteem) and self-actualization (a need for recognition and the development of one's personality)" (Stoner, 2011). This theory was extended with the concept of "the complex man", which is an individualistic approach to each person's set of needs. D. McGregor classified the above mentioned theories as X and Y. The X theory means "a pessimistic and negative attitude to workers which is in accordance with the scientific management (…); the Y theory describes a positive attitude to workers, which mirrors the assumptions shared by the supporters who take into account interpersonal relations" (Griffin, 2004). Kożusznik emphasizes the mutual psychological relation between the company and the worker: "the relations are complex, the psychological contract reflects a set of unwritten expectations of both the worker and the organization" (Kożusznik, 2014). The behavioral approach plays a key role and is being developed. Looking at the scientific contribution, a question can be posed: why, despite common awareness of human capital, only few companies are innovative and gain a high level of maturity of organizational culture?

A majority of companies invest considerable resources into human capital. A majority of them have organizational entities which are responsible for the so-called "soft HR". There is also a possibility of hiring employees who have high qualifications and who in their former companies showed great innovativeness and effectiveness. It turns out that transferring the innovativeness and effectiveness is not possible in such a way.

The leading companies more and more often try to make an attempt and enhance effectiveness and innovativeness of human resources by measuring the so-called "soft" factors, as well as systematic work on their improvement.

The first concept which became popular in the studies on companies is employee satisfaction. It is defined in various ways by many researchers. For instance, Juchnowicz defines it as: „a higher level of satisfaction which requires from work to pose intellectual challenges, creates a feeling of success and joy concerning professional development, self-realization, as well as a full identification with the accomplished work and/or organization. Gaining

professional satisfaction requires, additionally, internal factors, such as: an ability to learn, entrusted responsibility, recognition from superordinates" (Juchnowicz, 2010).

Czerw and Borkowska claim that satisfaction should be understood as „a general feeling of work satisfaction or satisfaction concerning the activity which was chosen as a future profession" (Czerw and Borkowska, 2010). Bartkowiak argues that it is „an element of motivation understood in a broader sense or human well-being, which constitutes the product of the already satisfied needs and aspirations, as well as needs which are still not fulfilled" (Bartkowiak, 2009).

To sum up, the authors indicate various aspects of professional satisfaction. Nevertheless, employee engagement has become a separate concept. It refers directly to the effects of employees' results and their innovativeness. Every engaged worker has high professional satisfaction, but not every satisfied worker is engaged. Satisfaction gives only information about the level of work satisfaction, whereas engagement is connected with passion and the effect it has onto the activities in the company.

Zawadzka indicates two perspectives in which engagement can be analyzed. "Psychology of work tries to operationalize engagement as a state which accompanies work (researchers W. B. Schaufeli, A. Shirom, W. A. Kahn, N. P. Rothbart), which is *work engagement*, or as self-realization in an organizational role - *employee engagement* (A. M. Saks). On the other hand, from the perspective of organizations and consultancy firms positive manifestations of employee engagement toward employers are analyzed or the way the manifestations are determined" (Zawadzka, 2010). Juchnowicz pays attention to three concepts concerning the significance of engagement: "1) engagement as a sort of an employee's attitude, 2) behavioral engagement which is manifested by a specific behavior, 3) engagement based on a mutual exchange of provisions between the employee and the organization" (Juchnowicz, 2010). Juchnowicz also indicates three significant factors of engagement: thinking, feeling and acting (Juchnowicz, 2010).

Juchnowicz also defines ten factors which determine the level of engagement:
- leadership behaviours of senior management,
- a rapport with the direct manager,
- an interesting and challenging job,
- a perspective of development,
- a participation in decision-making,
- autonomy of decision-making,
- a team corporate culture,
- good internal communication,
- appropriate working conditions,
- supportive systems and structures.

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In the following paper the term „employee engagement" refers to a concept, described by Juchnowicz, concerning an employee attitude which in a complex way depicts their behavior in the organization (Juchnowicz, 2010). Naturally, from the perspective of any organization and its results, what seems important are the consequences of engagement in the form of talking, acting and the employee retention (AON Hewitt, 2016). As mentioned above, it is caused by many factors and strongly connected with employee satisfaction which constitutes a base for the creation of employee engagement. Harter, Schmidt and Hayes in their paper: "Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis" also emphasize that the term "employee engagement" refers to the individual's involvement and satisfaction with as well as enthusiasm for work" (Harter et al., 2002).

A rise in employee engagement affects the company performance. McGee and Rennie present the results of research carried out by London Business School in 2006. They show an increase in company effectiveness by 27.6% in three years' time in the case of high scores in engagement, given the assumption of coherence with the company strategy (McGee and Rennie, 2015). Similar conclusions are drawn by Harter, Schmidt and Hayes in their meta-analysis who studied the influence of employee engagement and employee satisfaction on such factors as: customer satisfaction-loyalty, profitability, productivity, turnover, safety and composite performance. The research was carried out between 1992 and 1999 in 36 organizations which altogether constituted 7939 business units. The authors came to the conclusion that business units above the company median on employee satisfaction-engagement realized 43 of a standard deviation higher performance in comparison to business units below the median" (Harter et al., 2002). The above mentioned determinants indicate the effectiveness of engagement and satisfaction research of employees concerning the improvement of company performance. Below there is an example concerning the use of employee engagement research which can be used to enhance the results of project implementation, as well as the quality of internal client service in NEUCA.

3. Methodology

In the article the results of two independent surveys from 2012 and 2013 are analyzed. The study consisted of four measurements, which allows to evaluate the influence of the activities on employee engagement in the project office from the perspective of respondents, as well as from the perspective of their clients who work in other organizational entities.

The first survey "the opinion survey of NEUCA's employees: engagement in the organization" was conducted by Hewitt company and it assessed employee engagement by taking into account an organizational division into entities. The sample included respondents from all organizational entities (3500 employees). In

the studied population there were differentiated three groups of respondents: the board together with senior managers, junior managers and the rest of employees. A quantitative method was used in a form of a questionnaire, which was sent to respondents. The respondents were to fill in the questionnaire on their own in an electronic version (CASI – Computer Assisted Self-administered Interviewing). The survey was anonymous and based on a voluntary participation. It was conducted in October 2012 and again in October 2013. In the questionnaire a six-level scale was used: I strongly disagree, I disagree, I rather disagree, I rather agree, I agree, I strongly agree. The most important element of the survey was an employee engagement indicator, which was based on six questions that reflected an employee's behavior: he/she talks about the company, he/she stays in the company, he/she acts eagerly (two questions per behavior). A question concerning employee satisfaction was asked directly. The remaining categories embraced nineteen factors which affect engagement: the board, management (an evaluation of the management levels), coworkers' orientation on people, tasks, self-realization, autonomy, resources (indispensible for the execution of tasks), processes (the rules compulsory in the organization, as well as processes in which an employee participates), adequacy of remuneration, benefits (additional benefits subordinated to a given position), recognition, career, the development of an employee, feedback (of a super-ordinate), the employer's reputation, the brand coherence (the difference between communication and the reality), life-work balance, working conditions.

The results of the survey show on one chart the results of engagement, satisfaction and the above mentioned impact factors. The cut-off point to determine satisfaction and engagement, as well as the rest of impact factors constituted the responses to questions on the last two elements of the scale: I agree, I strongly agree. Additional analyses were included in the survey; however, because of the size of the studied project entity, they were not available due to the size of the sample.

The second survey was "a survey concerning satisfaction of cooperation with the support entities", which was an internal survey conducted by the department of research and analysis NEUCA. The purpose of the research was to determine the level of satisfaction of internal clients with the support entities of NEUCA based on subjective evaluations of their employees' competence. By the "support entities" one should understand the organizational units which provide internal services for all organizational entities in the company (for instance: IT, Finance, Controlling, Projects). The sample embraced all employees at managerial and expert posts (autonomous and specialist positions of the upper level in the management structure). In the studied population two groups of respondents were differentiated: senior managers, junior managers and the rest of employees. The research was quantitative. Respondents were sent a questionnaire which was to be

filled in on their own in an electronic version (CASI). The sample (184 employees in 2012 and 190 in 2013) embraced respondents who called themselves "clients of the support entities". A participation in the survey was anonymous and voluntary. The Likert scale was used. The research was carried out in December 2012 and in December 2013.

Internal clients' satisfaction is indicated by questions constructed on the basis of five unified categories divided into two groups of factors:

- soft factors: engagement and communication,
- hard factors: consulting, the product and the business effect.

Consulting is understood as a substantive contribution into the implemented project. A product is defined as a physical effect of tasks done in the project, for example, a carried out training, the implemented system functionality, a change that started in a business process. The business effect relates to the evaluation of the influence that project products have on the realization of the planned project objectives: reducing the time of a product provision to the client as a result of process automation (time reduction is the effect; automation is a product of a project). The satisfaction index concerning cooperation with the support entities is measured in accordance with the rule presented in Figure 1.
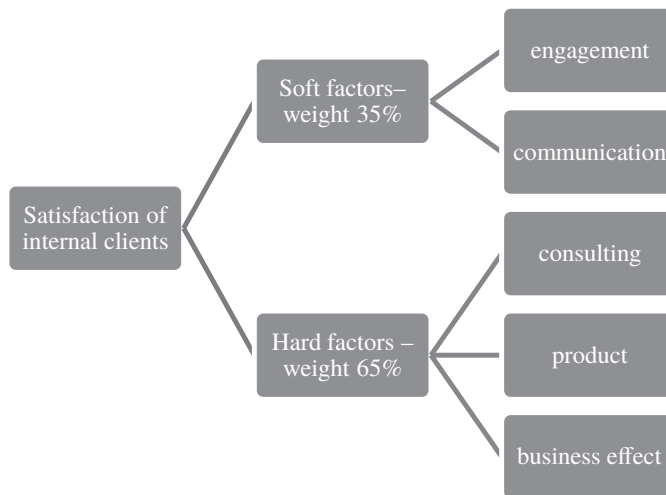

Figure 1. A chart of research factors

Source: Own elaboration on the basis of the methodology.

Client satisfaction is the arithmetic mean of soft and hard factors. The hard and soft factors are the arithmetic mean of particular factors in a given group. Additionally, an audit of the project office was carried out, so as to evaluate the effects of the implemented activities. The audit was conducted in a form of interviews with project members, project managers, as well as managers who were either engaged in projects or were their beneficiaries (according to ISO 9001:2000).

4. Results of the study – the starting position

In the following section there are presented the results concerning the first measurement of employee engagement conducted by an external company in 2012, together with the results of the in-house research carried out in 2012, which made it possible to evaluate the level of the project office support.

In order to understand the issues related to employee satisfaction and engagement of the project office, both the business and cultural background ought to be shown, which is the environment in which team members function. The first challenge consists in the scale of the implemented solutions which results from the company size and the scale of project changes (a high financial outlay). The second important aspect is a variety of changes from the perspective of their kind, for instance, process and technological, as well as from the perspective of the business area, for example, sales and marketing, logistics.

The above mentioned determinants cause that employees who are project managers have to face many challenges and the organizational pressure. Owing to the fact that the culture of effectiveness and continuous improvement is not yet well rooted, project managers additionally tackle problems. One of the problems is goal-orientation. A lack of clear correlation between the actions and qualitative process indicators creates a trend within the organizational entities to broaden the scope of projects during their execution, as well as to concentrate on the *ad hoc* activities.

Consequently, such a situation creates continuous problems with decision-making of project stakeholders, the scope of projects, the availability of resources and postponing project schedules. To sum up, a project manager's job requires not only project skills, but also extensive business knowledge concerning both the scope of executed projects and the methods of change management.

The objective which project office employees bear in mind is a timely and in line with the budget execution of projects, as well as managing the project portfolios in such a way, so that the strategic objectives are achieved. Before satisfaction studies were initiated, a number of activities had been taken to implement project management in the organization. Consequently, all projects in the company are managed, basic rules of project management have been implemented, including budget management. This is NEUCA's standard based on good practices of PMI methodology. However, the level of project management maturity is not the highest, which manifests itself in problems with timeliness and the execution of projects. Moreover, as mentioned above, there is a necessity to broaden the scope of projects during their execution, which worsens their effectiveness.

The above mentioned factors affected the results of the first measurement of employee engagement, which is shown in Figure 2.
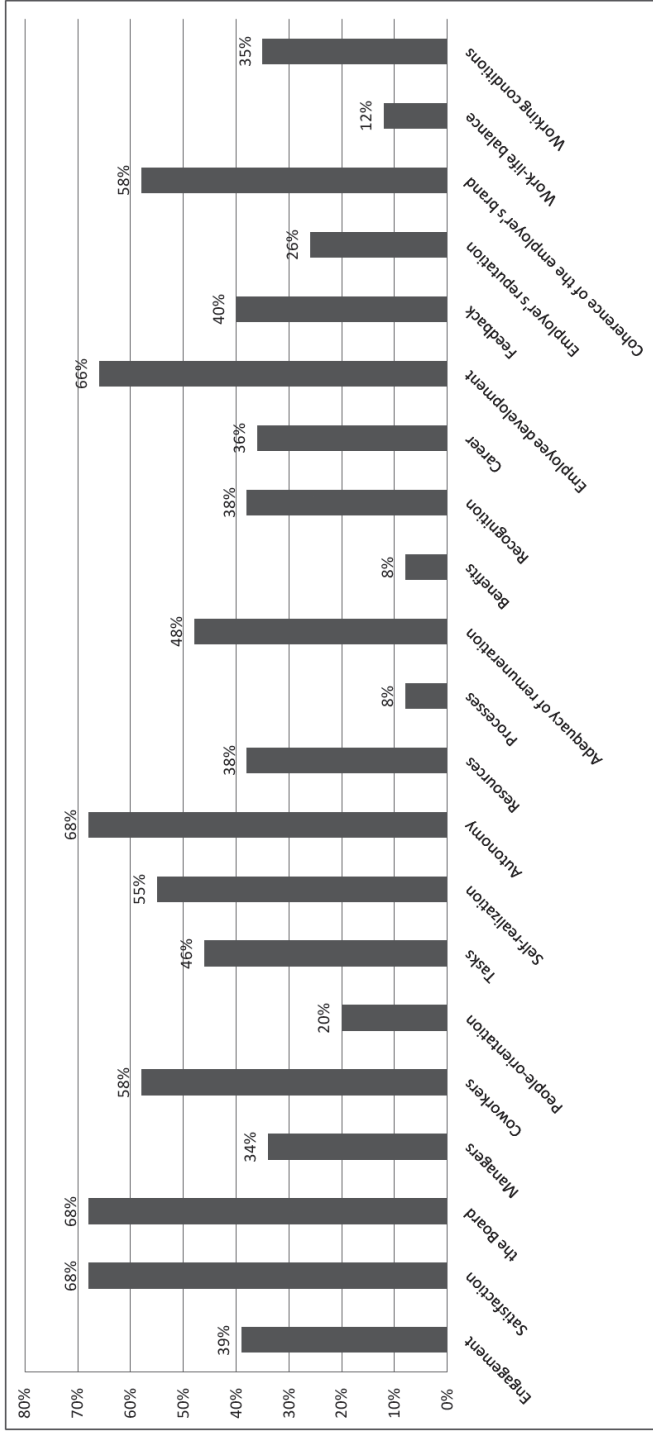
Figure 2.
The study results of
employee engagement

Source: The survey report of
AON Hewitt, 2012.

The study results of employee engagement were at the level of 39%, which according to AON Hewitt methodology constitutes a low value and negatively affects project results. Employee satisfaction was 68%, which can be called an average result. The analysis of engagement allowed to differentiate the key determinants of the lowest evaluation value:

- processes (8% of indications),
- benefits (8% of indications),
- work-life balance (12% of indications),
- people-orientation (20% of indications),
- employer's reputation (26% of indications),
- managers (34% of indications),
- working conditions (35% of indications),
- career (36% of indications),
- resources (38% of indications),
- recognition (38% of indications).

The most serious problem indicated by the respondents were processes understood in the context of the project office as the rules of the project process, as well as the responsibility for project roles. What is meant here is the standard of the project execution and awareness of its existence, as well as its application in the organisation. It is connected with the transfer of responsibility for the process of decision-making onto a project manager, as well as delegation of all project tasks, which should be done by organisational entities, onto a manager (a role of an executor and a decision-maker).

The above factor affects directly work-life balance by increasing project manager's responsibilities, as well as creating a mental burden which results from the pressure on objectives and simultaneous problems with the execution of project products.

Low results concerning the following factors: managers, career and recognition are the consequence of the lack of rules concerning the incentive system, as well as career paths. The same applies to the people-orientation factor, the low value of which results from both the lack of systemic approach to employee development and problems with a precise definition of responsibility in projects.

Employer's reputation and resources are treated as general factors, therefore, they were not taken into consideration in improvement activities in the project office. However, they were embraced by other company programmes.

The highest scores in employee engagement survey obtained:

- employee development (66% of indications),
- the board (68% of indications),
- autonomy (68% of indications).

High value of the employee development factor results from the work specificity of a project manager and a scale of projects executed by NEUCA. Owing to the

contact among different organisational entities, organisational processes are learnt. However, the pressure on objectives and ambitious tasks force employees to seek knowledge and work creatively on solutions. Project managers very often communicate with the board and the key managers, hence the rating of the board is high. Autonomy results from the role of a project manager which allows by nature a high degree of independence and an influence on the designed solutions.

A study concerning the level of support executed by the project office allows to evaluate how the level of employee engagement affects the perception of work effects of project managers within the organisation. The Figure below presents the results of the first measurement from 2012.
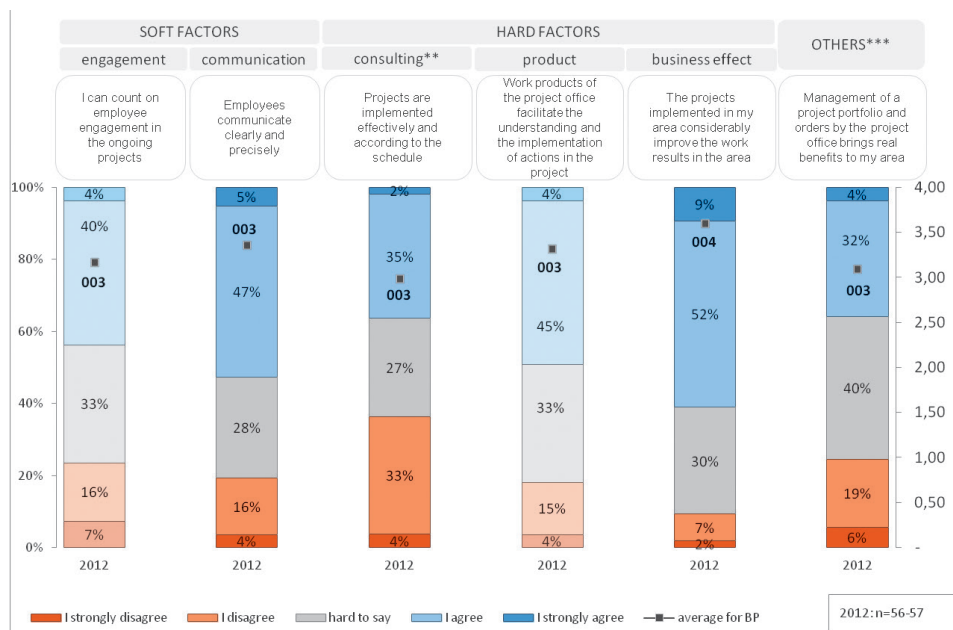

Figure 3. The results of the project office support level for the organization

Source: Internal study report, NEUCA.

In Figure 3, the results of the study are presented in a form of the percentage of indications of particular answers in the Likert scale and the general indicator value for a given factor in a form of the arithmetical mean. The result allows to classify the respondents into one out of three groups:

- the dissatisfied: the average value falls into the range of 1–2.75,
- the neutral: the average value falls into the range of 2.76–3.75,
- the satisfied: the average value falls into the range of 3.76–5.

The results indicate that only 4% of respondents evaluate employee engagement as high and 56% of respondents evaluate it as low, the average is 3.16. This corresponds with the results of the study which was carried out by AON Hewitt and finds its confirmation in the project results concerning timeliness

indicators, as well as the quality of the products. The lowest average value have the indicators of consulting and project portfolio management. Consulting is an important element of perceiving a project manager by employees, managers in particular. The reason for the measurement of this indicator was the pressure of the departmental managers and the project office to understand the issues and business needs by employees, as well as engagement into a creation of new solutions. A project manager is supposed to focus on meeting moderation, so that the project products are consistent with the objectives and of good quality. It was observed that employees focused only on project methodology, which meant tool-orientation as such. The projects were of formal correctness, they had project cards, a schedule, memos; hence, all required project documents were according to the standard. The project products and effects, however, were not of satisfactory quality and did not fully realize the planned project objectives. A low value of the indicator concerning project portfolio management stems from the lack of the entirely implemented portfolio management at the time the measurement was being taken. The standard was being created; the implementation was at the initial phase of the schedule. The indicator was added in order to have a reference point for the future measurements.

Factors which describe the product and the business effect are not at the highest level and they require work on the enhancement of the approach to project execution and greater engagement of project managers from the substantive perspective (knowledge of the business area which they support).

5. Improvement activities

The project office team, together with the manager analyzed the factors and chose the most significant issues which ought to be enhanced. The key question that was posed during the workshop was: "what should be worked on in order to improve employee engagement and the quality of the provided services?" The discussion resulted in distinguishing the internal and external manifestations of the lack of engagement. The internal factors are:

- the lack of feeling of being an expert,
- the lack of cooperation in the project office team,
- the lack of sharing good practices,
- the lack of understanding of project objectives and the business context,
- overwork.

The first was caused by the lack of a point of reference. The employees of the project office had not had project experience in other organizations; furthermore, the standard of project management in NEUCA was being implemented. More and more elements were subjected to standardization, so the employees fulfilled the requirements of the standard by using only the forms and taking part in basic external trainings. Each project manager did their project tasks independently, whereas the mechanisms of experience exchange were not yet implemented. The

same situation concerned career paths with clearly communicated requirements concerning employee competences.

The team also indicated problems with understanding the strategy of the organization, as well as the business context of the executed projects. The latter is understood as business objectives which organizational entities, responsible for the execution of projects, wanted to achieve. The managers who were responsible for a given project focused on the solution without explaining to project managers and the team what was the most important in the designed solution and what objectives it was to achieve. The lack of prioritizing led to an extension of the scope of a project as from the operational perspective, the team members could not indicate priorities and tried to implement all useful elements of change.

The next group of factors identified by the team were external manifestations:
- a problem with the implementation of projects (time and products),
- a transfer of business responsibility onto a project manager,
- a transfer of tasks onto a project manager,
- a low evaluation of project managers' work by project directors from business.

The first three are discussed in the previous sections. The last section relates to the incentive system of project managers in which directors determined a part of a bonus. In the case of the lack of the project success or an insufficient quality of products, bonuses were not awarded despite a great deal of work the employees had done. The team concentrated not only on how to change the incentive system, but how to improve the execution of projects as well.

On the basis of the above factors a list of improvement activities was defined, which was to increase employee engagement:
- a clear definition of roles and responsibility in projects,
- a clear definition of working standards and forms (standard project documents such as, a template of project cards or a risk register),
- a definition of objectives and criteria of project manager's evaluation (MBO system – management by objectives),
- a definition of career paths and the development of a project manager.

The first two constitute changes in the existing project management standard in NEUCA. The remaining are strictly connected with the performance evaluation system and employee development. Moreover, during the meeting of managers additional improvement activities were defined. They were based on the assumption that an act of engaging employees in the change would increase their involvement in the implementation:
- employee engagement in the creation and improvement of a project management standard,
- an implementation of project portfolio management taking into account the strategy and KPI (Key Performance Indicators),
- organize a regular portfolio meetings.

The above activities led to a simplification of the project management standard. The document that described the standard was shortened a few times. The templates of documents were analyzed and simplified once again. All project office employees got involved in the creation and communication of the project management standard in the organization. Working together resulted in a situation in which all employees identified themselves with the standards.

Another initiative was a creation of the knowledge base, as well as ordering and updating information about the implemented projects. There were added elements connected with a problem escalation in projects, which resulted from schedule delays and project risks or changes in projects.

An organization of work was altered. A structure of portfolio meetings was accepted. During these meetings statuses of project implementations are discussed (getting to the previously agreed control points or the provision of the milestone, understood as the key partial product of the project). There were created portfolios of sales, marketing, logistics and the support function. Together with the support organizational entities, which are responsible for the implementation of projects, and the IT department, particular people were appointed who manage portfolios and work in particular portfolios. Consequently, a mechanism was created whose main task is prioritization of activities in projects, as well as IT orders. Portfolio meetings have become a platform for a discussion, work coordination and solving project problems.

In addition, activities connected with the creation of the incentive system and career paths for project managers were undertaken. The MBO system is based on project results, the evaluation of the implementation standard in the ongoing projects, the direct assessment by managers, as well as the evaluation of the realization of developmental activities. The system is both connected with the roles and responsibility described in the management standard and the development path of a project manager. The path defines requirements concerning the attitude, skills, MBO results and experience. It should be emphasized that the roles of organizational entities and the IT department in the projects were clearly described and communicated, which orders work and decreases a number of conflicts.

Another group of activities constituted the development of skills of project managers and project team members. External trainings for project managers were prepared and provided. There was created and implemented a system of trainings for project team members in a form of the game that stimulated work in a project.

6. The study results – evaluation of efficiency of actions

The study results of employee engagement from 2013 were compared with the results from 2012 in order to diagnose the progress in the enhancement of employee engagement, as well as to evaluate the implemented improvement actions. Figure 4 shows the results. The division into engagement, satisfaction and the factors which affect them was taken into account.
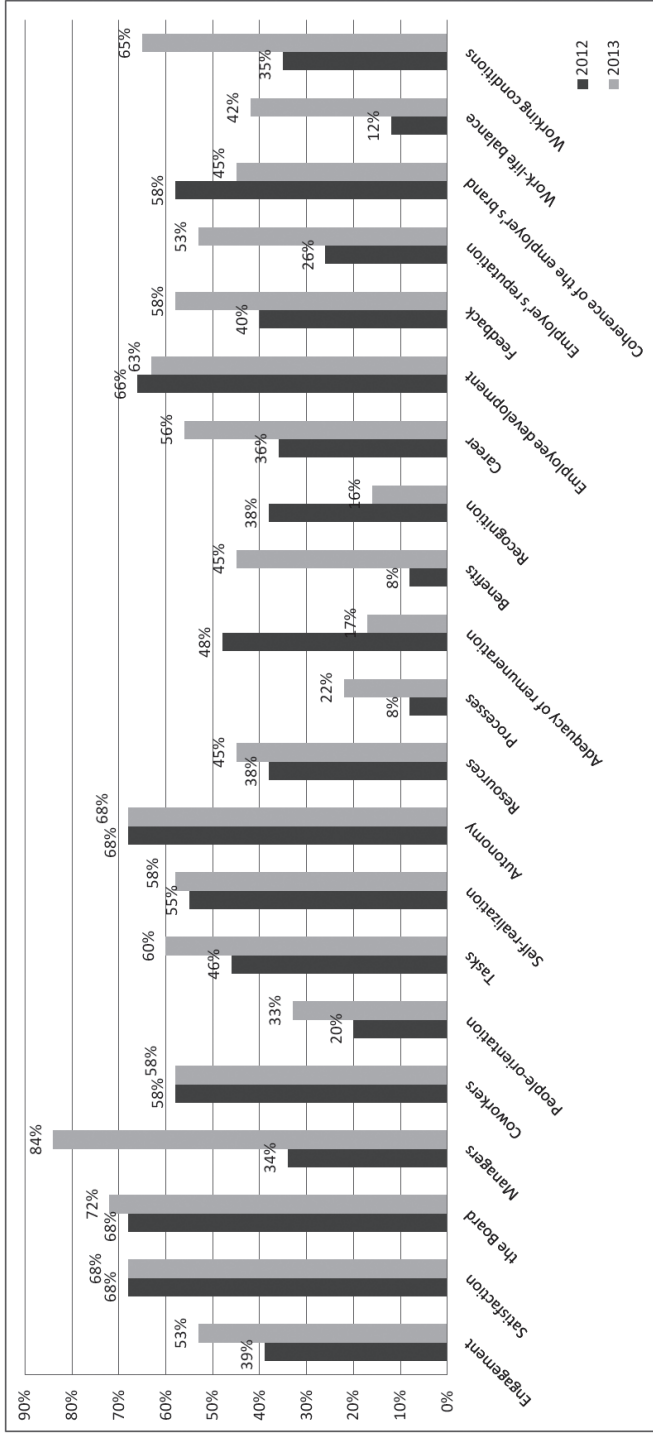
Figure 4.
The results of employee
engagement study

Source: A compilation based
on AON Hewitt reports, 2012,
2013.

A positive effect of the implemented improvement actions is the enhancement of the engagement indicator, from 39% to 53%. Special attention should be paid to the improvement of the indicator of the manager evaluation by 50%, as well as an increase in the evaluation of processes, from 8% to 22%. What is particularly significant is a very positive influence of the actions onto work-life balance, as well as other factors describing the improvement in management, such as feedback or the employer's reputation.

An increase in employee engagement in the project office finds its confirmation in the study on the evaluation of the level of support of organizational entities by the project office. In Figure 5 there is a compilation of the results from 2012 and 2013.
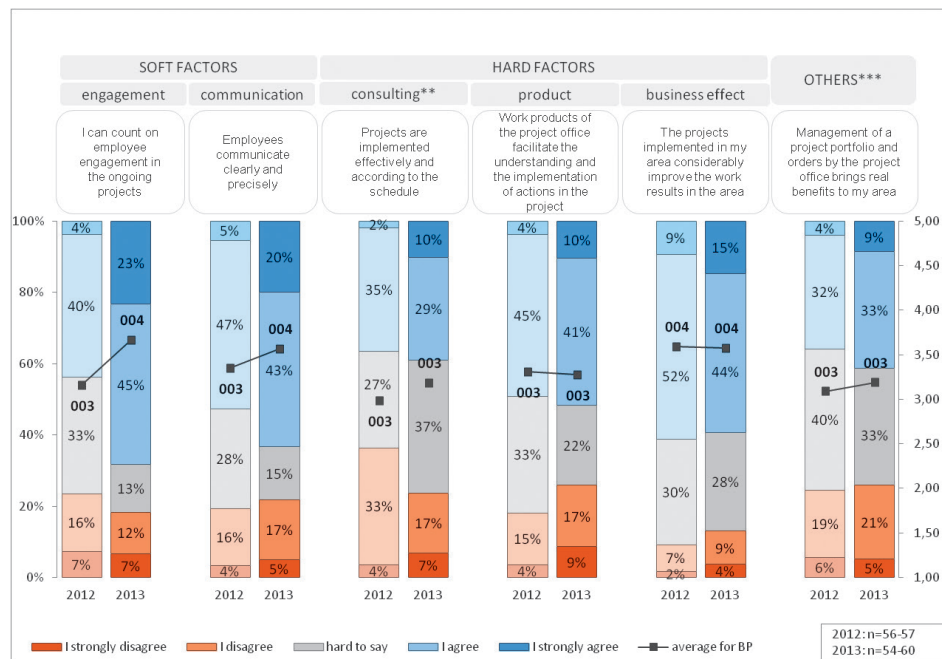

Figure 5.
A compilation of results concerning the level of support of the project office, 2012 and 2013

Source: An internal study report, NEUCA.

There was a significant rise in a number of respondents who were satisfied with the level of engagement of project managers, from 4 % to 23% and the average value, from 3.16 to 3.67. It is a similar level to the respondents who were classified as "satisfied" and whose evaluation average is between 3.76 and 5. Engagement also affected the evaluation of communication – an increase in satisfied people, from 5% to 20%, as well as the evaluation of consulting – a rise from 2% to 10% and the average from 2.98 to 3.19.

Additional information which enriches the study were the results of the project implementation audit. The audit confirmed the results concerning the level of

support. The implemented solutions concerning project and portfolio monitoring show project statuses; they increase the pressure on the realization of objectives by the organizational entities that are responsible for projects.

At the same time, expectations of directors, who are responsible for projects in relation to the support level, rise. They are still critical of the quality of project managers' work and they treat the implemented forms and reporting as administrative inconveniences, things that stop them from doing the ongoing tasks. It can be noticed in the results of hard elements of the support level study, which is the product and business effect evaluation. To a great extent it results from the reluctance to the change of organizational culture concerning project management. Standardization requires a greater rigor of implementing change, but it also has repercussions for its quality.

7. Conclusion

The introduced actions increased employee engagement in the project office. It was crucial to involve employees in work on the implementation of the management standard of projects. This participation resulted in an employee identification with the implemented change, improved communication within the organization and started the exchange of good practices among workers. Work on the standard began regular improvement meetings concerning project management. Furthermore, work on the improvement of communication of the standard within the organization was initiated. The understanding of the new rules was the basis of work on the incentive system and career paths for project managers. It is easier to name and implement requirements concerning experience and skills if employees understand how these factors affect the realization of tasks. The most important external aspect consisted in the organization of portfolio meetings and the discussion with the managers of organizational entities about priorities and objectives. This element requires, however, a long-term implementation and its reference to the strategy. The maintenance of employee engagement and working out the standard of meetings is labor-intensive and ought to bring positive effects in the next study.

An increase in employee engagement did not affect considerably the quality of products. The present level of organizational development requires a rise in project managers' professionalism. The purpose is to change the way project managers are perceived by the managers of other organizational entities, from a provider or coordinator to an advisor. It requires an increase in the level of substantial knowledge concerning the business area (for instance, marketing), in which projects are implemented.

The second element of high importance is a proper moderation of meetings and the performed tasks, so that the maximum effect by the possibly lowest use of resources and time is reached. For the better understanding of the business

context (the objectives and needs of the business entities) there are implemented methodologies concerning the management of cascading objectives in a form of BSC (balanced scorecard), as well as the identification of improvement objectives for business processes (stating what level of an indicator should be reached as a result of the improvement actions). It is to increase managers' and project managers' concentration on the actions, which causes the enhancement of indicators from the perspective of the client satisfaction, the quality and process costs. The actions affect the realization of the strategic assumptions. It is a challenge for the whole company and its effectiveness, not only for project managers. The effect of the above mentioned actions should enhance the timeliness of the implemented projects, as well as the quality of the products, which affects an effective and faster realization of business objectives, while the project costs are lowered (the budget is affected by the time of realization and the scope of the required project products).

Another significant challenge is to improve the process of project portfolio management in the context of the strategy realization and change management. Portfolio meetings (in particular process areas) have to transform form project statuses (discussing control points and milestones of projects from the schedule perspective) in the studied area into an active solution to business problems and in a long run, planning meetings, during which issues concerning the development of the organization, as well as the enhancement of indicators are discussed. This results in projects (a transition from *ad hoc* management into a longer perspective). These actions are connected with the implementation of the standard and culture of continuous improvement of business processes in the organization.

A further increase in employee engagement has to be connected with a rise in their professionalism and business effectiveness.

To sum up, the objective for the next year is not only the improvement of the employee engagement indicator in the project office, but also the enhancement of hard parameters (consulting, the product, business effect) in the evaluation of the support level and, which is the most important, the improvement of the project implementation parameters: the timeliness of realization, how long they last and their results.

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