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INFLUENCE OF STAFFING PRACTICES ON EFFECTIVE PROJECT  
MANAGEMENT

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A capstone project report submitted in partial fulfillment of the  
requirements for the award of the degree of  
Master of Project Management

Faculty of Civil Engineering  
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MAY 2011

## DECLARATION

I declare that this project capstone report entitled “*Influence of Staffing Practices on Effective Project Management*” is the result of my own research except as cited in the references. The capstone project report has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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## ABSTRACT

Staffing practice is required in project management with the intention of placing the right people at the right position in order to generate excellent team and individual performance which will lead to the successful project management. The implementation on appropriate staffing process and methods will determine the effectiveness of the project team which will be or may be the deciding factor on determining the successful of a project. Not much research has been done to determine the process of employment and its impact towards managing projects. Thus, the aim of this study is to investigate the effectiveness of current staffing practices implemented by the respective firms and its impact towards project management. The research methodologies were as follows: 1)Research Design - entails qualitative inquiries which focused on a structured interview questionnaire; 2)Population and Sampling - the selected respondents were among HR personnel, project teams and end-product users; 3)Data Collection - used face-to-face interview method as the main mode; 4)Research Instruments - structured interview questionnaire regarding staffing practice and project management performance derived from the previous scholars; 5)Data Analysis - qualitative data were analysed manually using Constant Comparative Analysis. This study reports the finding of data on effective staffing practices and its impact towards project management and performance. The findings indicate that the majority of companies have similar staffing flowchart with some differences such as operational system of HR and the type of assessment. All of the project manager/team reported that they went through a recruitment process stated by HR before they were appointed as staff. The findings also captured on their outstanding performance in managing a project. The end-users agreed that most of the projects at Company X and Y were delivered on time and the product was in a good quality. The outcome of this study is the establishment of new staffing flowchart which is more effective through integration of 5 essential steps of an effective staffing system and 5 models of staffing organization.

## ABSTRAK

Prosedur pengambilan pekerja adalah penting dalam pengurusan projek dengan tujuan menempatkan pekerja yang berkemahiran tertentu dengan tugas yang berpadanan bagi membentuk sebuah pasukan projek dan individu yang terbaik dimana akan membawa kepada kejayaan sesebuah projek. Penggunaan prosedur yang bersesuaian akan menentukan keberkesanan sesebuah pasukan projek dimana ianya akan atau mungkin menjadi faktor penentu kepada kejayaan sesebuah projek. Kebanyakan pengkaji terdahulu hanya menjalankan kajian berkenaan kepentingan proses pengambilan pekerja. Oleh itu, tujuan kajian ini adalah untuk mengenalpasti keberkesanan prosedur pengambilan pekerja yang sedia ada dan kesannya terhadap pengurusan projek dalam syarikat-syarikat pembinaan yang dipilih. Data kualitatif digunakan untuk mendapatkan maklumat terperinci dan meluas bagi kajian ini dengan menemubual beberapa sampel kajian iaitu pengurus/pegawai sumber manusia, pengurus/ahli pasukan projek dan juga pemilik kediaman yang telah membeli kediaman daripada syarikat-syarikat ini. Temubual terhadap pengurus/pegawai sumber manusia adalah bagi mendapatkan data berkaitan sistem aliran pengambilan pekerja serta perincian cara-cara dan strategi dalam mendapatkan pekerja yang berkualiti dan berkemahiran tinggi. Manakala, temubual bersama pengurus/ahli pasukan projek dan pemilik kediaman adalah bagi mengesahkan prosedur yang dijalankan oleh bahagian sumber manusia dan bagi melihat tahap pencapaian projek dari perspektif pelanggan. Penemuan kajian menunjukkan bahawa majoriti syarikat-syarikat ini menggunakan sistem aliran pengambilan pekerja yang hampir sama dengan beberapa perbezaan seperti strategi pengurusan sumber manusia dan kaedah penilaian calon. Pengurus/ahli pasukan projek mengesahkan bahawa mereka telah melalui semua prosedur yang dinyatakan oleh bahagian sumber manusia. Tahap pencapaian projek dari segi kualiti, mengikut jadual dan layanan terhadap pelanggan adalah memuaskan. Bersandarkan kepada penemuan-penemuan ini, satu sistem aliran pengambilan pekerja yang lebih efektif telah dicadangkan dengan objektif mendapatkan pekerja berkualiti dengan menggabungkan lima langkah penting dalam membina system pengambilan pekerja yang berkesan oleh Human Resource Planning Society's State-of-the-Art and Practice Report (1999) dan lima model strategi pengambilan pekerja oleh Heneman III and Judge (2009).

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

In the 10th Malaysian Plan, the Economic Transformation Programme (ETP) was set out in order to transform Malaysia into a high-income nation status by year 2020, with the private sector taking a lead role in terms of making investment and employment decisions. The Economic Transformation Programme is focused on 12 National Key Economic Areas (NKEAs) which are; Oil, Gas and Energy, Palm Oil, Financial Services, Tourism, Business Services, Electronics and Electrical, Wholesale and Retail, Education, Healthcare, Communications Content and Infrastructure, Agriculture, and Greater Kuala Lumpur / Klang Valley. However, for this study, the center of attention is to deliver the aim which is to create Greater Kuala Lumpur / Klang Valley as cities are significant drivers of growth, and a thriving Kuala Lumpur is vitally important to the health and performance of the overall economy. The development of Greater Kuala Lumpur / Klang Valley as well to form physical reflection of Malaysia as a develop country in year 2020.

Tan and Kadir (2005) revealed that construction industries served as an industry that contributes to the growth of country economy and promote a continuous improvement to environment by enhancing mankind lifestyle. Thus, as a key player in Malaysia's economy, major developer companies has to take the lead to produce effective project management starting with quality employees in order to perform which at the end of the day, the quality staff will ensure the success rate in delivering the government's objectives to generate Greater Kuala Lumpur and Klang Valley.

### **1.1 Research Problem**

According to Syarikat Perumahan Negara Berhad, till year 2010, there are 255 abandoned housing projects which involved almost 75,000 houses around the country. Most of the abandoned projects are supposedly to be completed by the developers in between year 1990 and 2005. This available empirical evidence shows that the level of projects failures is dangerously high. There are numerous reasons for this circumstance but one of the influence factors will be or may be the ineffective recruitment and placement of people in project teams which leads to the failure of the project.

Research done by Cicmil (1997) has stated that principal sources of project failure are reflected in the following categorization of problem areas which are to be addressed in order of priority:

1. Poor understanding and identification of the client needs.
2. Inadequate specification of project requirements and project constraints.
3. Organizational behaviour including structure, functions, performance, and associated behaviours of groups and individuals.
4. Bounded rationality in the process of project planning and project implementation.
5. Poor monitoring and control during project implementation phases.

Problems occurred when there are poor performance by the organization including structure, functions, performance and associated behaviours of groups and individuals. One of the main reasons could be the ineffective staffing practices that may contribute to the failure of the project.

According to Tan and Kadir (2005) the comprehensive study is necessary in identifying needs in efficient management of human resource focusing on the Human Resource Planning (Organizational planning) and Human Resource Development (Team Development). This is important to eliminate problems and enhance the organization performance. The right technique and tools can help minimize the problems in the construction industry.

Thus, the model on staffing practice is required to develop systematically and effectively in order to recruit the most appropriate personnel for the particular project and deploy them in proper position to create high performance employees which will lead a successful project implementation.

## **1.2 Research Question**

In order to identify the process of employment and its impact towards managing projects, the research question is as following:

1. What is the current staffing practice exercised by Company X and Y?
2. What is the level of project performance at Company X and Y for residential development projects?
3. What is the level of project performance according to end-user perception based on time, cost and quality?

### **1.3 Research Objective**

The aim of this study is to establish a model of staffing practice for effectively manage residential development projects in the developer companies property division. To achieve the aim of this study, three main objectives have been formed to be explored as follows:-

1. To identify current staffing practices exercised by developer companies handling residential development projects concentrating in Klang Valley.
2. To identify project performance of developers companies through their implementation of project management for residential development projects.
3. To identify project performance according to end-user perception based on time, cost and quality of their property purchased.

### **1.4 Scope of Study**

The scope of this study is concentrated on the staffing practices in the building industry especially in the private sector. The focus is on residential development projects. Only the project team who worked directly on residential development projects and the end-product users with construction background who bought properties in the Klang Valley from respective companies was selected as the respondents.

## **1.5 Significance of Study**

This study is significant to the problem under study; in the way it helps decrease the rate of project failure after the appropriate staffing practice was determined by the researcher in order to employ the quality project team members which lead to the successful of the project.

From this study, the outcome will be a good support to Human Resource Division as well as Property Division. This study which is supported with concrete findings and references, will ‘support’ and recognize the important Human Resource Department roles as a business partner with the rest of units / departments in a organizations.

This study is also significant to the body of knowledge in the way that it will identify the most suitable staffing practices in specific industry and projects. It will be eye opener to the body of knowledge and the finding will be a concrete evident to show the significant relationship between staffing practice and effective project management.

## **1.6 Limitation Of Study**

There were several limitations when it comes to gathering information. The delicate accessibility to the respondents due to time, cost and the difficulties to fix an interview with them was the limitations in getting precise data for this study.

## **1.7 Definitions**

In this section, the concept definition of the key elements in this study; staffing, effective use of human resource, project and project management; will be elaborated in favor of further understanding to carry out the study.

### **1.7.1 Staffing**

Staffing is a critical organizational function concerned with the acquisition, deployment and retention of the organization's workforce. Staffing is the process of acquiring, deploying and retaining a workforce of sufficient quantity and quality to create positive impacts on the organization's effectiveness, according to Heneman III and Jugde, 2009.

The traditional role of human resource is the attraction, retention, motivation and development of human resources according to current and future requirements. Peter et al., 2000, described staffing as an interpretation of how businesses procure human resources in the organization through recruitment, selection, placement, evaluation and promotion of individuals.

### **1.7.2 Effective use of Human Resource**

The essence of human resources management is to bring about the full utilization of the human resource of the organization, to see to it that employees work effectively to achieve organization goals.

Optimum use of human assets conceptually weighs the building of assets and the quality of these assets in terms of actual or potential deployment.

Management of human assets entails the acquisition of the talents and skills required by the firm, the proper deployment of these assets and replacement of employees who leave for any reason.

### **1.7.3 Project**

A project is a complex, non-routine, one-time effort limited by time, budget, resource, and performance specifications designed to meet customer needs.

Like most organizational effort, the major goal of a project is to satisfy a customer's need. Beyond this fundamental similarity, the characteristic of a project help differentiate it from other endeavors of the organization. The major characteristic of a project are as follows:

1. An established objective.
2. A defined life span with a beginning and an end.
3. Usually, the involvement of several departments and professionals.
4. Typically, doing something that has never been done before.
5. Specifics time, costs, and performance requirements.

“A project is a temporary endeavor undertaken to create a unique product, service or result. Temporary means that every project has a definite beginning and a definite end. The end is reached when the project's objectives have been achieved, or it becomes clear that the project objectives will not or cannot be met, or the need for the project no longer exists and the project is terminated.

Most projects are undertaken to create a lasting outcome. For example, a project to erect a national monument will create a result expected to last centuries. Projects also may often have intended and unintended social, economic and environmental impacts that far outlast the projects themselves. The temporary nature of projects may apply to other aspects of the endeavor as well:

- 1 The opportunity or market is usually temporary-some projects have a limited time frame in which to produce their product or service.
- 2 The project team, as a working unit, seldom outlives the projects- a team created for the sole purpose of performing the project will perform that project, and then the team is disbanded and the team members reassigned when the projects ends.

Projects can create:

- 1 A product or artifact that is produced, is quantifiable, and can be either an end item in itself or a component item.
- 2 A capability to perform a service such as business function, supporting production or distribution
- 3 A result, such as outcomes or documents. For example, a research project develops knowledge that can be used to determine whether or not a trend is present or a new process will benefit society.

Uniqueness is an important characteristic of project deliverable. For example, many thousands of office building has been developed, but each individual facility is unique-different owner, different design, different location, and different contractors and so on. The presence of repetitive elements does not change the fundamental uniqueness of the project work.” (PMBOK, 3<sup>rd</sup> Edition, 2003)

#### 1.7.4 Project Management

Project management is the application of knowledge, skills, tools and techniques to project activities to meet project requirements. Project management is accomplished through the application and integration of the project management processes of initiating, planning, executing, monitoring and controlling, and closing. (PMBOK 3<sup>rd</sup>.Edition)

Guy L.De Furia (2009) define Project management is that part of general business management that specializes in the condition, procedures, and problems associated with running a project. The Importance of Project Management is for:

- Compression of the Product Life Cycle
- Global Competition
- Knowledge Explosion
- Corporate Downsizing
- Increased Customer Focus
- Rapid Development of Third World and Closed Economies
- Small Projects Represent Big Problems