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THE MATRIX ORGANIZATION. CASE STUDY IN A ROMANIAN PROJECT-BASED NON-GOVERNMENTAL ORGANIZATION

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Abstract: *This article analyses a project-based organization's structure in the context of a variable availability of funds and, consequently, a variable number of projects from one year to another, that translates in constant expansions and contractions of employees' numbers and department sizes. The organization's structure started as a number of project teams that expanded until the need for horizontal structure was obvious and departments were implemented, composed of employees with similar positions in different project teams. This matrix structure allows the organization to be flexible with projects being implemented at the same time, the departments growing or contracting in direct correlation with the number of projects.*[2]

Keywords: *organizational development, organization matrix, project-based organization*

Objectives and theoretical framework

In Romania, for most non-profit organizations in the social field, the last years have been characterized to a great extent by the European Social Fund (ESF) funding through the Operational Sectoral Programme Human Resources Development 2007-2013 (POS-DRU 2007-2013) (Sfetcu, 2012, 2013), the Operational Sectoral Programme Human Capital (PO-CU 2014-2020) and, to a lesser extent, the grants offered by the European Economic Area (EEA), the Norway grants, the funds offered through cross-border cooperation programs, etc.

This wave of funding for non-profit social organizations arose a series of challenges for organizations that applied for and received funding, such as the need for a more rigorous general and financial management, a rapid increase in the number of employees, the need for more efficient document management, the need to meet strict terms and conditions in relation to the funders, a good coordination of different teams

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and departments, etc. A viable option, which was supported by ESF in different ways and with substantial funds, but has not yet had the expected success in Romania, is the growth of auto-financing of non-profit organizations through the social economy (Cace, Cace, Cojocaru, & Sfetcu, 2013; Cace & Sfetcu, 2014; Cojocaru & Sfetcu, 2013; Cojocaru, Stănescu, & Sfetcu, 2013; Sfetcu, 2012).

In order to analyse this issue of on/off funding, to assess how do organizations manage to deal with multiple projects that begin and end at different times, I studied a specific organization with the aim of finding out what is happening in practice, how the external factors influence the organization in terms of general management, human resource management or project management.

The traditional purpose of project management is to successfully manage individual projects so that project processes are well planned and organized, team members are well motivated and coordinated, the requirements of the beneficiaries and suppliers are met. Project-based organizations are those organizations that create temporary systems to perform certain tasks (DeFillippi, 2002). Project-based organizations can circumvent traditional barriers to organizational change and innovation because each project is viewed as a temporary, relatively short fact.

On the other hand, the goal of a project-based organization is to provide the ideal conditions for running projects, ensuring that projects have well-qualified managers and staff, that projects have all the resources they need to reach their goals. This type of organization allows for non-expensive experiments inside the organization because projects can be developed without involving the entire organization but only a certain number of people and resources and, if they are successful, can then be implemented on a wider scale, even to the entire organization. From the human resources point of view, more than the development of individual competences, a project-based organization needs to be inclined towards learning, institutionalizing knowledge management practices that are essentially a collective learning system.

If the projects are temporary systems for carrying out certain tasks (DeFillippi, 2002), their management being also temporary, project portfolios are permanent and require permanent management, which implies a greater degree of attention and involvement in human resources management. Since projects have a limited duration, the resources allocated to them can be easily redirected to other projects when this need arises.

One of the main dilemmas in project-based organizations sits at the intersection of the autonomy required for project members to carry out their tasks, and the organization's need to control employees' work, routines and procedures, although the projects in which they are engaged may require unique procedures that are not part of the entire organization’s normal routines.

The success of many project-based organizations therefore depends to a large extent on the level of decentralization and autonomy offered to project managers (O’Dell & Grayson, 1998). Coordination within organization is, however, necessary in order to ensure that the knowledge gained in projects can be used in future projects, the procedures learned or refined in some projects can be further refined and used if the context requires it.

Another dilemma that occurs within project-based organizations is found at the intersection of immediate performance and long-term performance. For the success of certain projects, some tasks can be done immediately, without taking into account procedures, because the project so requires, but without taking into account the opportunity to learn from them or to disseminate how certain tasks are done, could mean that in future projects the procedure must be learned again. In this respect, some authors consider that the temporary and possibly unique nature of the projects does not require the creation of routines regarding the practices used in them (Hobday, 2000). On the other hand, Davies and Brady (2000) argue that learning procedures and repeating them can lead to increased efficiency and effectiveness with which the organization can support a larger number of projects at the same time.

The matrix design combines two or more different designs for the organization to benefit from both or all of them at the same time. The matrix organization is that in which there is a dual or multiple managerial accountability and responsibility. The usual chains of command in a matrix organization are the functional one and the project/product/client one, more being possible such as geographic location for example (Stuckenburk, 1979).

The matrix structure developed naturally to answer the need for organizations to be capable of managing large and complex problems, projects or programs while having access to limited resources. The limits of the hierarchical organizational structure have become more and more apparent as the problems the organizations had to resolve became more complex. The effect of a matrix structure is to delimitate some of the organization's activities into projects that can last from a few weeks to several years. The traditional organizational hierarchy still exists and provides the regular work group for an employee, while he is also assigned to a temporary hierarchy of employees as part of a specific project. As the project ends, those assigned to it are moving back to their permanent assignments in the traditional departments or are assigned to other projects. Employees can also be assigned to more than one project at a time.

Even though the matrix organization structure has applications beyond those of project management, this paper considers it from the perspective of project management. In a matrix organization, each department and project have a manager, each employee is a member in a department and at least one project. This double role of the employees means they answer to at least two supervisors, one in the department and one in the project team.

According to (Davis & Lawrence, 1997), a matrix organizational works best when these three conditions are met:

- There is external pressure for a dual focus, that is when there is a need for the organization to focus on responding to multiple external factors and to internal operations;
- There is a need for high information-processing capacity;
- There is a pressure for shared resources.

Although it is more complex, the matrix organizational structure is used because it's teams are focusing on a single project, permitting a better control of time and costs; in repetitive projects, its members gain experience and the relationship between them strengthens over time; being more flexible and open than the traditional hierarchical organizational structure, it handles better the changes and challenges that occur in complex projects.

When implemented in a large organization, the matrix organizational structure creates cross-functional teams. These teams consist of members from different departments, with different specialities, that are called *cross-functional groups*. These groups pose specific problems in becoming true teams because of their increased diversity (Newstorm, 2011).

Methodological framework

The data and the conclusions in this article are part of a larger research that I conducted for my PhD thesis. The study did not start from a hypothesis or from a set of hypotheses, instead I took a descriptive approach, one that would help me increase the level of understanding of how NGOs working in the field of social work in an unstable environment in terms of availability of funding, which has forced large variations in human and material resources within it during the past years. Although the results of this research cannot be generalized, they can be viewed as a starting point for further research and serve as an example for other organizations that are confronted with similar situations or who want to implement organizational development processes.

The research is descriptive, the results of which cannot be generalized, but only used as a starting point for possible broader research. The general research is a case study in a social focused organization that has to deal with the same challenges faced by many other similar organizations, some with more success, others with less. In order to obtain the data necessary for the organization analysis, I used semi-structured interviews, participatory observation and documentation. My approach seeks to find out what this organization did right and wrong over the last few years, given the relatively unstable context in which it operates. This study is an applied research that aims to study how a non-governmental organization has evolved over time in a very dynamic context in terms of the type and availability of funds.

I chose to undertake a case study approach because this is an empirical investigation of a contemporary phenomenon in its own context using multiple data sources (Yin, 2005). Although the case study is used by researchers in different fields, both in qualitative and quantitative research, there is a set of characteristics that define it regardless of the area in which it is used (Hatch, 2002).

An important feature of case study research is that the phenomenon, organization, individual, etc. undergoing a case study is researched in its natural environment. The context is an essential feature of the case study, both in an individual's research and when a phenomenon, event, situation, organization, or other subject of interest is investigated. Another defining characteristic of the case study is its descriptive character. It uses keynote quotes, anecdotes, interviewing and other literary techniques to create mental images that bring to life the complexity of the many variables inherent to the phenomenon studied (Hancock & Algozzine, 2006). Carrying out a case study research means identifying a subject that lends itself to in-depth analysis, in a natural context, where several sources of information are available.

Choosing the interview as the main data collection tool also involved identifying the people to be interviewed. So, I chose to interview people with different positions within the organization, from the president, project managers and experts to members of the administrative staff. I conducted semi-structured interviews, which are mainly used in case studies because they provide a minimum structure but also flexibility for the researcher and the respondent to engage in a discussion on the questions asked, the respondent being free to present her own points view of the topic of the discussion.

To conduct the interviews, I chose the headquarters of the organization as location, each of the interviews being conducted in the interviewee's office without the presence of other colleagues. The recording of the interviews was discussed with the participants and was beneficial for the research because I could analyse the entire discussion later, not just the marking of important ideas during the discussions.

Most of the time, researchers undertake, in case study research, a documentation that can be done by going through the existing documents of interest for the study, or by completing and requesting the completion of a form with the information of interest for the study. I chose to collect some of the important data for this study through documentation in order to make sure of its authenticity. Data collected through documentation was used to best describe the facts reported in the interviews and to be integrated into the analysis. At this stage, I mainly focused on collecting quantitative data on the organization, projects, number of employees or quantity and type of resources. I did not register any of the employees' names, former or current, payroll data or other personal or confidential information that is not subject to this study.

A third mean of data collection commonly used in case study research, that I used in this research as well, is the participatory observation. This data collection technique can provide information with a higher degree of objectivity than interviews, but the involvement of the researcher is greater and more important. During the years 2014-2018, years in which I developed my PhD thesis, I spent several months in the association, both as an expert, working with the association in several projects, but also as a researcher and observer of this organization.

The context

The Association for Socio-Economic Development and Promotion Catalactica is a Romanian, apolitical, non-governmental and non-profit legal entity with an open structure, founded in 2001. In 2002, Catalactica Association establishes a subsidiary in Teleorman County, which will manage local and regional projects related to the area.

Since its first years of operation, the association has sought to achieve its goal by developing and implementing intervention projects. To this end, the organization actively seeks funding in its area of expertise funding programs. The hired staff and the collaborators of the organization develop projects in line with the available funding programs and constantly submit applications for financing.

In its lifetime, the association implemented a series of community development programs, environmental protection or educational programs for youth, provided social services in partnership with local or national government institutions, provided consultancy and evaluation services for social programs, services training for social workers, local governments and NGOs.

The president of the NGO is heavily involved in organizing its policy, planning its activities at the macro level, coordinating departments, including those involved in project writing and implementation, and being the main representative of the association in relation to other organizations, institutions and financiers. The president is not involved in the day-to-day activities of the association, the project managers being those who have the necessary autonomy to coordinate these activities, but he supervises and is consulted by managers when important decisions that may have considerable consequences for the organization, are necessary.

Project management is the central management strategy of Catalactica. By initiating, implementing, and finalizing projects, it strives to strike a balance between goal fulfilment, social service delivery, human resource development and organization development.

A project-based organization

This NGO implements projects with both permanent staff and temporally hired experts either for the implementation of the whole projects or for certain activities within them, for which the organization does not need permanent employees.

All projects proposals and grant requests are written and developed within the association, without external consultancy from specialized firms, by teams of several employees and / or collaborators of the organization. Project writing teams are tailored to the expertise of each individual, each of whom is often engaged in writing multiple projects, possibly within multiple writing teams. Decisions on programmes for which project proposals are written are taken by all members of the association, including the president, who often comes up with ideas or information on new funding opportunities. The president is often directly involved in proposal development by leading the teams and writing and developing projects himself alongside employees.

The activity of writing and developing new projects is a common and almost permanent activity within the NGO, this responsibility being shared between most of the organization’s staff. The activity is often a team effort and is coordinated by the organization's president or some of the project managers who have more experience in this domain. For the writing of project proposals, the research department is also involved and information about the potential beneficiaries is considered. The writing and development of new projects is done in accord with the specific programme indications and rules, that are used and respected. Collaboration in the project writing teams is done both physically by way of meetings in the meeting room of the association, and online. Each proposal has its own online shared space where information is gathered, and everyone involved in writing that proposal contributes.

When projects are funded, their teams are set up primarily from permanent employees that are not involved in too many other projects, and then, if there are empty slots, collaborators are asked to join the team or new permanent employees are hired. At the start of each funded project, the team lays out its details in a Gantt diagram that details every activity and its timeframe at a weekly level. The Gantt chart tell each team member the timeframes of their activities, with whom they will directly collaborate in each activity and who is their superior if different than the project manager. This planning ensures that the project manager does not need to coordinate each team member daily, and that everyone knows what is expected of them and when. Project implementation planning may undergo changes during its life, changes that need to be justified by the project team and manager. Changes to the implementation chart must not affect the achievement of the project's objectives or the objectives themselves.

All the association's projects are part of it, and the NGO is basically composed of these projects. This condition is essential for the implementation of funding proposals and, in particular, for the approval of their funding by the financiers, verifying each time the compatibility of the proposed project with the purpose of the organization proposing the project.

From projects to departments – the matrix system

The main coordination relationship is that between the organization's president and the project managers who, in turn, coordinate the project implementation teams. The project teams are hierarchically structured, starting with the project manager and continuing with the financial manager, after which there are experts in procurement, project implementation, attracting and managing the target group etc.

At the project level, each team aims to successfully implement the project for which they are working. In this respect, the project team members pursue their objectives as a priority but also contributes to the development of the organization as a whole by working on organization-wide tasks like proposal writing and developing new projects. Within the organization, project management is, to a great extent, decentralized and project managers have the necessary authority to perform their tasks and manage their teams without daily supervision from the organization's president. Within projects, decisions are taken to a great extent by project managers, in consultation with subordinates, in a manner similar to that used by the association's president when he consults with the project managers. They consult with the people involved in the project teams before making decisions. Project managers have the freedom to organize their teams and activities as they see fit and they are not influenced by the association's leadership in this regard.

> *"Q: The decisions are taken only by the president?*
>
> *A: No, he consults with employees. And within the project, the manager consults a part of the team." (R2)*

This autonomy is a good success indicator of the organization (O'Dell & Grayson, 1998). Specific activities require experts with specific competencies, so there are trainers, evaluators, researchers, mentoring experts, etc. in every project, depending on its nature.

All projects need some administration, so an administrative department exists that takes care of the whole organization and all the projects. This department is composed of employees that are also assigned to specific projects as their main task. This system was the first step in creating a matrix organizational structure as we will see in the following paragraphs.

Work relationships within the Catalactica Association are organized both vertically, through co-ordination relationships, and horizontally through collaborative relationships across projects and employees that shared the same or similar positions in different project. This type of work relationship approach became more obvious and more needed as the organization begun implementing more projects at the same time.

> *"As more projects were implemented at the same time, it became obvious that some tasks and activities across projects were bound to repeat either exactly or in a similar fashion, thus the idea of collaborating across projects"* (R1)

The second dimension of this organization's structure is represented by departments. They were created as a way of employees with similar tasks in different projects to collaborate and to learn from each other. This organizational structure allows for uniformity and efficiency of work in all its projects and departments. This approach is not traditional for organizations, that usually are made up from different departments at first and then members of these departments are assigned to different projects. Here the projects are forming the main structure and from them the departments are created and modelled in time depending on the number and composition of the projects the NGO implements at every specific time.

Although departments are fixed, their dimensions and staff are dependent of the number of projects the organization implements at any certain time. They are formed by employees with similar attributions from all or most of the projects that are being implemented by the NGO. The main departments of the association are research, development, procurement, economic, advertising and the administrative department. Unlike project teams, departments are not strictly hierarchically structured, but usually the person with the highest experience is considered the head of the department. This person has the ability to carry out tasks in their own projects and to coordinate and verify the work of their colleagues for other projects. These department coordinators are generally subordinated to both project managers and the president of the organization. Inside the departments, employees work together to be more effective in fulfilling tasks that are necessary for every project, with the person involved in that certain project being, of course, the most involved one.

In the advertising department, for example, each employee works for their own project, providing information materials, presentation websites, press releases, etc. but although each member of this department is working on their own project, they consult, support and verify each other. The person with the most experience agrees on what everyone else is doing, even if that person is not involved in that project. This model is largely similar in all departments.

> *"There was a time when there were many projects, there were larger departments of accounting, procurement, archiving and everything, that still exist now but smaller (...) In principle they had a coordinator, but he was not named, he was somewhat the person who he had more experience in the field who was better off. "(R2)*

The association is practically structured in a matrix type system with several permanent departments and a variable number of projects, depending on the available funds. The number of people working in the organization and in each department are strictly related to the number of projects that the organization implements at any certain time.

The organization's management structure can be ranked by Gemünden, Lehner and Kock (2017 2017), namely: 1 – individual project management; 2 – management of a project portfolio and 3 – management of a project-based organization.

In this NGO, I found this hierarchy in a different way, that is to say, I distinctly found the management of the organization carried out by its leader, but the management of project portfolios was carried out by people who were also project managers with more experience that allowed them to manage their own projects and to supervise other project managers. In some cases, one person was the project manager of multiple projects (2 or 3) and sometimes almost the same team had a 2 or 3 project portfolio.

A clear situation in this respect is described by one project manager who, during the period 2014-2015, coordinated a team with a three project portfolio in a different office space than the rest of the organization and was doing so almost completely independently, the sole link between this team and the rest of the organization being mainly its president.

> *"Those who worked on the projects I managed, did this from another location. This situation put us in the position of not always communicating with the main staff of the organization."(R5)*

During these periods, when there are many projects under implementation at the same time, it is necessary to employ a large number of new people to fill up newly created positions. This infusion of new staff has, in the past, generated dissatisfaction with old employees who felt threatened and bothered because the new staff came with new procedures and not always learned the procedures used in the organization. Moreover, some of the new employees had significantly more experience than the existing staff so they have been appointed to some of the departments' co-ordination positions, either formally or informally, fact that generated dissatisfaction with the old employees and led to conflicts within the organization. Although this issue of new and more experienced employees is marginally related to the subject of this paper, it is important in a way that, if the departments had not existed, and every new employee had to work on his project or projects and not coordinate with existing employees with similar positions in different projects, these problems might have not existed, but given the department organization, they were expected to work together and do things in the same way across all the projects even if this was not a mandatory requirement by those which financed these projects. The organization aimed for unity in their procedures across different projects, but the employees were resistant in learning new and maybe improved procedures.

The association has an organigram, but it is mainly only on paper, the hierarchy within the organization seeming to be broadly consisting of the president, the project managers and the rest of the employees. Hierarchies are preserved, however, within each project the association implements. However, the organization operates in optimal parameters when the number of employees is lower to medium. As the number of employees increases, as it was in 2014-2015, disputes begin to arise between employees and many of them shift responsibilities to others that are newer or less experienced, in a way that is not always reasonable or responsible.

> *"R: There is always an organigram that is more or less respected, but I would like to think things work in a pyramidal system.*
>
> *Q: Is this hierarchy only within projects or in the organization?*
>
> *R: It's no longer in the organization, but within projects it is still respected. "(R4)*

The way the organization is coordinated through projects, makes it difficult to carry out and maintain an organigram chart of the entire association, this being replaced in this case by the organizational charts of the projects under implementation. The only person who does not appear in these organizational charts is the president of the organization, but the rest of the employees are found in the staff schemes of the association's projects.

Conclusions

This organization started by implementing individual projects and developed a matrix structure that is flexible and works well enough. Its departments are stable, but the number of employees differs in direct relation to the number of projects being implemented. This kind of structure allows for expansion and compression of the organization to different levels in relatively short amounts of time, if the organization's management team is rigorously organized and the procedures are well established and followed, with enough room for improvement.

In order to reduce the disproportions in allocating and evaluating employee tasks, the organization must implement a clear system of procedures and ongoing employee appraisal, a system that allows to circumvent personal relationships and evaluate each employee exclusively on the basis of the work she does. The employees or the management should agree on the procedures that are to be used in order to create unity across all projects. The tasks should be assigned formally and not by word of mouth, so that both the person who assigns tasks and the person that has to accomplish them to be held responsible in certain ways and to be correctly evaluated for them.

In smaller, more open organizations, assignments are given often out of the job description, overlapping tasks or their transfer from one employee to another for various reasons. For a large organization, these practices can be detrimental, and it is preferable that every employee does what she mentions in her contract of employment and job description.

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