CHAPTER I. INTRODUCTION

Background of the Study

With the idea of Globalization being highly valued and promoted, enterprises are facing more critical challenges in the international business environment. Companies are driven to reflect its previous performance and re-formulate suitable corporate strategies based on its existing strengths to seek for higher profits and sustainable development. Several enterprises thus started to transform their corporate structures by expanding business scopes, downsizing the size of the company or the number of the employees or planning the business activities and working process more strategically.

The rapid evolving innovation in information technology and the trend of global outsourcing have diminished geographical boundaries. Workforce nowadays has been participated in international working environment more frequently via cross-national work collaborations. For instance, a Taiwanese company might establish a subsidiary in Hong Kong and collaborate for customers from Singapore or Malaysia. Companies can no longer provide services for the domestic or local customers as they have to be prepared to face the challenges from the international competitors.

On the other hand, the forms of work have also changed along with the corporate transformation. The continuous technological development and the invention of machinery with high work efficiency have also brought impacts to the world of work. The forms of work have gradually upgraded from labor-intensive to knowledge-intensive, which clearly points out that "people" is also one of the key factors in constituting a successful company. The workforce is no longer treated as merely "labor" who exchanged profits from labor work; more workers have indulged themselves in knowledge activities and produce "knowledge" for work.

As the world of work and the corporate structures have reshaped their main activities, the process of work has also been highlighted while examining the changes in work for the current era. Several Information Technology (IT) applications have been designed as to assist the customers to decrease the troubles in managing their corporate resources, ranging from financial flows, human resources and other assets.

Some companies might choose to divide the works within the organizations and give partial works to the contracting partners to decrease the company spending and concentrate on developing the core activities. Activities such as the financial planning and the IT management might be outsourced to some reliable external enterprises. Hence, under such circumstances, the companies will be able to devote most of the assets and time on conducting activities that are more knowledge-intensive to keep their leading statuses in the industry as the following quote has illustrated:

"To remain competitive- maybe even to survive-business will have to convert themselves into organizations of knowledgeable specialists." (Harvard Business Review on Knowledge Management, 1998)

An organization needs to reflect upon itself to explore its competitiveness and strengthen its operating functions before creating a knowledge-intensive business environment. Strategically mobilizing resources within the organization in synchronization with the adequate business strategies will create values for the companies, just as Kaplan and Norton had indicated:

"All organizations today create sustainable value from leveraging their intangible assets-human capital; databases and information systems; responsive high-quality processes; customer relationships and brands; innovation capabilities; and culture." (Kaplan & Norton, 2004)

The IT Software Service Industry has thus been emerged to respond such calling from the business world, which provides the following two major business activities:

provide technical resource resolutions which mainly devote to developing tailor-made soft wares for the customers and consultancy services where the IT Software Service providers assist the other organizations to evaluate their strengths and formulate future corporate development goals.

More leading industrial giants have obtained the urge to transform their core business functions in order to face the new challenges in the global market; innovation has therefore become the first key factor in determining the sustainability of the enterprises. The enterprises will need to transform strategically to realize the expected achieving outcomes; meanwhile, the allocation of the competent human resources within the companies is equivalently important for the companies that aim at seeking highest business profits from their activities.

The IT Software Service industry is springing in a relevantly fast manner. Companies such as IBM and Atos Origin have become the active leaders in this industry. Other IT software related icons, such as Microsoft, Cisco and IBM, have also expanded their business scopes to providing IT solutions and consultancies; such trend has implied that the demand for IT Software services is growing steadily and there might be a huge potential markets requesting for these services.

Statement of the Problem

Structural transformation in enterprises re-defined the traditional job tasks. More job assignments are given out as projects to working teams instead of disposing employees to work for different functions individually. Effective project management, along with efficient workforce allocation, will assist the enterprises to achieve optimal capacity. The roles of project managers has thus gradually became more crucial for all companies in the new business competition formats; with sharp operating plans and strategic supervision, project managers will be able to lead the working teams to bring in enormous business opportunities. Under such circumstance, project managers will

inevitably become the key people in facilitating the communications. While project managers strive on piloting the fellow team members in completing the given tasks, the enterprises also seek for suitable means to conduct communications with the project managers.

Projects managers are usually directly assigned with projects first then form the project teams later; the division of work and the members of the project teams are normally left for the project managers to decide. Based on the different requirements demanded in the project, the involved members may come from different business departments or companies. As some project teams are formed project by project, some team members might have a lower level loyalty towards the companies than that for the project managers, as the members have more direct interactions with the project managers.

Therefore, if the enterprises can identify the competencies within the project managers, the companies might be able to make the project managers as corporate strategic partners to assist in boosting the development of the companies' operations. Project managers will not only aide the enterprises to obtain more leading advantages in comparison with the fellow competitors, but also facilitate more projects and generate more business profits in the rapidly-changing business world.

In order to make the best utilization of the available resources, companies should examine the internal "assets" to identify the key strengths which will bring more business developments. Except the monetary assets, the "human" factors within the companies are very crucial for the organizations, especially when the size and the operation scopes of the companies have gradually increased along with the time. The types of competencies that the project managers in the IT Software Service Industry possess would dedicate to the arrangements of the success of projects and further, the business operations of the organizations. Thus, how should we identify what types of

existing competencies have fostered the project managers in IT Software Service Industry to lead the cross-national project teams successfully?

Purpose of the Study

This research aims to explore the competencies of the project managers and to identify the competencies in the project managers which have been applied in cross-national project managements. Upon the completion of this study, it is hoped the research will achieve the following objectives:

1. Identify the existing knowledge and human assets within the organizations;

2. Review the role as project managers of the IT Software Service Industry;

3. Inspect how the project managers function while managing cross-national project teams in the IT Software Service Industry;

4. Explore the key competencies of the project managers in the IT Software Service Industry; and,

5. Prospect the key factors that might contribute to the constitution of project managers as prospective corporate strategic partners in the IT Software Service industry and provide some references for related future studies.

Questions of the Study

In this study, the researcher intends to observe the competencies of the project managers in the IT Software Service Industry and explore factors that contribute to constituting them as strategic corporate partners. Various challenges have been embedded in cross-national project management for the project managers in the international IT service industry as the projects and specific organizational needs,

The main question in this study will be: **what are the key competencies that have constituted project managers in the IT Software Service industry?** Several other questions are also expected to be explored in this research, including:

➢ What kind of roles do project managers play in cross-national project

managements?

➤ What kind of knowledge exists in cross-national project teams?

➤ What are the potential advantages and challenges for the project managers in the IT service industry?

➤ How can project managers facilitate the communications between the customers and the companies and those between the managerial levels and the project team members?

Significance of the Study

The world has become a free international marketplace for all, as the current information technology has forged a new global business arena without physical boundaries. Issues on efficient workforce allocations and management are extremely popular within the last few decades, as many companies rely on human intellectuality to enhance corporate competitiveness. Some researches on strategic management, information technology service providers, project managers and team management were explored before this study, yet the researcher expects to seek for reasons that made the project managers crucial in strategic management.

With the development of this research, factors that influence team management, project process, team collaborations and managerial styles of the project managers will be gradually discovered. The roles of project managers have been given high credits, but how to inspire the project managers to become suitable corporate strategic partners will be the future success determinant for all enterprises. Furthermore, through the case study of an IT Software Service Provider, it is hoped that this research will give provide further insights on the identification of the competencies required for the project managers in the IT Software Service Industry in the global context.

Limitation of the Research

The research intends to provide some exploratory insights on the competencies in the project managers, yet there are some limitations in this study as well. As the research focuses on the IT Software Service industry, it might not be able to project the competencies and behaviors of the project managers in all industries.

On the other hand, as the research is constructed as a single case study of company KL, a IT Software Service Company in the Netherlands, thus the interviewees are all from the same companies; they all have prior working experiences in cross-national project managements before joining the interviewed company. Therefore, though the obtained primary data will bring significant implications on required competencies for project managers in the IT Software Service Industry to become corporate strategic partners, the created analysis might not be applicable for the project managers in other IT Software Service firms.

In addition, cross-national project management, in this research, has broader meanings. In this research, the researcher has considered project teams with employees from diverse countries, projects done with international customers, and international work collaborations into cross-national project managements.

As part of the limitation in this study, the IT service companies in this research are referred to companies that:

1. Have at least two major business activities related to heavy uses of the IT applications, such as software development, technological support (tech support), consultancy, resource planning, customer relationship management, supply chain, etc.

2. Must be companies or are actively involved in various cross-national projects.

3. Preferably companies that have international workforces to work on projects or have had experiences in conducting cross-national projects.

Definition of the Terms

Project manager

Project managers are the facilitators in a project team where they have crucial influences on the administration of the projects and they usually are involved in the prior estimations of the resources needed for the projects and the development of the working itineraries in accordance for the development of the project. Afterwards, they will be in charge of the coordination and the execution of the given projects. How to adequately allocate suitable resources and manage the projects to be effective an efficient are the common challenges that all project managers would encounter in project managements.

It should be noted that project managers not only have to report to the managerial leaders within the companies but also are responsible towards the customers and the project team members. In addition to monitoring the progress of the projects, project managers also function as the communication channels among the enterprise, the project, the project team members and the clients.

Strategic Corporate Partner

A strategic corporate partner is the key person that facilitates certain activities for the companies which bring positive results and impacts for the companies; such partnership could be built between the company with other companies or personnel internally or externally. Partnerships are bilateral or multilateral agreements built among organizations or individuals to secure the relationships and responsibilities toward each representative.   The major functions of corporate strategic partnerships are to support and expand the capacity of the organizations or individuals and to facilitate more active inputs from different parties.

Strategic partnerships are highly desired for all organizations, yet the idea is relevantly difficult to be realized as a successful corporate strategic partnership needs

to incorporate the divergence in the group and make sure everyone in the team is on the same path. Careful planning and communication management need to be carried out before constructing strategic aligns with enterprises. This is specifically applicable for corporations that seek for competing in the global market.

Key factors

In this study, key factors are defined as the important variables that would influence the results of an item. In this study, the key factors are restricted to elements that will cause different impacts on project managers. These variables will directly contribute to the success or failure of a project or a project manager.

Information Technology Software Service Industry (IT Software Service Industry)

IT Software Service Industry is sometimes referred to IT solution providers whom present professional IT Software application tools to accelerate the data processing process for large-size or medium-size enterprises. On most occasions, IT Software Service providers will send IT professionals to their clients to solve technical problems or integrate internal information technological applications.

Some other terms and theoretical concepts will be furtherly illustrated in the next chapter. Chapter III will focus on exploring how project management in the IT service industry is like and the potential challenges for the project managers.

The results and the findings of this research will be discussed in Chapter IV and Chapter V will conclude the research and provide some further insights for future studies. A more detailed description on the research procedure of this study will be further illustrated in Chapter III. The entire research process has taken about 18 months to be completed.