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**The Negative Effects of Project-Oriented Management on Resource Allocation and Project
Outcomes in Functionally Structured Government Organizations**

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Introduction

In the modern, rapidly changing public sector, projects have to be carried out with increased efficiency and under high time pressure. All too often, the functionally structured government organizations structure of most government departments contrasts sharply with the dynamic demands associated with project-oriented management. This paper discusses how the adoption of project-oriented management practices affects and is affected by Structured Government Organizations in the public sector (Haynes, 2015). The paper deals with resource allocation and project outcomes issues that could be developed from the structural contrast between functionally organized departments and project-oriented requirements. This research is further based on the quantitative methodology by structured surveys across government departments in order to quantify resource conflicts and project outcome impacts. It is expected that the findings will inform strategies to minimize resource conflicts and improve project outcomes by providing lessons in good project management practices within Structured Government Organizations.

The key interest of this study lies with the implications arising out of adopting project-oriented management practices inside Structured Government Organizations. In project-oriented management, activities are organized around projects with specific goals, resources, and timelines, which by nature require flexibility and quick decisions being made. On the other hand, functionally structured government organizations are usually structured hierarchically, with various departments specialized in specific functions such as finance, human resources, or operations (Malik et al., 2024). This structural dichotomy creates special challenges for government organizations that usually operate according to terms of very long timelines, strict budgetary constraints, and a heightened need for stability. This will, in turn lead to resource conflicts,

suboptimal outcomes, and project delays when project-oriented practices are integrated into a functionally structured government organization (Fitsilis and Chalatsis, 2014). Hence, this study will attempt to analyze these challenges, focusing on the compatibility of project-oriented practices in government contexts by exploring strategies to mitigate arising conflicts.

The topic was chosen in the light of a growing trend towards project-based approaches from a traditionally functionally structured government organization. Countries pursuing comprehensive reforms in the public sector use project-oriented management methods to become more efficient and responsive. However, while governments seek to involve these practices, they often face difficulties in the areas of resource allocation, which are often hindered by the rigid nature of these departments, leaving little room for elasticity. The very scant literature that exists in this regard within the context of a government underlines a void that this present study aims to fill through an examination of how resource conflict impacts project outcomes. Historically, government organizations have favoured functionally structured government organizations systems for their ability to maintain order, allow specialization to take place, and retain stability. With increased demands during the 20th century toward more agile and project-based answers, there was a shift toward project-oriented approaches (Child, 2015). This kind of shift has happened more in those industries which demand a continuous stream of innovation and flexibility. Such sectors find it difficult for functionally structured government organizations to adapt to the demands of project-oriented work (Sun et al., 2018). The findings of this research are important to improve project outcomes and resource allocation in government organizations for the benefit of public service delivery efficiency. Project-oriented management might result in greater responsiveness and adaptability. Without an understanding of its implications for resource allocation in functionally structured government organizations, inefficiencies may occur. Lessons

gleaned from such a research study could help in optimizing project management practices, coupled with benefits accruing to society through improved delivery of government services.

Problem Statement

One of the major challenges for government organizations with functional structures is trying to merge project-oriented management practices, especially in resource distribution and its results. The functional structures, since they are organized on the basis of departmentalized specialisation, have rigid resource allocation, mostly with competition among departments if the resources would be working on projects. A study by Osman et al., (2024) found that the lack of a centralized PMO is a major barrier to efficient resource allocation in government settings. Furthermore, 37% of government projects fail to meet their goals due to resource conflicts (Acheson, 2006). The pressure of Saudi Arabia's Vision 2030 reform initiatives further amplifies the urgency of this issue, necessitating optimized project management practices in public administration (Hidalgo, 2024).

Research Questions and Hypotheses

Research Questions

1. How do project-oriented management practices impact resource allocation in functionally structured government organizations?
2. How do resource conflicts affect project outcomes within these organizations?
3. What strategies or structural adjustments can minimize resource conflicts and improve project outcomes?

Hypotheses

H1: Project-oriented management practices increase resource conflicts in functionally structured government organizations.

H2: Resource conflicts negatively impact project outcomes in functionally structured government organizations.

H3: The presence of a centralized PMO reduces resource conflicts and enhances project outcomes in functionally structured government organizations.

Literature Review

Introduction

Resource allocation processes are further burdened by a functional structure that is congenitally designed for stability and specialization while projects exhibit fluidity and cross-functionality. This tension is further heightened by the increasing complexity of public sector initiatives, which are, more often than not, requiring agile and collaborative approaches (Bower, 1972). The following literature review critically analyzes the allowance of Project-Oriented Management and functional structures in government for a critical analysis of the resultant resource allocation challenges and their impact on project outcomes. It reviews the way traditional silo-based resource management approaches within functional structures conflict with the flexible, dynamic resource requirements of Project-Oriented Management. It discusses in depth the nature of resource conflicts-developing human resources, financial resources, and physical resources-and their impacts on project cost, schedule, and quality. It also identifies centralized PMOs as one of the major mitigating strategies.

This synthesis effort in review thus hopes to build on an informed appreciation of the various complexities associated with integrating Project-Oriented Management within government settings and the strategies available for ensuring better resource allocation and project success. This would be important not only to enhance productivity, efficiency, and effectiveness but also to ensure the successful delivery of complex multi-discipline public sector projects for nation development activities that are key elements of the accomplishment of programs like Saudi Vision 2030.

Core Principles and Characteristics of Project-Oriented Management

Basically, the concept of Project-Oriented Management means transition from organization functionally managed to the work organization remodeling, resource management, and achieving strategic objectives. It shifts away from a rigid, silo-based approach characteristic of functional departments toward more flexible, adaptable, and results-focused with projects at their core (Huemann, 2016). At its core, Project-Oriented Management centers around the successful attainment of certain project objectives through coordinating and dynamic deployment of means. This not only encompasses the effective management of individual projects but also the strategic alignment of projects with overarching organizational goals. As against functional management, which lays focus on departmentalization and hierarchical control, Project-Oriented Management focuses on cross-functional teams and empowers project teams by way of decentralization of powers of decision-making and proper management of resources. The dynamic approach towards resource allocation is one of the key features of Project-Oriented Management (Muhammad et al., 2024).

Resource Demands and Challenges in Project-Oriented Management Implementation

Implementation of Project-Oriented Management within an organization that is accustomed to functional management structures and processes provides a complex array of resource-related challenges. The inherent flexibility and dynamic nature of Project-Oriented Management a strength when it comes to adapting change as well as to the realization of special project goals-frequently clashes with rigid resource allocation mechanisms found within functionally arranged departments (Tesfaye, 2018). The conflict is best expressed through the struggle for resources between different projects and functional units. As an example, human resource requirements in project-based contexts are usually highly specialized and perhaps even temporary. Project managers should be provided with staff who have the necessary competencies and skills, which may well be located within functional groups; this creates some competition for talent and can result in potential conflict between project managers and functional managers competing for an increasingly scarce supply of competent people (Crawford et al., 2004). The fluidity of project work, however, often necessitates the redeployment of staff across projects, thereby disrupting established functional team structures and creating complexities in resource allocation. Financial resources are also highly problematic to manage. Project-based budgeting-a cornerstone of Project-Oriented Management demands a different approach to financial planning and control compared to traditional departmental budgets. Projects are inherently dynamic in nature, with scope and timelines generally changing quite incessantly (Kwan, 2023). This can seriously disrupt the well-oiled budgetary cycles across any functions and causes difficulties in the reconciliation of project expenditure against the overall organizational budgets.

Resource Allocation within functionally structured government organizations

The functional structure of government administration is conventionally hierarchical in design, based on high levels of departmentalization and clear lines of authority. Anchored in classic management theory, this structure encourages stability, order, and accountability—fundamental attributes long favored by the public sector organizations (Galván, 2019). Resource management is typically siloed in functionally structured government organizations, reflecting the departmentalized organization of work. Each department enjoys some kind of autonomy, with its own resources and budget. This includes human resources, where the different functions are charged with a person's recruitment, training, and deployment into their specific functional area; financial, manifested in the departmental budgets devolved and managed at the discretion of the individual department; and physical resources, such as equipment, facilities, and technology, as often obtained and maintained by individual departments were dictated by specific operational needs (Moss et al., 2017). This type of management organization stimulates ownership and control by individual units, with perhaps greater efficiency in specialized functions.

On the negative side, a high level of barriers may emerge for cross-functional collaboration and resource sharing. Since challenging projects often involve many departments contributing to initiatives, rigid departmental boundaries and independently controlled resources impede effective coordination of resources. Interdepartmental negotiations of resources often become extended and combative, with possible delays, conflict, and suboptimal allocation decisions. Resource management is further complicated by the lack of any centralized overview of resource utilization across the organization, making prioritization of competing demands and optimizing of resource allocation for the benefit of the organization very difficult (Fellows and Liu, 2012).

The Nature and Dynamics of Resource Conflicts

Introduction of Project-Oriented Management into functionally structured government organizations would be likely to cause resource conflicts because, at a basic level, these two approaches manage and allocate resources differently. A functional structure, with emphasis on departmental specialization and hierarchical control to manage an organization, typically operates with siloed pools of resources and established budgetary processes (Arbelius, 2023). Taken together, the cross-functional collaboration and flexible resource deployment of Project-Oriented Management create dynamic resource demands often in contrast to the more rigid resource allocation mechanisms of the functional departments. It is this conflict that manifests itself in many forms, creating a complex web of interconnected resource challenges. The emergence of competition for skilled personnel arises because the project managers, who need special expertise to staff a project team, often compete with functional managers who are supposed to maintain the level of operational capacity within their departments. This is usually a complication because such kind of competition leads to shortages for projects and functional units alike, which delays project timelines and delivery of essential services (Huemann, 2010).

Complicating matters further is the dynamic nature of project work: resource requirements regularly fluctuate, and project managers could thus be requesting personnel from functional departments with short notice and thereby disrupting established work patterns and creating resource allocation bottlenecks. Budgetary conflicts also arise because project-based budgeting, as with Project-Oriented Management, often runs helter-skelter with traditional departmental budget cycles. Project budgets, relating to specific project deliverables and timelines, may be in conflict with annual budget cycles tied to functional departments. This brings uncertainty and allows less effective financial planning and control. However, the lack of a centralized view about project

spending in an organization increases complexity because it is difficult to track overall resource utilization and assure an effective allocation of financial resources (Gemünden et al., 2018).

Impact of Resource Conflicts on Project Outcomes

Conflicts over resources, which come as a result of the natural tension between project-oriented management and functional organizational structures, have clearly negative effects on project outcomes in government organizations. These create conflicts many times epitomized by competition for limited resources, therefore creating a waterfall of negative implications that undermine successful projects and make it difficult to achieve strategic objectives (Amoah, 2020). One of the most direct ramifications of resource conflicts is cost overruns. In multicriteria settings, project managers might be compelled to compete for scarce resources resulting in premium rates for specialists, expediting at inflated prices, and further costs from delays in the project wrought by resource bottlenecks" (Olaniran et al., 2015).

These would further increase costs that could strain budgets for projects and may even lead to overruns beyond the budget, which may be hard to get supplementary funding allocations through sometimes rigid budgetary frameworks of government organizations. Resource conflicts inevitably lead to schedule delays. When projects are under-staffed and under-funded, lack access to necessary equipment and facilities, putting-off project activities delays timelines and may affect the overall completion time of the projects. The delays will scale up, moving it to successive phases of the projects, hence potentially delaying the realization of benefits emanating from the projects. In some cases, schedule delays are so large that it threatens the viability of the project and, in some cases, can even lead to project cancellation; hence, wasting resources already invested (Liu et al., 2024).

The Potential of Centralized PMOs for Mitigating Resource Conflicts

The centralized project management offices therefore offer a very optimistic solution towards reducing the prevalent resource conflicts common in project-oriented government organizations operating under traditional functional structures. Providing one focal point for managing project activities and exploiting resources, a PMO brings structure, visibility, and strategic guidance to project executions that are often absent in functionally fragmented organizations (Arbelius, 2023). Another important function of the PMO is setting up standardized ways of resource allocation, which includes establishing criteria prioritizing projects with regard to strategic relevance, procedures for requesting resources, mechanisms for monitoring resource utilization in respect of the project portfolio. This centralized, open process radically diminishes conflict by giving an objective framework for the distribution of resources across competing demands and ensuring a very fair deal in utilizing the limited resources (Too and Weaver, 2014).

In addition to this, PMOs enhance resource utilization through centralized resource allocation and the management of portfolios by establishing standardized project management methodologies, tools, and templates. Having the same framework for project management and project information, PMOs let project groups and functional departments communicate and cooperate in an effective way with fewer misunderstandings and conflicts that may well arise from different approaches to managing projects. This will also be extended towards resource management in terms of tools and software, which allows for efficiency in tracking, allocation, and use of resources within the portfolio. Finally, PMOs can play a pretty important role in resolving conflicts (Wu et al., 2023). Because it is neutral, the PMO can step in and resolve resource disputes between project managers and functional managers by promoting constructive dialog and frequently helping to uncover mutually acceptable solutions. Escalation procedures and

decision-making criteria further ensure that the PMO is able to bring about conflict resolutions quickly and in an effective manner with minimum disturbance to project work and to ensure that working relationships are preserved amongst project teams and functional departments (Pietinen, 2019).

Research Methodology

Methodology

This study employs a quantitative research design to measure the impact of project-oriented management practices on resource allocation and project outcomes. Structured surveys will be administered to government employees across various departments, capturing data on the frequency, severity, and effects of resource conflicts.

Survey Design

The survey will include questions focused on:

- The frequency of resource conflicts related to project demands.
- The perceived impact of these conflicts on project timelines, budgets, and quality.
- The presence and perceived effectiveness of a PMO in managing resource allocation.

Data Analysis

Data will be analyzed using SPSS with:

- Descriptive statistics to summarize central tendencies.

- Inferential statistics, including correlation and regression analysis, to test the study's hypotheses and examine relationships between project-oriented practices, resource conflicts, and project outcomes.

Study Limitations

Scope

This study is limited to examining project-oriented practices in government organizations with functional structures, excluding private sector organizations where dynamics may differ. The findings may not be generalizable beyond government settings.

Time Constraints

The study is subject to academic timelines, which may limit the sample size and depth of data collection. Thus, the results provide a snapshot of current dynamics rather than longitudinal insights.

Researcher Bias

Efforts will be made to minimize researcher bias by relying on standardized survey questions and statistical analysis, ensuring that interpretations are objective and evidence-based.

Conclusion

The integration of project-oriented management practices in functionally structured government organizations introduces unique challenges, particularly in resource allocation. This study contributes to the body of knowledge by examining these challenges quantitatively and identifying strategies such as the establishment of a PMO to reduce resource conflicts. The findings

have implications for improving government project outcomes, supporting ongoing reforms like Saudi Arabia's Vision 2030, and enhancing public sector efficiency.

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