Managing human resource management tensions in project-based organisations: Evidence from Bangalore

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Abstract
We examine human resource management (HRM) in a large Bangalore project-based software company. Diverse adaptations of organisation-level HRM exist in projects, generating heterogeneous HRM practices across the organisation, resulting in management–employee tensions. Paradoxes are managed through a comprehensive, detailed and complementary set of structural and relational coping mechanisms, designed to promote employee commitment. These mechanisms were only partially successful, largely because of ongoing client interventions in project management. The motivations for and directions of client interventions are closely linked to the type of work undertaken in projects. Service market imperatives limit managers’ scope to negotiate such interventions.

KEYWORDS
Coping mechanisms, India, project-based organisations, paradox theory, tensions

Abbreviations: CEO, Chief Executive Officer; DI, Development International; HRM, Human Resource Management; MNC, Multinational Corporation; PBO, project-based organisation; SHRM, Strategic Human Resource Management.

We show how project-based organisations (PBOs) employ a variety of structural and relational mechanisms that enable them to cope with but not resolve their endemic Human Resource Management (HRM) tensions that derive from HRM heterogeneity, project contingencies and client interventions.

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We explore the origins, nature and consequences of tensions between project and corporate-level human resource management (HRM) through an examination of four projects in one Indian PBO. Project-based organisations (PBOs) have become internationally prominent, attracting considerable research interest (Cattani et al., 2011; Keegan & Den Hartog, 2019). PBOs are permanent organisations which operate with portfolios of projects (Huemann et al, 2007; Sydow et al., 2004; Turner et al., 2008), which are the ‘unit of production’ (Söderlund & Tell, 2011). Prior research has identified that HRM systems in PBOs are polyadic, with a shifting constellation of actors (Bredin & Söderlund, 2011; Keegan et al., 2012); employees are often located remotely at client sites posing challenges for, inter alia, performance appraisal (Keegan & Den Hartog, 2019).

Contrary to the dominant assumption of intra-organisational homogeneity characterising traditional HRM conceptualisation, large PBOs devolve significant responsibility for HRM to project managers who implement HRM practices variously according to project contingencies (Keegan & Den Hartog, 2019; Keegan et al, 2012; Söderlund & Bredin, 2006). Over and above the HRM capabilities of project managers, studies of outsourcing indicate that client pressures may have a significant impact on HRM practices at the project level (Swart & Kinnie, 2006). This particular issue is central to our contribution.

The heterogeneity of intra-organisational HRM practices creates significant potential for tensions between HRM at project and corporate levels. Poorly managed tensions could severely undermine organisational integration, inhibit knowledge sharing and intra-firm employee mobility, critical to PBO effectiveness (Whitley, 2006). To conceptualise these tensions, we adopt paradox theory, which captures the tensions that arise from the conflicts between contradictory but interrelated organisational elements (Smith & Lewis, 2011). The dynamic nature of paradox theory permits an insightful conceptualisation of HRM tensions and the concomitant resolutions that are necessary to manage them creatively. How PBOs handle the tensions remains a work in progress to which we contribute.

PBO contexts have been identified as requiring further examination (Keegan, Ringhofer, & Huemann, 2018; Samimi & Sydow, 2020) but these calls have scarcely shifted the almost exclusive focus on North America and Europe. Our study is located within the context of Bangalore’s IT industry, with its industrial cluster of IT and software services companies coupled to ‘world-class research institutions’, such as the Indian Institute of Science in Bangalore that produces large numbers of engineering graduates (Ray et al., 2020, p. 59). We selected the Bangalore software services industry for three main reasons: it is project based; projects vary contingently, and employ ‘bundled’ sets of HRM practices, significantly shaped by project managers in their interactions with clients (Mathew, 2019).
The paper is structured as follows. First, we present an overview of literature focussing on three key themes of the paper: HRM paradoxical tensions in PBOs, client interventions at the project level HRM and coping mechanisms to manage the tensions. In the course of this overview, we frame the research using paradox theory (Smith & Lewis, 2011). Second, we present our methodology and the research site. We analyse our data and present key findings. Finally, we discuss our contributions to furthering the three themes referred to immediately above, the managerial implications of our study and its limitations. We make suggestions for future research.

2 | LITERATURE

2.1 | HRM heterogeneity and tensions

PBOs are permanent organisations whose projects are the ‘unit of production’ (Söderlund & Tell, 2011) and whose boundaries are fluid; they assemble a portfolio of projects of varying size, life cycle and complexity (Heumann et al, 2007; Sydow et al., 2004; Turner et al., 2008). Two distinctly different operational levels exist within PBOs—the project level and the corporate level. Such organisations have decentralised project-level decision-making that includes HRM practices, resulting in HRM processes decoupled from those at the corporate level (Keegan et al, 2012; Söderlund & Bredin, 2006; Söderlund & Tell, 2011). Furthermore, the polyadic nature of HRM in PBOs (Keegan & Den Hartog, 2019) with multiple actors influencing the practices and the varied motivation and competence of project managers in HRM implementation contribute to increased intra firm HRM heterogeneity and HRM paradoxical tensions.

2.2 | Paradox theory

Because of its focus on the tensions that actors experience in organisations deriving from the juxtaposition of contradictory, interrelated elements (Smith & Lewis, 2011), we view paradox theory as a particularly suitable theoretical lens for examining HRM tensions in PBOs. Unlike contingency theory, the perspective argues that ‘although choosing among competing tensions might aid short-term performance, long-term sustainability requires continuous efforts to meet multiple, divergent demands’ (Smith & Lewis, 2011, p. 381). We use Smith and Lewis’s (2011, p. 382) definition of paradoxes as ‘contradictory yet interrelated elements that exist simultaneously and persist over time’. Paradoxes are generated by interconnected features which seem consistent in isolation, but conflicting, incompatible or contradictory in juxtaposition (Andriopoulos & Lewis, 2009). PBOs are fertile sites for HR paradoxes since they have a complex range of actors—project managers, line managers, employees, HR departments and, not least, clients. Project outcomes occur through the interactions of these stakeholders, creating multifarious paradoxes, challenges and tensions (Keegan & Den Hartog, 2019; Bredin & Söderlund, 2011; Söderlund & Bredin, 2006). Paradox theory asserts that organisations should accept and even embrace the coexistence of tensions (Keegan et al., 2019). Thus, Lewis and Smith (2014) argue that rather than neat solutions, paradox-informed thinking entails a mind-set that is holistic and dynamic, and committed to exploring synergistic possibilities for coping with the persistence of tensions.

2.3 | Client intervention as a significant source of tension

Although the PBO literature has not focussed on the role of clients as a source of HRM heterogeneity and tensions; this is now changing. Thus, recent PBO research acknowledges the wider influence of multiple stakeholders on HRM, especially clients (Keegan & Den Hartog, 2019). The role of clients in influencing HRM is more prominent in the related outsourcing literature which has specifically addressed the subject (Harney & Jordan, 2008; Kinnie et al., 2008; Rubery et al., 2004). Here, a clear acknowledgement exists that, in addition to firm-specific determi-
nants, clients influence even shapes vendor HRM (see Kinnie & Swart, 2020; Swart & Kinnie, 2006). Extending this to projects within PBOs, we now argue that client HRM interventions vary significantly.

Consistent with transaction cost theory, client interventions may be regarded as a means of protecting investments and reducing uncertainty (Chen et al., 2010). We argue that PBO clients exercise indirect or output control when the project is routine and can therefore be directly monitored through quantitative metrics. This involves little or no client intervention in project HRM. When, because of projects' innovative and critical nature, output control is unviable, Chen et al. (2010) argue that clients use either process or social control. The former involves directly regulating project's operational activities including HRM systems and can be applied with immediate effect whereas the latter is exercised more subtly by embedding client values and culture in the PBO through socialisation over time (Aulakh et al., 1996). In both cases, HRM at the project level will be conditioned by client intervention resulting in differences and tensions with corporate HRM.

2.4 | HRM paradoxical tensions in PBOs

PBOs have long been viewed as experiencing marked HRM tensions. Indeed, 2 decades ago, Metcalfe and James (2000, pp. 42–43) asserted the need for PBOs to develop 'a unitary collective capability' to cope with these. However, it remains unclear precisely how these tensions should be defined, what their antecedents are and how they are managed in practice (Bakker et al., 2016; Burke & Morley, 2016). In regard to defining tensions, our review of the literature indicates a variety of HRM tensions in PBOs. In order to structure this literature, we apply Smith and Lewis’s (2011, p. 383) fourfold categories of paradox: learning (knowledge), belonging (identity/interpersonal relationships), organising (processes) and performing (goals).

First, a view exists that intra-organisational tensions in PBOs are caused by the coexistence of fundamentally different organising principles between projects and their umbrella organisation (Sydow et al., 2004). The tension between project activities on the one hand and intra-organisational coordination efforts on the other has been identified as a fundamental structural issue (Arvidsson, 2009). There are a wide variety of other structural paradoxes in PBOs such as the need for both control and latitude, and for structure and flexibility (Ambituuni et al., 2021). These tensions constitute an ‘organising paradox’ (Smith & Lewis, 2011, p. 384).

Second, it is observed that high degrees of project autonomy create substantial tensions in regard to integrating project activities within an overarching set of PBO corporate processes (Bresnen et al., 2004). This is accentuated by some team members working for extended periods in client sites while some may include members from other organisations (Keegan & Den Hartog, 2019). PBOs also exhibit the continuous formation and disbanding of project teams with a wide variation in duration (Jones & Lichtenstein, 2008) resulting in constant change in work groups (Bredin & Söderlund, 2011; Keegan & Den Hartog, 2019). Further, project employees may report to several managers with different agendas (Keegan & Den Hartog, 2019). One outcome is a lack of identification with the broader organisation by project-based employees (Bredin & Söderlund, 2011), that is, a ‘belonging paradox’ (Smith & Lewis, 2011, p. 383).

Third, tension exists due to difficulty in aligning immediate project-based skill development with long-term competence building that the corporate level views as necessary for the development of corporate capabilities. This corresponds to a ‘learning paradox’ (Smith & Lewis, 2011, p. 383).

Fourth, PBOs comprise a complex range of actors including project managers, line managers, employees, HRM department and clients. This plurality results in competing strategies and goals, posing multifarious challenges and tensions (Bredin & Söderlund, 2011; Keegan & Den Hartog, 2019; Soderlund & Bredin, 2006). Tensions between the differing, and often conflicting, demands of varied internal and external stakeholders create a ‘performing paradox’ (Smith & Lewis, 2011, p. 384).

Research interest in HRM tensions in PBOs is ongoing. Thus, recently, in addition to describing various HRM paradoxes in PBOs, Ambituuni et al. (2021) find that tensions undermine inter-project employee mobility, related knowledge-sharing, the diffusion of organisational values and organisational integration, all of which are critical for PBO success (Whitley, 2006).
2.5 | Coping with HRM paradoxical tensions in PBOs

The limited literature on coping with HRM tensions in PBOs can be broadly classified into SHRM and paradox theory literature. In the former, ‘strategic tensions’ arise when HRM practitioners are faced with contradictory strategic goals (Boxall, 2007; Boxall & Purcell, 2016). The notion is that these are generally resolved through trade-offs that restore SHRM alignment, fit or balance. However, Boxall and Purcell (2016) argue that in the context of escalating and enduring tensions, implementing this notion may be challenging. Paradox theory, on the other hand, proposes a dynamic approach to coping with HRM tensions. Smith and Lewis (2011) argue that effective strategies should recognise that tensions are pervasive and persistent. Purposeful action involves coping rather than resolution. Similarly, in their empirical study, Keegan et al. (2019) also draw on paradox theory and illustrate defensive (problem suppressing/opposing/splitting) and proactive (adjusting) strategies used by HRM practitioners to cope with tensions.

Recently, Ambituuni et al. (2021, p. 180) argued that the tensions inherent to PBOs could be coped with by developing ‘improvisation capabilities’. They argue that, ‘the role of HRM is to sense the paradoxical tensions within the projects and manage the movements within the tensions’ (Ambituuni et al., 2021, p. 179). Along with HRM practices that require organisational members to ‘follow processes and recognise limits to experimentation’, Ambituuni et al. (2021, p. 174) argue that HRM practices, such as selecting for ‘broad-based skills rather than narrow skills’, empowering employees to ‘speak up and question the status quo’, and to ‘experiment with work processes and activities in pursuit of agility’, may serve as means to cope with the HRM tensions that are endemic to PBOs.

Overall, there has been limited scholarly interest in understanding the antecedents of tensions, their precise nature and how organisations manage them within PBOs. Further, clients’ role in HRM issues in knowledge-based organisations as a significant source of these tensions is acknowledged but under-explored. We follow Keegan, Bitterling, et al. (2018) in introducing insights from paradox theory to explain how HRM practitioners in PBOs may handle these tensions.

We therefore address three questions: Which HRM paradoxical tensions arise due to intra-firm HRM heterogeneity in this PBO? How do clients influence HRM practices? What kinds of coping mechanisms do the PBO employ to manage HRM paradoxical tensions?

3 | METHOD

We chose a comparative case method. Four embedded cases capture intra-firm heterogeneity, its drivers, consequences and management of coping responses. External validity concerns were traded off against opportunities to gain insight into incompletely documented phenomena (Burgelman, 1983, p. 224). Multiple comparative cases also enabled selection of theoretically relevant in-company cases and iterative and inductive analyses (Eisenhardt, 1989; Gehman et al., 2018).

3.1 | Data collection stage 1

Data were collected in two stages. Initially, in 2012, we gathered data on the Bangalore PBO, Infotek, its market position, philosophy and history. Triggered by our literature review revealing a lack of consensus on how to classify projects, in the second stage, we sought a classification rooted in managerial understandings. We invited six executives to define how they classify projects. They identified two sets of attributes that decided whether Infotek would bid for a project: estimated revenue growth and current gross margin. Two external experts and eight respondents confirmed them as central to understanding project variation within the industry.

Employing these attributes, we identified four projects: ‘Development International’ (DI), ‘Technostar’, ‘Stase & Stade’, and ‘Elegant’. DI is a relatively ‘sheltered’ project serving a large global not-for-profit organisation. There are no
expectations of growth potential nor, unlike Elegant and Technostar, does it contribute significantly to current growth margins. While Stase & Stade does not contribute significantly to current margins, there is a pronounced expectation that in the future it will. In that sense, Stase & Stade is under more pressure than the other three projects.

A brief overview of the projects follows.

**DI:** Infotek maintains and enhances client sponsorships and intranet applications. A service-level agreement exists with time limits for resolving complaints. This is a routine and stable technology project with low margins and limited growth prospects.

**Elegant:** A multinational (MNC) automotive manufacturer outsourced development of its in-house software solutions. ‘Agile’ software development methodology is used whereby software solutions are developed through iterative collaboration within self-organised teams. Infotek views it as contributing substantially to current gross margins and having high growth prospects.

**Technostar:** Technostar is a railway company that outsourced its networking infrastructure services to Infotek in a 24/7 mode. Clearly defined output expectations cannot be deviated from, without explicit approval. The project contract has provision for demurrages in cases of deadline slippages and failures. It contributes significantly to current gross margins, but Infotek sees only moderate long-term growth prospects.

**Stase & Stade** is an Indian governmental agency that outsourced the design, development, testing and maintenance of a software application to be accessed by large numbers of citizens. There were high stakeholder expectations, technical challenges arising from its scale, pressure to complete on schedule and high visibility. The software had to be developed using open-source technologies. Infotek undertook this fixed-price, low gross margin project because of its national significance and reputational value. In the longer term, Infotek viewed the project as having a potential for significant revenue growth.

Figure 1 summarises our classification of the four projects.

### 3.2 Data collection stage 2

In the second data collection stage, from June 2012 to early 2013, the two lead researchers conducted interviews, focus groups, observation (corporate and project HRM meetings, induction, selection and exit interviews, ‘Open House’ meetings, social and cultural events and celebrations) and perusal of company documents (intranet, HRM policies, ‘Open House’ meeting records, analyst reports, annual reports, exit interview records.
and presentations made by leaders) to study the company and the four cases and in particular, project-level HRM practices. Clips from business journals were also collected. Interviews constituted the primary source of data and informants at various levels and within each project were selected based on their understanding of HRM practices. Focus groups inducted a broader employee view. Interviews lasted approximately 1 h and, in some cases, extended to 2.

Table 1 summarises the data collection process and the number of formal data collection events in each category. Table 2 provides our semi-structured interview and focus group schedule.

### 3.3 Data analysis

Interview and focus group data were fully transcribed and analysed using NVivo software, following thematic coding (Strauss & Corbin, 1990). Each case was coded separately. In the initial phase, within-case analysis (Miles et al, 2019) helped identify variations in HRM policies at organisational level and HRM practices at the project level. Subsequently, cross-case analysis involved pattern matching and iterative theorising. Interviews with respondents who had worked across projects were particularly valuable. Our analysis is also informed by non-participant observation of employees in work and social contexts. To further ensure internal validity and factual accuracy (Yin, 2012), one of the lead researchers returned to Infotek on six occasions in 2013–2014 to consult three senior corporate managers. Finally, in early 2015, the lead authors presented key findings of our observations of tensions and their management to 18 respondents. For the most part, these respondents validated our findings.

In the following section, we provide an overview of corporate HRM policies and project-level HRM practices.

### Table 1 Data collection

<table>
<thead>
<tr>
<th>Serial no.</th>
<th>Category/project of interviewees</th>
<th>No. of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal, senior managerial respondents</td>
<td>Founders</td>
<td>4</td>
</tr>
<tr>
<td>1</td>
<td>Corporate HRM executives</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Senior leaders</td>
<td>8</td>
</tr>
<tr>
<td>Total internal</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>External</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Total—Stage 1</strong></td>
<td>18</td>
<td></td>
</tr>
<tr>
<td><strong>Stage 2 project managers and employees</strong></td>
<td>DI</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Elegant</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Technostar</td>
<td>14</td>
</tr>
<tr>
<td>6</td>
<td>Stase &amp; Stade</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total – Stage 2</strong></td>
<td>45</td>
<td></td>
</tr>
<tr>
<td><strong>Focus group discussions</strong></td>
<td>DI</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Elegant</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Technostar</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>Stase &amp; Stade</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>
4 | RESULTS

4.1 | Corporate HRM policies

The company logo, the employee handbook, the brand manual and articles written by the founders at the inception of Infotek collectively document the founders' articulation of core values of 'caring, learning, sharing and behaving in a socially responsible manner'. These core values are prominently displayed across the 'campus'. A 'History Wall' displays photographs, stories and ideas contributed by employees, emphasising Infotek's identity as a learning organisation. There are also paintings by children with disabilities symbolising Infotek's broader social concerns.

Because the concept of 'HRM' was regarded as having exploitative connotations, Infotek chose to refer to corporate HRM as the 'People Function'. There was an expectation that it would reflect Infotek's core values. Thus, the corporate human resource information system (HRIS) was developed to epitomise these values, maintain uniform HRM practices and facilitate knowledge sharing. Our analysis showed six categories of corporate HRM practices as follows.

Selection of entry level and lateral candidates is technical competency based, supplemented with a final interview to ensure alignment with Infotek's core values. Corporate HRM organises a 3-month initial induction and training for campus recruits, led by senior managers. With respect to performance management, individual goals are set annually by the employee and the reporting manager in discussion; annual appraisals are conducted with bi-monthly feedback. Underperforming employees are given three opportunities to improve. If there is no tangible improvement, they are allowed to move to another project. Only then, if there is no progress, are employees encouraged to leave Infotek. Corporate HRM conducts regular technical and managerial competence development initiatives. They facilitate employee career growth and development through mentoring, certification, e-learning and across-project rotations. The significance of career growth is underscored by artefacts such as the 'Hall of Fame' and 'Professional...
Achievement Awards. Infotek's reward policy consists of incentives tied to individual and organisational performance; its recognition policy comprises a range of non-pecuniary appreciation from managers and peers.

Hence corporate HRM has a values-based focus on individual employees that spans equity, opportunity, support and long-term career growth. However, as corporate HRM emphasised, substantial areas of HRM at Infotek are devolved to projects.

4.2 Project-level HRM practices

While HRM at the project level partly overlaps with that of corporate HRM in terms of performance management, competence development and rewards and recognition, corporate HRM pointed to assignment to projects, knowledge transfer, and project socialisation as practices that were project managers' responsibility.

We now present a brief overview of the application of the six project-level HRM practices across the four projects. Our findings are summarised in Table 3 and as we demonstrate, there is substantial HRM heterogeneity across the four projects.

Referring to Table 3, while the 'sheltered' project, DI, is relatively closely aligned with Corporate HRM, the project that is under most pressure, Stase & Stade is markedly dissimilar. For instance, with respect to performance management, DI follows Infotek policy and has bi-monthly performance reviews, whereas Stase & Stade reviews

<table>
<thead>
<tr>
<th>HRM practices</th>
<th>DI</th>
<th>Technostar</th>
<th>Elegant</th>
<th>Stase &amp; Stade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment to project</td>
<td>From the common resource pool of employees</td>
<td>Client specific skill matrix used to select employees from the common pool</td>
<td>Technical and non-technical interviews conducted by the client managers along with the project manager from Infotek.</td>
<td>Contract specifies a percentage of high performers as employees. Clearing a technical interview by the project manager</td>
</tr>
<tr>
<td>Socialisation</td>
<td>Short client presentation by a team member</td>
<td>Structured group level</td>
<td>Customised based on employee roles</td>
<td>One-on-one project manager or technical head led</td>
</tr>
<tr>
<td>Knowledge transfer</td>
<td>Senior team members share knowledge with the newcomers</td>
<td>Structured knowledge transfer</td>
<td>Daily stand-up meetings between client and team members</td>
<td>One-on-one mentoring sessions since the domain is new</td>
</tr>
<tr>
<td>Knowledge transfer within Infotek possible</td>
<td>A wiki like knowledge repository where employees are expected to share knowledge</td>
<td>Internal repository for technical help and support</td>
<td>Knowledge sharing exclusively within the project</td>
<td></td>
</tr>
<tr>
<td>Knowledge sharing exclusively within the project</td>
<td>Voluntary initiatives by team members to exchange knowledge during coffee breaks and extended hours</td>
<td>Knowledge transfer within Infotek possible</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3 (Continued)

<table>
<thead>
<tr>
<th>HRM practices</th>
<th>DI</th>
<th>Technostar</th>
<th>Elegant</th>
<th>Stase &amp; Stade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance management</td>
<td>Bi-monthly reviews with feedback</td>
<td>Daily and weekly reviews with feedback at individual and team level, using quantitative metrics including metrics for knowledge sharing</td>
<td>Weekly review with feedback</td>
<td>Daily reviews and immediate feedback at team level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under performers put under watch, given feedback and moved out</td>
<td></td>
<td>Under performers moved out immediately</td>
</tr>
<tr>
<td>Competence development</td>
<td>Infotek organised technical and managerial competence development</td>
<td>Mandated skill-based certifications</td>
<td>Micro camps for client domain-related competence development</td>
<td>Informal mentoring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Planned job rotation within the project</td>
<td>Wednesday technology talks series</td>
<td>Peer to peer learning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standardised efficiency driven skills with no long-term focus</td>
<td>Coaching and shadowing of project leaders</td>
<td>Brainstorming</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Client specific skills, non transferable</td>
<td>High specialisation without broad-based skill development</td>
</tr>
<tr>
<td>Reward and recognition</td>
<td>None</td>
<td>Recognition for multi-skilling and contributing to knowledge repository</td>
<td>Long tenure bonus and appreciation</td>
<td>Group bonus on completion of the project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incentives for night shift work</td>
<td></td>
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</tr>
</tbody>
</table>

Performance on a daily basis and instantly removes underperformers. Elegant and Technostar are located between these extremes. Elegant reviews performance on a weekly basis and provides feedback to project members. Technostar has daily and weekly reviews with quantitative targets and individual feedback and removes underperformers who do not respond to a performance warning. Marked differences exist in rewards and recognition. While DI is aligned to Infotek Corporate HRM policy, Technostar recognises those who acquire client-specific multi-skills and who contribute to the project knowledge repository, and it provides individual incentives to employees required to work night shifts. Elegant managers sometimes engage in political reward-related behaviours to promote long tenures within their project thereby infringing the Infotek corporate norm of rotating employing across projects. One senior manager confided that he made the client agree to pay a bonus for long tenures within the project and then prompted the client to secure top management approval for this.
On competence development, DI follows the structured Infotek policy whereas this is fully informal in Stase & Stade where it is implemented through mentoring, peer-to-peer learning and brainstorming. Technostar and Elegant are located between these two extremes. Technostar provides only project skills-based training to drive efficiency, with planned rotation within the project; Elegant adopts client-domain specific competence development with coaching and shadowing of senior project leaders.

5 | TENSIONS ARISING FROM HRM HETEROGENEITY

We focus on the tensions we observed arising from the six areas of potential inter-project difference. We summarise the resultant paradoxes in Table 4 and each is categorised according to Smith and Lewis’s four-fold paradox categorisation.

5.1 | Assignment to projects: Employee as asset versus cost

When assignment to a project is dictated by the client, as in Stase & Stade and to a lesser extent in Elegant and Technostar, a tension arises between Infotek's notion of the employee as a corporate asset to be developed through
project rotation and the client's demand for project-specific competencies. Newer entry-level employees are blocked from joining these projects and more senior employees become locked into them, reducing developmental opportunities. It also impacts profit margins (senior employees are more expensive) and stresses project managers who find themselves at odds with the corporate HRM agenda.

Clients sometimes make unreasonable (personnel) demands on projects. It is challenging to manage them and it drains our energies....client strategies sometimes run counter to ours (Project Manager, Stase & Stade).

5.2 | Socialisation: Organisational versus client identification

Infotek inducts all new employees. However, apart from DI, the other projects also conduct project-specific socialisation. Elegant conducts customised induction, based on employee roles. Technostar has structured collective socialisation; Stase & Stade conducts one-on-one induction. Particularly, in Stase & Stade, the outcome is a distinct project identity that moderates employees' identification with Infotek. One Senior Software Engineer remarked:

Sometimes I feel that Infotek is not one organisation but a group of organisations which follow totally different systems. It is often very conflicting.

5.3 | Knowledge transfer: Generic knowledge transfer versus proprietary knowledge transfer

Another tension arises between Infotek's need to leverage knowledge developed in specific projects and clients' needs for that knowledge to be proprietary. Stase & Stade project members in particular are, therefore, under pressure not to share knowledge with other Infotek colleagues, bringing a sense of professional isolation. The tension is summarised by a Vice President—People Function:

Client specific knowledge is governed by non-disclosure agreements and sometimes it cannot be shared. Some projects offer only client-related skills and some ‘techies’ refuse to join such projects even if they are to be ‘on bench’. It is chaotic and challenging to manage.

5.4 | Performance management: Client satisfaction versus employee development

A significant tension arises between Infotek performance norms and project performance standards with respect to the treatment of underperformers, particularly when clients specify performance and stringent penalties for breach of service-level agreements. In Stase & Stade and Technostar, the corporate HRM view that underperforming employees may have several opportunities to improve does not prevail. Such differential treatment undermines employee equity perceptions and organisational integration. The result is this type of sentiment:

Why should I work on Technostar at the constant risk of being moved out for minor mistakes, whereas my colleagues on other maintenance projects (e.g. DI) enjoy an easy work life?....I am paid no extra; nor do I get a chance to develop hot skills (Senior Software Engineer, Technostar).
5.5 | Competence development: Short-term project needs versus long-term organisational learning

When competence development is dictated by client pressures to fulfil short-term needs, conflict arises with Infotek’s need for long-term cross-project competence development. In Elegant, competence development is highly client-specific and not transferable to other projects; in Stase & Stade, high specialisation leaves little opportunity for broader skills development; Technostar’s focus on standardised technologies and short-term efficiency restricts long-term employee development. Overall, these issues hinder training, competence development and inter-project mobility. A Technostar programme manager:

The steady flow of technical projects is dependent on a set of professionals ……fully conversant with the latest technology. That is why we have a clearly crafted plan for skill development, but business exigencies often extract (sic) their toll. Training and development is mostly restricted to immediate project requirements in Infotek.

5.6 | Rewards and recognition: Individual versus collective incentives

A distinct tension arises when projects deviate from Infotek’s policy of individual performance-related reward and recognition: Stase and Stade has a group bonus scheme. Technostar has recognition for multiskilling and incentives for nightshifts. Elegant has a long tenure bonus. A manager in DI:

There are glaring differences in rewards across projects. Some projects are more attractive, and it is a challenge to onboard (sic) people in other projects. It is very difficult to manage.

Some projects became relatively attractive, hindering employee project mobility. We now explore the mechanisms employed by Infotek to cope with these issues.

6 | COPING WITH TENSIONS

Infotek managers have developed two broad categories of mechanisms to cope with paradoxical tensions: structural and relational.

6.1 | Structural mechanisms

We observe five distinct structural coping mechanisms. First, a strong corporate HRM department reporting to the CEO and the centralised HRIS ensures that Infotek’s philosophy is embedded into HRM policies and processes, mitigating the employee identification tension. Second, the centralisation of HRM policies, procedures, training resources and knowledge repositories (primarily inducted from employee consultation and accessible to all employees) ensures that the founders have oversight of key HRM areas, helping them manage variations.

Third, standardisation of recruitment, selection and induction processes through definitive competencies with active HRM involvement, ensures that Infotek values are consistently articulated above project interests. This contributes to strengthening employee bonds with Infotek.
A fourth structural mechanism comprises a range of online learning resources, structured in-house trainings and certifications, and it promotes continuous learning and development. Personal development areas such as public speaking and presentation skills training imbue a collective sense of capacity. An internally developed year-long, structured, project-management certification, mandatory for project managers, seeks to ensure uniformity in management approaches. It acts as a unifying 'organisational glue' and mitigates the generic versus specific knowledge transfer and client satisfaction versus employee development tensions. ‘Certifications are clearly orchestrated so that project managers sing from the same hymn sheet’ (Manager, Quality).

Fifth, organisational events such as presentations of the results of employee surveys (typically with a 95% completion rate) involves all employees in formulating and initiating action plans and 'Techfests' support the development of a shared narrative of an inclusive, meritocratic learning organisation, enhancing organisational identification.

6.2 | Relational mechanisms

Several informal subtle interaction processes between founders/senior leaders and employees link with visible artefacts, stories and imagery designed to reiterate Infotek values. We group these into four relational mechanisms.

The first is the imagery of an Indian college campus. The 'college campus' imagery is ubiquitous. Meeting and training rooms are named after great scientists and the design of the state-of-the-art Training Centre is that of the campus, appealing to the young workforce. On the ‘Holi’ festival, employees from the CEO to trainees don traditional attire and sprinkle colours on one another. The celebrations allowed for spontaneous informal communication transcending hierarchical levels. Birthday celebrations play an organisational socialisation and 'safety valve' role:

Our premises resemble a vibrant university campus to a great extent. Celebration and festivities are a common occurrence... (they) play the role of a safety valve (Technical Leader, Elegant).

A fund exists for ‘joy activities’ which range from playing cricket to a daylong fun event, where employees across the hierarchy dance to Bollywood songs. In the context of Indian society's high power distance (Hofstede, 2010); this creates opportunities for senior managers to mingle with employees and explain the complexities and tensions Infotek has to deal with:

I had just moved to Technostar and the matrix driven performance management system in the project looked tough...... The skills and career development opportunities also appeared unattractive. I was much stressed. It was Diwali.... On my right was seated XXX (a senior manager). I shared my frustration with him. He explained why Technostar is financially important. I was amazed at his clarity and his explanation of the differences the project had with others. He also talked about the opportunities within the project and options to move to others. I felt relieved. I also met a number of people who worked in different projects; they explained how they moved between the projects. It was reassuring (Team Leader, Technostar).

A second relational mechanism is voluntary and comprises a range of inter-project employee technical and social communities (e.g., a debating community), helping create project-independent competences and organisational identification.

A third is the alignment of Infotek's distinct values with deep-seated traditional Indian societal values (Budhwar et al., 2017). Observation uncovered instances of employees narrating stories of the values in action such as employees being retained ('caring') or of top management pay cuts ('caring' and 'social sensibility'), when faced with financial downturns, in contrast to the instrumental actions of similar organisations. Such narratives created an image of a large family, resonating with what employees view as a core Indian value (Singh, 2010). The tensions, not least between individual versus collective incentivisation, are framed as normal within an extended family. This use of
narrative to mitigate tensions is seen as a particular strength of Infotek: ‘These things are unheard of in other organisations’ (Senior Software Engineer, DI).

A fourth mechanism is considerable senior management continuity coupled with a strong emphasis on informal downward communication. To facilitate informal communication, top leadership including the CEO and the founders not only welcome new recruits but regularly spend time with them to ease their socialisation into Infotek. This includes conducting training and mentoring programs, facilitating informal discussions, assisting employees to see the larger Infotek perspective and building an aspiration in recruits to take up senior management roles.

Constant interaction with employees across the organisation enables the employees to look beyond the differences in HRM to the larger vision and strategy of the organisation. Many youngsters look up to our seniors, many of whom are industry leaders (Programme Manager, Stase & Stade).

Since the founders are considered ‘stars’ of Indian IT and personify Indian middle-class aspirations, their narratives resonate with many employees. When employees are stuck in uncongenial projects, senior leaders assure them that they will eventually be moved to better projects and generally that promise is perceived as being honoured. High aspirations prompt Infotek (in common with other Indian) employees to accept delayed gratification in anticipation of assured material progress and ‘global citizenship’:

When I joined...Technostar... it was as if I had left Infotek and joined another company. It took me some time to get used to it. I am not, however, unduly concerned about this.....In Infotek, I am privileged to work with the leading MNCs. Sometimes I get to travel abroad and I earn a decent salary. My ambition is to work in an MNC one day (Senior Software Engineer, Technostar).

Overall, a nexus of structural, social and ideological mechanisms integrates employees into the wider organisation in mutually reinforcing ways. Structural and relational coping mechanisms permeated Infotek in an attempt to maintain a consistent ‘strong HRM’ message to employees (Table 5).

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Paradoxical tensions</th>
<th>Coping mechanisms at organisational level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee as an asset versus cost</td>
<td>Organisational level events, technical and other communities, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
<tr>
<td>2</td>
<td>Organisational identification versus client identification</td>
<td>Corporate HRM dept., centralisation of HRM, policies and procedures through HRMIS, standardised recruitment, selection and socialisation, certifications, organisational level events, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
<tr>
<td>3</td>
<td>Generic versus proprietary knowledge transfer</td>
<td>Structured learning resources, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
<tr>
<td>4</td>
<td>Client satisfaction versus employee development</td>
<td>HRM centralisation and HRIS, structured learning resources, organisational level events, technical and other communities, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
<tr>
<td>5</td>
<td>Short-term project needs versus long-term organisational learning investment</td>
<td>HRM centralisation and HRMIS, organisational level events, technical and other communities, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
<tr>
<td>6</td>
<td>Individual versus collective incentivisation</td>
<td>HRM centralisation and HRMIS, imagery of a college campus, Infotek values and senior management continuity</td>
</tr>
</tbody>
</table>

Abbreviations: HRIS, human resource information system; HRM, human resource management.
The mix of structural and relational mechanisms varies across projects. Elegant and Stase and Stade deemphasised structural mechanisms and emphasised relational mechanisms. A Project Manager remarked: "The informal systems at play like team lunches kept the tensions at bay by permitting confrontation of issues through productive discussions". Stase & Stade had informal mechanisms for tension coping. A Technical Architect observed "in fact formal mechanisms have less room in this project." Technostar ignored informality and adopted formal mechanisms. A Technical Lead argued "informal integration mechanisms play only a minimal role in the Technostar project."

6.3 Why and in what ways do projects diverge from corporate HRM?

As the DI project illustrates, 'corporate compliant' project-level HRM exists only when both growth and margin are low. Where margin is high and growth low, structured HRM practices exist with particular processes for knowledge transfer, shorter periodic reviews and feedback, clear quantitative metrics for evaluation and mandated competence development process (see Technostar in Table 3), that is, there is a distinct productivity orientation. In projects where margin is low and growth high, less severe immediate profitability pressures provide scope for experimentation and HRM adaptations include unstructured knowledge sharing and competence development underpinned by a ‘collaborative’ orientation (Gooderham et al., 1999) amongst elite employees. Projects characterised by both high margin and growth are particularly demanding. They have substantial latitude to develop idiosyncratic HRM practices conducive to high ‘commitment’ and development.

Clients influence HRM practices and accentuate HRM differences at the project level depending on the degree to which a project is routine or innovative. We sought to build on previous work on client involvement/control in HRM in PBOs. In Infotek, we observe three generic categories of control: output, process and social (Chen et al., 2010). We argue that clients exercise indirect or output control when project tasks are routine and can be readily monitored through quantitative metrics as in the DI and Technostar projects, neither of which attempt directly to influence project-level HRM. However, the intensity of the output control exercised by Technostar caused project management to adjust Infotek’s HRM approach in a more ‘calculative’ direction (Gooderham et al., 1999).

When projects are more innovative, output is more uncertain and harder to define. Thus, the project clients, Stase & Stade and Elegant seek to exercise direct control of their respective projects including project-level HRM. In adopting process control, Stase & Stade seeks to shape the project HRM practices of selection and performance measurement, in order to achieve a highly proximate internal supervision of project members. On the other hand, to achieve more direct influence, Elegant has chosen social control through extensive socialisation of project members. Thus, we extend Swart and Kinnie’s (2006) and Kinnie and Swart’s (2020) theorisation in this vein by extending it to PBOs and explaining its nature and extent. How might the difference in their approaches be explained? One likely reason is that while Stase & Stade is an Indian client that assumes cultural commonality with the project, Elegant is an MNC with extensive experience of cultural integration of foreign operations. Another reason might be that unlike Elegant, Stase & Stade lacks the resources to devote to costly socialisation of project members. A further factor may be that cultural integration requires time, and unlike the Elegant project, Stase & Stade is relatively short-term. We recognise a need for further research into the determinants of modes of client intervention.

6.4 What coping mechanisms are employed to manage the tensions?

In line with paradox theory as well as Fairhurst et al.’s (2016) findings, tensions in Infotek were both endemic and resilient. While these could be managed using coping mechanisms, they could not be permanently resolved. Referring to Figure 1, we found that the project in the strategically important high growth-low margin (Stase & Stade) quadrant applied coping mechanisms designed to manage its highly skilled employees based on individualised, relational mechanisms. The project in the high growth-high margin (Elegant) also, but to a lesser extent, uses more relational
than structural coping mechanisms. Thus, we find that projects located in the high growth quadrants (Stase & Stade and Elegant) generally tend to employ more relational rather than structural coping mechanisms. One possible explanation is that high growth projects involve innovation that necessitates significant levels of collaboration and commitment. This is best supported by relational coping mechanisms.

In contrast, Technostar, a project in the high margin-low growth quadrant, involves relatively routine tasks whose tensions can be effectively managed by using less expensive structural coping mechanisms. Finally, we observe that HRM practices in DI, located in the low margin-low growth quadrant, are aligned with those of corporate HRM making for a relatively tension-free project. Unsurprisingly, we therefore observe few coping mechanisms in DI. In all, our findings suggest that the use of coping mechanisms is carefully tailored to stakeholder relations and the nature of work within each project type.

7 | CONCLUSION

7.1 | Contributions

We make three contributions to the three significant topics we identified in the literature: HRM paradoxical tensions in PBOs, perspectives on managing them and client interventions in HRM.

Our first contribution is to document and illustrate six key project-specific HRM practices and the range of tensions associated with them in Infotek: assignment to projects, socialisation, knowledge transfer, performance management, competence development, and reward and recognition. This is the first empirical analysis of HRM paradoxical tensions in PBOs, and we complement Keegan et al’s (2019) conceptual analysis of HRM tensions and Arvidsson’s (2009) analysis of the drivers of tensions in matrix PBOs; collectively they provide a comprehensive overview of general and HRM tensions in PBOs and their drivers.

Our second contribution is to have identified the mechanisms deployed to manage and mitigate tensions. Keegan et al. (2019) propose a conceptualisation of response strategies for HRM paradoxical tensions and Ambituuni et al. (2021) argue that HRM improvisation capabilities assist in coping with paradoxical tensions. We find that Infotek deployed a wide range of complementary structural and relational mechanisms. As paradox theory suggests, they nevertheless constituted only a partial solution as demonstrated by the small gains in reduced employee turnover relative to the local industry mean. This is largely because of the imperative to move their mix of projects up-market combined with high levels of client involvement in Infotek’s HRM practices.

Our third contribution is to show how clients both directly and indirectly shape HRM practices in projects, creating organisation–employee tensions. Given our PBO context it is unsurprising that Smith and Lewis’s (2011, p. 383) fourfold categories of paradox do not include the paradox we observed between market imperatives and corporate HRM; clients intervene in HRM in ways that impact at corporate level. Also, while Swart and Kinnie (2006) already recognised client influence on HRM, we analyse the modes of intervention and their antecedents in a PBO. The potential for immediate and severe problems caused by software failures in strategically important systems impelled Infotek clients to intervene. HRM at project level is frequently influenced by client interventions. Strong market pressures and a constant hunt for valuable business mean Infotek has little choice but to accept these. The company does not view itself as being in a position to draw sharp boundaries between its management prerogatives and those of clients, as Swart and Kinnie (2006) deemed possible in some knowledge intensive organisations. Thus, this issue represents a more intractable paradox than others identified both here and elsewhere, since one element of it is a reflection of the PBO’s market imperative. It is closely linked to the organisation’s estimate of its service market position and is intractable. While some scope may exist for negotiation with clients around the issue, the commercial imperative will impose strict limits on that.
7.2 | Practitioner contributions

We suggest that senior PBO managers recognise and build their capacities to respond effectively to tensions, and recognise the pressures created in those beneath them in corporate hierarchies. Further, corporate HRM professionals in PBOs need to be aware that divergent HRM practices within projects have the potential to alter the overall HRM architecture. As such, there is a need for them to develop a dialogue with their counterparts at the project level. While we do not suggest that corporate HRM should block projects from developing their particular approaches to HRM, nevertheless it should challenge those deviations from corporate HRM that are either unnecessary and/or those that threaten organisational coherence.

Ulrich’s (1998; Ulrich et al., 2008) HRM role of ‘employee champion’ may be particularly relevant in PBOs. Where employee representation is non-existent, HRM professionals may attempt to compensate so that the benefits of employee representation to PBOs and their employees identified in Prouska and Kapsali (2021) may be at least partially replicated.

7.3 | Limitation and future research

The principal limitation is our use of respondents primarily from within Infotek; respondents from client organisations would have provided important perspectives on client intervention. Our findings may be generalisable across the Bangalore IT industry, but wider generalisability is likely to be more limited. Thus, the applicability of relational coping mechanisms identified in this case to different contexts is uncertain. What makes the relational mechanisms important, whether it is Infotek’s organisational values or its national context (Capelli et al., 2010), requires further examination.

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DATA AVAILABILITY STATEMENT

The data collected for this project is unavailable to anyone else because of the confidentiality agreement with the organisation.

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