Conflicts related to Human Resource Management in Finnish Project-Based Companies

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ABSTRACT

In contemporary working life of Nordic countries, employee involvement and well-being are emphasized and organizational functions and demands are continuously changing. Thus, the study of human resource management (HRM) practices and their consequences for employees is relevant. This study examines conflicts related to HRM in Finnish project-based companies and provides new information on the implications of conflicts in HRM practices for theorists and practitioners. The research was conducted qualitatively using content and thematic analysis. The findings suggest that conflicts framed within HRM practices are generally the result of the practices and expectations of the organization and management not meeting the views and expectations of the employees. Moreover, the lack of transparency and deficient or even absent HRM practices generate conflicts. The consequences of conflicts range from motivational problems and individual employees’ fatigue to the deterioration of team and organizational performance.

KEYWORDS

Conflict / human resource management practices / growth companies / qualitative thematic analysis / employee experiences

Introduction

The change in working life has driven organizations to modify their organizational structures and operations to respond more flexibly and faster to intensifying competition. There has been an increasing shift from traditional hierarchical organizations to project-based forms of organization (Bredin & Söderlund 2011; Holbecke 2015; Lee & Edmondson 2017) that emphasize at the same time employee autonomy...
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Conflicts related to Human Resource Management (Bredin 2006; Collin et al. 2018; Inkson 2008). In these kinds of organizations, the problems are also new (Bredin 2006): the simultaneous freedom of individuals and the basic functions of organizations can create situations where the boundaries of work are unclear (Collin et al. 2018; Kamp et al. 2011; Lee & Edmondson 2017). In these situations, conflicts between employee expectations and the activities of organizations (e.g., Moser 1988; Schwepker 1999; Thorne 2010) can arise, with negative consequences for both individuals and teams (DeTienne et al. 2012; Kang 2010; Moser 1988; Schwepker 2003; Thorne 2010). Conflicts are based on organizations’ activities that violate individuals’ perceptions of right and wrong (Liedtka 1989; Moser 1988), when they can be defined as disagreement between organizations’ actions and employees’ values (Schwepker 1999). Still, theoretical and empirical research on conflicts is partly lacking (Thorne 2010).

The new practices of project-based organizations have also highlighted the need to look at the human resource management (HRM) of organizations in a new light: HRM is no longer just a personnel administration, but a holistic set of people management, which extends increasingly to the work of line managers and, to the core of organizational structures, processes and operations (Bredin 2006; Bredin & Söderling 2011; Ulrich & Dulebohn 2015; Turner et al. 2008). HRM is an important context for the study of conflicts because, according to Bredin (2006), many of the problems identified in project-based organizations are closely related to the management of human resources. Additionally, studies have specifically emphasized the importance of HRM as an enabler of organizations’ productivity and employee well-being (Ulrich & Dulebohn 2015). HRM is increasingly playing a strategic role that enables the realization of business strategy through a wide range of areas from leadership and management to many human resource (HR) functions such as recruitment, training and development, talent planning, involvement, performance, feedback and communication (e.g., Bredin & Söderling 2011; Gómez-Mejía et al. 2001; Pilbeam & Corbridge 2010; Ulrich & Dulebohn 2015). In project-based work in particular, HR is no longer the sole responsibility of an individual HR department, but an activity that is also carried out within the work by line managers (Bredin 2006; Bredin & Söderlund 2011). In the other words, it is no longer just a matter of separate administrative activities, but of extensive leadership of people and human-centered activity in promoting day-to-day work (Ulrich & Dulebohn 2015), reflecting the values and ideologies of the entire organization (Schwepker 1999). When HRM activities are contrary to employees’ expectations and values, conflict may arise, with negative consequences for both the well-being of individual employees and the organization as a whole (e.g., DeTienne et al. 2012; Thorne 2010).

Previous studies have described gaps in the understanding of project-based organizations, particularly in relation to the problems of HRM structures and practices attached to them (Bredin 2006; Huemann et al. 2012; Inkson 2008). At the same time, empirical and theoretical knowledge of conflicts and their consequences in organizations is still partly lacking (Thorne 2010). For these reasons, in this study, we identify different kind of conflicts in project-based organizations by locating the situations where an organization’s practices and employee views conflict and that have negative consequences for the individual employee or team. In addition, we focus on the identified conflicts in the context of HRM, examining what kind of HRM practice area each conflict can be attached to. Therefore, our aim is not only to increase knowledge about both conflicts
and their consequences themselves, but also about the areas of HRM in which the conflicts emerge in project organizations.

**Conflicts and HRM in Project-based Companies**

**Conflicts between employer and employee and their consequences**

Because of the interdependence between employer and employee, conflicting goals and interests in employment are always present (Arrowsmith & Parker 2013), and several issues relating to business provoke conflicting situations. Conflicts in working life emerge from organizational activities or practices that are not in line with employees' expectations and values (Schwepker 1999; Schwepker et al. 1997; Tabak & Orit 2007), violate individuals' perceptions of right and wrong (Liedtka 1989; Moser 1988), can inflict harmful or detrimental effects on others, or can be illegal or morally unacceptable in the community at large (Gino 2015). Conflict emerges in situations where employees feel pressure to engage in actions that is in contradiction with their personal sense of moral behavior (Kammeyer-Mueller et al. 2012). It may also arise in situations where employees must make decisions in organizational settings that violate one or more of their personal moral principles (Valentine et al. 2014). Thus, conflicts are general, disparate views between employer and employee. The definition of conflict can be also approached through the theory of person-organization fit (Ambrose et al. 2008), according to which conflict can be a lack of consistency between the employee and the organization that hired the employee (Gaudine & Thorne 2012). HR workers, managers, and supervisors whose work is an important part of HRM should embody the values that the company wants to demonstrate (Gaudine & Thorne 2012); hence, conflicts in HRM are products of disagreement between organizational actions and the values of employees or others (Schwepker 1999).

Conflict is based on a person’s experience of a situation where the person's standards are in conflict with the employer’s activities (DeTienne et al. 2012; Kang 2010). Moser (1988) emphasized each individual’s subjective experiences as essential factors in determining whether an incident is contradictory. Therefore, it is important to study the experiences of employees to understand conflicts (Pelletier & Bligh 2008). Workers experience a great deal of stress at work (DeTienne et al. 2012), which can be related to shortcomings in HRM practices. For example, a lack of support and supervision is a phenomenon within HR’s area of responsibility that increases employees’ experience of stress at work (DeTienne et al. 2012). Conflicts can also result of boundaryless work, in which job management and timing are increasingly the responsibility of the employee (Kamp et al. 2011).

Conflict is dynamic by nature and has a strong influence on organizational performance (e.g., Jehn & Mannix 2001) involving a clash of interests. Conflict endangers the unity of a group and may even lead to the group splitting into different coalitions. Conflicts are directly linked to organizations and their employees’ productivity (DeTienne et al. 2012; Moser 1988; Schwepker 2003), employee well-being (Kang 2010) in terms of employee turnover (Thorne 2010), and experiences of stress (DeTienne et al. 2012). Employees are more committed and willing to stay in the organization when their own values are consistent with the values of the organization (Ambrose et al. 2008).
Previous studies have shown that conflicts between employees’ views and organizational/management actions carry several negative consequences for workers and organizations. Conflicts at work exert a negative impact on productivity (DeTienne et al. 2012; Schwepker 2003) and job satisfaction (Moser 1988). According to Thorne (2010), all employees face conflicts at work, which can elicit emotional and moral stress (e.g., DeTienne et al. 2012; Schwepker et al. 1997), weakened commitment to the organization (e.g., Ambrose et al. 2008; Schwepker 1999; Sims & Keon 1997), and persistent absenteeism and turnover. Conflicts also affect employees’ job satisfaction and well-being at work (Kang 2010). Employee cynicism springs from unethical leadership and a lack of trust and loyalty (Buckley et al. 2001). In such cases, employees are not interested in striving to help the company thrive because they feel that supervisors do not express appreciation—for instance, supervisors do not reward them for their contributions to the organization. When employees feel they have been misled and exploited, the cynicism they experience is powerful, and the organization’s entire operations suffer. Clear definitions of and guidelines on practices, appropriate employee selection, enterprise training programs, and guidance in aspirations toward ethical approaches can reduce conflicts (Schwepker et al. 1997), which will decrease organizational costs, stress, and employee turnover (Thorne 2010). Thus, conflicts could have serious consequences from the point of view of individuals, groups, and the organization as a whole. For this reason, conflict escalation requires resolution; if the location and situation where conflicts typically emerge in companies can be identified, then conflicts and their negative outcomes may be avoided.

Conflicts in the Context of HRM Practices

Previous research in the field of HRM has called for an examination of problems and contradictions between individuals and the organization (Brend 2006). In this study, we examine the conflicts by attaching them to the context of HRM, because HRM as a whole covers the entire organization’s human-centered activities (Ulrich & Dulebohn 2015) and should be fundamentally ethical (Greenwood 2013), from which point of view HRM is based on human aspects of work and employment, and it should emphasize human dignity and workers’ rights (Greenwood 2013). At the same time, it has been argued that the problems in project-based organizations are strongly related to the management of human resources (Bredin 2006). Thus, it seems that in the workplaces, HRM, which should in principle be people-oriented and ethical, also presents challenges and problems. For this reason, locating conflicts and examining them from the perspective of HRM becomes important.

HRM is a key function within organizations that is closely linked to employees’ well-being (Meglich 2015), organizational performance and effectiveness (Boselie et al. 2005), and learning and creativity (Jimenez-Jimenez & Sanz-Valle 2012). Thus, it is linked to organizations’ innovation capacity (Jiang et al. 2012) and competitiveness (Ulrich & Dulebohn 2015). The role of HRM has likewise changed from administrative and organizational social problem handler to strategic partner (Armstrong & Taylor 2014; Ulrich & Dulebohn 2015). Therefore, HRM practices and goals are listed in a number of ways and perspectives (e.g., Armstrong & Taylor 2014; Brend & Söderlund 2011; Gómez-Mejia et al. 2001; Huemann et al. 2006; Jimenez-Jimenez & Sanz-Valle 2012; Legge 1995; Pilbeam & Corbridge 2010; Ulrich & Dulebohn 2015; Viitala 2013).
In this article, we have selected five mutually supportive divisions of HRM practice areas (see Table 1) to form a framework for locating HRM practices from the conflict situations of project-based organizations. Bredin and Söderlund (2011) and Viitala (2013) represent Nordic HRM research, and the former emphasize HRM practices in project-based organizations. Legge (1995), Armstrong and Taylor (2014) as well as Ulrich and Dulebohn (2015) again represent the pioneers of HRM research and are ones of the most refereed researchers in the field of HRM. Therefore, we see the above-mentioned and below-described descriptions of HRM as a reasonable starting point for this study, which focuses on HRM practices in Finnish project-based organizations.

In this study, we apply Ulrich and Dulebohn’s (2015) framework of centers of expertise characteristic of the HR profession, which divide HRM goals and practices into four categories: (a) people-related practices, (b) performance-related practices, (c) information-related practices, and (d) work-related practices. People-related practices include the flow of people in, through, and out of an organization—that is, all HRM practices related to workforce planning, recruitment, training, development, and engagement. Performance-related practices refer to HR’s responsibility for managing operations; this
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extends to rewards, feedback, senior management, goal setting, and behavioral evaluations. Ulrich and Dulebohn's (2015) third HRM category, information-related practices, entails organizational information. HR is associated with all the information within the organization, as well as outbound information and communication. Information means not only communication between employees and management but also how the organization communicates externally. The fourth HRM category, work-related practices, is based on an understanding of how work can be achieved in an organization with the prevailing functions and structures (e.g., teamwork). The organizational structures associated with the work category are the factors in the organization that frame all the activities of both employees and managers. This category includes labor policy and physical factors such as workplace environments. All of these areas are related and affect each other (Ulrich & Dulebohn 2015).

Because the categorization of Ulrich and Dulebohn is very comprehensive, it serves as a kind of starting point on which other categorizations can be planted. On the other hand, as can be seen from Table 1 that many HRM categorizations may approach practices from a slightly different perspective, but ultimately contain largely the same kind of contents. Every categorization has recruitment, career development, training, or competence development as an important part of HRM (Armstrong & Taylor 2014; Bredin & Söderlund 2011; Legge 1995; Ulrich & Dulebohn 2015; Viitala 2013). Performance management is another important starting point in all these HR categorizations (Armstrong & Taylor 2014; Bredin & Söderlund 2011; Legge 1995; Ulrich & Dulebohn 2015; Viitala 2013). In the same way, internal and external communication seem to be one of the core areas in HRM according to most of the research (see Ulrich & Dulebohn, 2015; Armstrong & Taylor 2014; Legge 1995; Viitala 2013). In addition to the categorization by Ulrich and Dulebohn, mentions of teamwork, organizational structures, and processes can also be found in the HRM descriptions by Viitala (2013) as well as Brend and Söderlund (2011).

In the HRM categorizations, management is not mentioned as a separate aspect. This is because leadership, supervisory work, and management are one of the cross-cutting area of all HRM practices (Ulrich & Dulebohn 2015). Leadership, however, adheres primarily to influencing processes and relationships between supervisors and subordinates (Ciulla 1998), while HRM is a broader framework that manifests itself in different organizational practices and is based on how people at work are treated (Greenwood 2013). HRM covers all the activities surrounding the exchange relationship between employer and employee (e.g., Gómez-Mejía et al. 2001; Menglich 2010). HRM emerges in practice in the day-to-day leadership and supervisory work (Pilbeam & Corbridge 2010; Ulrich & Dulebohn 2015) and is strongly integrated into the work of managers at all levels—especially line management (Bredin 2006; Guest 1991).

**Study Context: Nordic Project-Based Companies**

The language of (HR) management has changed as the traditional unionized manufacturing industries towards process industry, high-tech manufacturing and the service sectors, with accompanying changes in occupational and employment structures and union density had already been mirrored in managers’ increasing tendency to refer to ‘employee’ rather than ‘industrial’ relations. (Legge 1995, 62–64). More recently, the focus has
shifted from manufacturing and managerialist centered towards the approaches emphasizing flexibility, self-management, and boundaryless work (e.g., Kamp et al. 2011). At the same time, one of the most important and obvious changes in organizations is the transformation from hierarchical and bureaucratic organizational structures to low hierarchical, self-directed organizations (Holbecke 2015; Lee & Edmondson 2017).

This kind of organizational structure based on project teams seems to be typical in organizations operating in different fields (Inkson 2008). Project-based companies are characterized by agility and a tendency to make work as flexible as possible while evolving constantly with minimal bureaucracy (Collin et al. 2018), with an emphasis on unpredictability and self-management (e.g., Lee & Edmondson 2017). In many organizations, traditional managerialist structures have recently been challenged—particularly when it comes to managing specialists (e.g., Collin et al. 2018). Project-based companies have their own kinds of features, such as proactive projects, dynamics, multifaceted roles, and specific leadership paradigms, which should lead to an organization-specific review of the organizations’ HRM processes and policies (Huemann et al. 2006).

It has been argued that traditional HRM models are not necessarily directly conducive to future success (Ulrich & Dulebohn 2015), especially in project-based organizations (Bredin 2006; Bredin & Söderlun, 2011; Inkson 2008; Lee & Edmondson 2017; Turner et al. 2008). HRM needs to respond with the speed and flexibility that the environment requires (Guest 1991; Heilmann et al. 2018), which means that HRM cannot be only in a responsibility of some specific professionals but also a part of the work of line managers and other leaders in organizations (Bredin 2006). Due to their collective leadership and employee decision-making practices, studies have proposed that low-hierarchy, project-based organizations should not be approached in terms of HRM at all (Inkson 2008). On the other hand, the enabling of self-management in team operations is described as one of HRM’s beneficial practices (Armstrong & Taylor 2014). One of the major the point of view is that how HRM practices emerge in the project-based companies especially from the point of view of challenges and problems (Bredin 2006; see also Collin et al. 2018; Lee & Edmondson 2017).

**Research Aim and Research Questions**

In this study, we identify different kind of conflicts in project-based organizations by locating the situations where an organization’s practices and employee views conflict and that have negative consequences for the individual employee or team. In addition, we examine the identified conflicts in the context of HRM, examining what kind of HRM practice area each conflict category can be attached to. Therefore, our aim is not only to increase knowledge about both conflicts and their consequences themselves but also about the areas of HRM in which the conflicts emerge in project organizations. The study’s perspective is based on employees’ experiences (e.g., Moser 1988). Thus, the research questions are as follows:

1. What kind of conflicts and their consequences are described by employees in project-based companies?
2. What areas of HRM practice can these conflict situations be seen to engage with?
Methods

Data

The participating organizations are five Finnish project-based companies operating in the fields of technology design, information technology, industrial, and artistic design. The organizations differ slightly in terms of their modes of operation, structure, and size (see Table 2) (Target organizations of the study). The number of employees within the organizations ranges from 12 to 350. Apart from the two smallest organizations, each has an official HR director and/or team. In addition, project managers, senior executives, and managers implement HR-related tasks. Common to every organization are project-based work and activities.

Table 2 Target organizations of the study

<table>
<thead>
<tr>
<th>Organization</th>
<th>Axonas</th>
<th>Adelfos</th>
<th>Logos</th>
<th>Domisi</th>
<th>Dentro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>Software 160</td>
<td>Technology 120</td>
<td>25</td>
<td>30</td>
<td>350</td>
</tr>
<tr>
<td>Business area</td>
<td>Information technology</td>
<td>Electrical engineering, automation technology</td>
<td>Information technology</td>
<td>Information technology, technological consulting</td>
<td>Industrial design</td>
</tr>
<tr>
<td>Job titles</td>
<td>Software developer, customer service employee, information and communication technology expert, marketing developer, project leader, manager</td>
<td>Automation developer, electrical developer, design engineer, manager, project leader</td>
<td>Installer, customer service employee, seller, technical expert</td>
<td>Software developer, consultant, manager, supervisor</td>
<td>Civil engineer, developer, information technology expert, foreman, assistant, manager</td>
</tr>
<tr>
<td>logistic and operations manager, production worker</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of interviews</td>
<td>21</td>
<td>20</td>
<td>8</td>
<td>16</td>
<td>21</td>
</tr>
<tr>
<td>Data collection period</td>
<td>Spring 2017</td>
<td>Autumn 2017</td>
<td>Spring and autumn 2018</td>
<td>Spring 2017</td>
<td>Spring 2018</td>
</tr>
</tbody>
</table>

The study data comprise 95 thematic interviews. The data were gathered as part of the research project ‘Ethical Human Resource Management Supporting Creativity in Finnish Growth Companies’, funded by the Finnish Work Environment Fund, which looks at leadership, HRM, and creativity at work in Finnish companies. We conducted the interviews in 2017 and 2018. Pseudonyms were created for the target organizations and
individual respondents (see also Lincoln & Guba 1985). The interviewees were randomly selected to represent different job titles (e.g., employees, supervisors, and HR managers). The interviews were carried out in the office premises of each interviewee. The interviews were semi-structured and thematic, addressing issues related to HRM practices and areas such as leadership, management, staffing, support, work community, and competence development. In addition, interviewees were invited to share their experiences related to ethical issues as well as the values of their organizations. The following main interview questions were used: How would you describe supervisory work and leadership in your workplace? What are the everyday leadership practices like? Are there any issues that you are experiencing as unfair in your work? The questions varied depending on the interview situation and the interviewee. Follow-up questions were used when the employee found it difficult to spontaneously speak about the theme at hand. The interviewees from the technology (information and communication technology, automation, and electrical) sector were designers, developers, consultants, and salespersons performing client support or other duties, as well as supervisors and HR managers. The interviewees from the industrial and artistic design organizations were civil engineers, developers, production workers, business managers, and supervisors. Interviews were transcribed verbatim and then read several times. Various researchers participated in the data collection and analytical process, ensuring research and methodological triangulation.

**Analysis**

The interview data was transcribed before the actual analysis began. At the same time, the material was read by four different researchers to form an overview. This was followed by an actual analysis, which proceeded through three steps (see also Table 3).

**Table 3** Summary of the study's analysis process

<table>
<thead>
<tr>
<th>Phase of analysis</th>
<th>1. Find conflicts and consequences</th>
<th>2. Categorize conflicts into theme groups</th>
<th>3. Locate HRM practices that engage to conflict situations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical framework and/or method of analysis</td>
<td>Previous theory about the conflicts and consequences as an analytical framework</td>
<td>Thematic analysis by Braun and Clarke (2016) as analytical tool</td>
<td>Previous theory about the HRM practice areas as an analytical framework</td>
</tr>
<tr>
<td>Data of analysis</td>
<td>Thematic interviews</td>
<td>Thematic interviews</td>
<td>Thematic interviews</td>
</tr>
<tr>
<td>Results of analysis</td>
<td>Answer the first research question</td>
<td>Answer the first research question</td>
<td>Answer the second research question</td>
</tr>
</tbody>
</table>

In the first step of analysis, descriptions of situations where a discrepancy could be observed between the individual’s own view or expectation and the way the organization operates could be identified from the personnel’s speech (see, e.g., Schwepker 1999; Liedtka 1989; Moser 1988; Tabak & Orit 2007). A discrepancy could manifest, for example, as a conflict between the interviewee’s own view and the actions of his or her supervisor, manager, or HR manager, or as a conflict which other party could not
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be described as any particular person but rather a general organizational practice or operation. Those in the employee position more often described the conflicts between themselves and those in the managerial role, while those in the managerial role generally saw conflicts emerge between themselves and the overall activities of the organization. From the described situations, it was examined what reasons the personnel describes to be in the behind of the conflicting situation and what consequences they describe the situation to produce (see also Thorne 2010; De Tienne 2012; Schwepker 2003). By studying the consequences of conflicts, the interpretation of conflict could be strengthened, taking into account the starting point produced by the previous theory about the negative consequences of conflicts for the individual and the group (see, e.g., Moser 1988; Thorne 2010).

In the second step, once conflict situations were located, thematic analysis (Braun & Clarke 2006) was used to examine differences and similarities through the nature of the conflict, its causes, and its consequences. Conflicts could be divided into four themes, first named on the basis of the underlying causes of the conflicts.

In the third analysis step, conflicts were re-examined theme by theme, examining what kind of HRM practices they can be seen to be linked to. At this stage, in the examination of HRM practices, we utilized the previous findings on different HRM practice areas (Armstrong & Taylor 2014; Bredin & Söderlund 2011; Legge 1995; Ulrich & Dulebohn 2015; Viitala 2013). Different conflict themes could be seen to be engaged in different contexts of HRM practices and could be further combined with Ulrich and Dulebohn’s (2015) broad categorization of HRM practice areas. Thus, the categorization of Ulrich and Dulebohn (2015) was also utilized in the final naming of conflict themes.

Thus, this three-step analysis revealed (a) what reasons and causes can be found behind the conflicts between personnel and organizational activities, (b) what are the consequences of these conflicts for individuals and teams and, (c) which HRM practices can be seen to be engaged with the conflict.

Findings

Conflicts and consequences framed within HR practice areas

Next, we will present the conflicts identified in each HRM categories and in practices related to each category. Conflicts were identified as various incidents in which employees experienced contradictions between his or her own view and emerged HR practice. We found that conflicts occurred in each HRM category, but their nature and backgrounds differed. Thus, we named the conflicts according to each HRM-category: people-related HRM conflicts, performance-related HRM conflicts, information-related HRM conflicts, and work-related HRM conflicts.

People-related conflicts and consequences in the areas of commitment, recruitment, career development, and competence development

In our study, we found conflict situations that arose when an employee’s perspective was not taken into account in decision-making or organizational practice. In such
situations, employees described a lack of appreciation, neglect of employee opinion, and a decision-making situation related to the employee or his or her work in which the employee was not involved by the organization or management. In these situations, the interviewees would have waited and appreciated employee orientation—hearing their views, which, however, did not materialize in the practice or operation of the organization. The situations were named people-related conflicts because they exhausted the employee-oriented approach on the part of the organization. Looking more closely at the situation descriptions, we were able to attach them to HR practices related to engagement, recruitment, and career development. According to the categorization of Ulrich and Du-lebohn (2015), it is precisely these practices that can be seen as part of the ‘people’ category of HRM. Next, we present in more detail the conflicts we have identified from the perspectives of commitment, recruitment, career development, competence development, and well-being. Finally, we highlight the consequences of conflicts for the employee.

Conflicts, which were framed within commitment and involvement arose when personnel interests, such as professional goals, were ignored when the personnel tried to commit to them. Interviewees might feel that organizational benefits take precedence over their interests. Therefore, an obvious contradiction exists between personnel values and organizations’ practices based on their business goals and financial position. As an example of this kind of practices entailing employee commitment, one organization offered a contract that ignored employees’ interests:

They offered this kind of contract [shareholders’ agreement] that I didn’t accept, and they interpreted it as I am ungrateful, because the contract was made for me, but I’m not interested in money. I’m interested in other things. (Supervisor, Domisi)

In the context of recruitment and career development practices, conflicts were manifested in cases where personnel competence and opinions were neglected in promotions or recruitment for open jobs. The lack of employee orientation emerged in these practices, meaning that organizations’ decisions were arbitrary—for instance, they recruited people who did not criticize management or people with close ties to management:

This organization wants to recruit people who don’t criticize; they want people who just do what they have been told to do without questioning. I can not see this as an ethical way of operation. (Assistant, Domisi)

Conflicts in recruitment and competence development were also consequences of project-oriented working methods. The competencies needed for projects define who will be recruited, and employees’ competence cannot be considered or utilized in projects based on customers’ needs.

We have different types of people and strong competencies in a particular area, so building products based on these competencies—that’s one challenge and practice which normally do not emerge. It should be considered, how companies could utilize their human resources. (Consultant, Logos)
The lack of employee orientation varied between organizations in *competence development practices*. In one organization, conflicts emerged as discrepancies between employees’ wishes and organizations’ desire to improve employees’ competence levels. Despite their interest in professional development, employees felt it was impossible to accomplish by themselves. From the employers’ perspective, working for a long time on the same projects was the ultimate objective instead of employee-oriented competence development. In this case, HRM also emphasizes future work efficiency instead of employees’ potential to improve their competence levels. However, from a competence development perspective, this seems problematic:

Committing to that one project irritates me, as I don’t have the time to do anything else. Relating to learning, it would be better if I could work with different projects and change projects sometimes. (Software developer, Axonas Software)

In another organization, a lack of employee orientation emerged as reduced possibilities for training. Employees could only participate in training programs that the employer offered and regarded as effective. The organization was not willing to offer personnel the training programs they desired. This conflict was deemed problematic from both individual and team-development perspectives.

The data included few concrete experiences about practices related to *well-being at work*. In some organizations, employees experienced unfair behavior because their needs were ignored when well-being facilities were planned in the workplace:

I told our CEO that I suffer from migraines and that some other people have them too, and I asked if we could have a quiet room to relax in. The assistant agreed with me. The assistant suggested this idea about a quiet room to top management, and they dismissed the idea. They said, “You don’t sleep when working, and we won’t have that kind of room.” That was shocking. (Developer, Domisi)

**Consequences of conflicts**

The lack of employee orientation resulted in conflicts and further, several negative consequences related to personnel well-being. These experiences manifested as disappointment in organizations’ activities and motivation, as well as problems with commitment. Such experiences included few opportunities for career growth:

Trainees have to do only [the same] kind of work, and that quickly made me feel tired of working here, just doing the same thing. (Software developer, Axonas Software)

Employees also reported experiencing exhaustion and burnout. Quitting an organization because of contradictions between work content and employees’ interests was common. In addition, employees’ competence might have been ignored when the organization looked to recruit people for open positions. Generally, employees experienced a lack of appreciation and fatigue because their views and opinions were ignored in decision-making processes where they felt they should have key roles:
I have been thinking that I should just leave this job, but I don’t know. They are not listening. I don’t have the access to do certain things, and decisions are arbitrary, competencies are not appreciated, so this is hard. (IT expert, Domisi)

Managers also reported exhaustion, which negatively affected the team’s well-being, with significant implications for the whole organization’s performance. The consequences of ethical conflicts that one individual experiences may extend to many others:

I tried to combine all of these issues related to HRM. But my whole team was used to a safe and stable environment, and I caused chaos because I was an inexperienced superior and I had so much to learn and also faced business pressures, so last autumn was very scary. In October, I felt a kind of big black lump inside me, so I started to see a psychologist regularly. (Supervisor, Domisi)

**Performance-related conflicts and consequences in the areas of feedback, performance management, salaries, and rewards**

In our study, we found conflict situations that arose when employees felt that the organization was operating unfairly. In such situations, unfairness was attributed to different performance management practices, particularly a lack of consistent procedures, processes, and practices, as well as instability in responsibilities and workloads. Situations were named performance-related conflicts because they could be seen to be linked to organizational HR management practices such as feedback, performance management, salaries, and rewards, which Ulrick and Dulebohn (2015) have described as performance-related HRM practices. Next, we present in more detail, what performance-related conflict means and highlight the consequences of conflict situations, through which we also strengthen our interpretation of conflict.

Conflicts were identified when feedback practices were not viewed as fair to everyone. When practices are not based on fairness and justice, feedback and performance appraisal practices might vary depending on managers or teams. Employees did not appear to have the same access to feedback procedures. They hoped to receive feedback from their managers regardless of job tasks or projects because other colleagues had received feedback:

There is a void in my work. I haven’t had these performance appraisals that everyone else has gone through, detailing how you have spent your working hours, what you have done, and where you have succeeded. I haven’t had anything like that, even I would need it. (Civil engineer, Domisi)

A perceived lack of justice emerged when employees did not get positive feedback after thriving at their jobs or when the feedback was given to the wrong person. Conflicts also arose when feedback focused only on outcomes, not on processes. Based on employees’ experiences, it is important to evaluate the process to facilitate career development:

That feedback will only come from its outcome, which I think may not always be the best measure, they should also look at the process itself. (Developer, Domisi)
Conflicts were related to a lack of uniform procedures. Conflicts emerged when employees’ expectations of fairness and justice in performance management practices were not met. Employees experienced injustice and unfairness in situations where the quality and quantity of performance management depended on individual managers. These experiences also occurred when managers were not on the same level or did not know about the substance of employees’ jobs:

There is a big gap between our understandings because my manager doesn’t understand anything about the substance of my work and just ignores it. (Marketing developer, Axonas Software)

A lack of fairness also emerged when the managers worked in different cities or sites from their employees. In these situations, employees who were in a different location than those in the team who worked at the same office with the supervisor could find themselves in an unequal position. For example, those working elsewhere did not have the opportunity to interact on a daily basis and thereby establish relationships with a supervisor, unlike those who worked in the same space. Some target organizations contain latent, unofficial power structures because they do not have official hierarchies and management structures in place. However, an employee with the same title as a colleague may have more responsibilities (e.g., managerial), which is why the employee might view the situation as unfair.

Conflicts in sharing responsibilities were viewed as related to overly heavy workloads. Employees with too much work to do compared with their colleagues experienced injustice. Overly heavy workloads are typically the result of employees juggling too many responsibilities. Employees with specific roles would like to focus on achieving high quality while handling a reasonable amount of work. But organizations are delegating more and more responsibilities to employees, so managers with several different roles wind up working hurriedly, which may also cause problems for employees:

I have to do these things, and then sometimes they ask me to do those other things as well, even they are not in the my area or I do not have time for that. (Supervisor, Axonas Technology)

In my opinion, Matt (manager) has too many subordinates … it feels like our management is busy all the time. They don’t have time to focus on subordinates. (Supervisor, Domisi)

Related to fairness, conflicts also arose in situations where resource allocation within the organization was viewed as unfair. In some cases, such as in busy situations, it was easier to provide extra resources for a team that needed them at that time. Employees might have viewed the organization’s actions in such cases as unfair:

My workmate and I discussed that we should also have a trainee because others [other teams] have trainees. So how come in our project we are not allowed to take in trainees to help and support us? My colleague has too much work to do. (IT expert, Domisi)

The data contain only few experiences regarding salaries and rewards because we did not ask specific questions about pay in the interviews. The greatest conflict related to
salaries and rewards was the allocation of resources according to unsystematic or questionable principles. Conflict may also emerge if insufficient sound practices are in place to reward employees within the organization. Employees experienced unfairness in situations where the manager decided how to reward employees unilaterally, eliciting discordant practices throughout all levels of the organization:

> But site managers, we have dozens of them, and everyone has their own way or style of doing things … One site manager says that he or she will give you rewards for all the overtime you have done, while some other site manager says that he or she won’t give you rewards at all for the overtime you have done. (Civil engineer, Domisi)

Conflict also existed in the bonus system. The bonuses paid annually based on employees’ competence development included the amount of free time that employees used to learn new things. Employees viewed this reward system as unfair because many individual differences exist, such as in employees’ life situations. For example, some employees with families have less time for learning during their free time. Conflicts were also formed when reward and wage development was based only on employees’ work outcomes. In those cases, employees without official responsibilities whose tasks included training new employees felt that they had lost profitable working time. Consequently, those employees may have felt that training other workers was more of a punishment than a reward if they experienced no wage improvement.

**Consequences of conflicts**

The consequences of performance-related conflicts produced by a lack of justice and fairness could be defined as a sense of injustice or jealousy, motivational problems, problems developing their competence levels, and problems evaluating their work quality because of a lack of feedback. Moreover, equality among employees was not attained because responsibilities had been unevenly distributed. Employees also lacked tools to control workloads, generating feelings of unfairness and injustice:

> I get too many work tasks and cases, so it would be nice to work like others usually work here—with tasks listed somewhere. It would be good if I also had that kind of system. (Marketing developer, Axonas)

Furthermore, when HR managers were responsible for several diverging tasks or overlapping roles, they also experienced fatigue, the consequences of which could affect not only the managers but also their subordinates.

**Information-related conflicts and consequences in the areas of information flow and communication**

One kind of conflicts experienced by personnel was connected to a lack of transparency in the information and communication practices in organizations. Conflicts were also related to contradictions between top management’s rhetoric and real actions and decisions made within organizations.
Especially in larger organizations, conflicts related to information flow were related to problems with the information from top to bottom, inside to outside, and vice versa. The information flow was not viewed as transparent; this was manifested when employees did not know whether they should proceed with their work. Conflicts emerged when employees expected open and clear information but instead experienced discrepancies between actions and information content provided by the organization (e.g., managerial actions):

My supervisor always says that he will relay my opinions to the other managers or top managers, but he never says anything about this later—what the others said, what they thought about my ideas. I never get any kind of feedback in here or from him. He always says that he will push things forward, but I really do not know what that means because nothing happens. (Developer, Domisi)

A lack of openness also emerged as a one of the reasons behind the information-related conflicts especially when it was about internal communication. Employees reported that conflicts could result from a lack of justification, arbitrary decision making, and a lack of transparency and clarity in change management communication. With a perceived mismatch between internal communication (by top management) and everyday practices, discursive and practical realities did not meet. Problems with communication transparency were also linked to how the organization was spoken about on the outside and how accurate and realistic the picture presented was:

It’s been advertised that it [the workplace culture] is very open here and that we discuss a lot … maybe it’s been advertised too much, that it’s open and so on. I don’t know. I just think so. (IT expert, Axonas Software)

The kind of arbitrary decision making here is terrible. I thought we were supposed to be an ethical company, and we should be open and transparent and so on. (IT expert, Domisi)

Another conflict was formed when employees noticed that top management’s words and actions were contradictory. For example, the organization’s written and spoken values matched employees’ values, but an inability to implement these values caused conflicts:

Our values are trust, caring, and transparency, and those values are spoken about all the time … but it is really hard to listen to that kind of rhetoric because you can clearly see the disagreement between words and actions … So in my opinion, none of our values are utilized in our performance. (Assistant, Domisi)

A lack of transparency also emerged between employees when they did not have a common platform to discuss. In some organizations, employees worked in many different offices at various sites. Therefore, communication between employees at different sites would not be possible if electronic communication tools and platforms are not available.
Consequences of conflicts

Inadequate transparency could be seen as one reason of information-related conflicts, which leads to a lack of support, making it difficult for employees to do their jobs and work harder. Transparency in information and communication could enhance work efficiency and decrease employees’ feelings of insecurity:

I don’t know—some things might work more smoothly if the flow of information were efficient. (IT expert, Adelfos)

In some organizations, discrepancies between top management’s words and actions were a major reason for resignations. Skepticism and trust issues were typical consequences of employees experiencing top management promising something but never delivering.

Key people have left us quickly … dissatisfied with the organization. They don’t have real courage to do the things they are talking about. (Supervisor, Domisi)

Work-related conflicts and consequences in the area of organizational structures and processes

The strongest challenges and contradictory actions experienced by employees were related to organization structures and processes and included confusion over unclearness. Conflicts emerged when organizations’ structures, including areas of responsibility, were invisible or unclear, or when processes were unwritten. For example, managers’ responsibilities were viewed as so unclear that employees could not even identify their managers:

Employees not knowing who their manager is would not be an everyday situation anywhere else. Here, it is shrugged off. (Civil engineer, Domisi)

Decisions here are made suddenly somewhere in the corridors, instead of at meetings, and decisions are made by people who, in my opinion, don’t respond with action. (IT expert, Domisi)

In project-based organizations, problems with processes and unclear structures are consequences of changing structures and growth. In the target organizations, some process mechanisms were dependent on individual employees. In a smaller, nonmanagerial organization without official supervisors, problems more often resulted from unclearly defined areas of responsibility. For instance, a problematic situation involves an employee with an official title that may not clearly indicate his or her areas of responsibility:

It would be good if there was an organizational layout that could show how many people we have in this company and what kind of work they are doing here. (Manager, Adelfos)
Fast growth and strategic, continuous development cause a lack of clarity and, in turn, ethical conflicts. In this case, where the company is only willing to invest too much in developing activities, future digitalization, and internationalization, it will, at the same time, forget about existing employees. If the company is not interested in providing possibilities for current activities, then employees could see that as an unethical phenomenon. (Manager, Domisi)

If top management’s actions are directionless, so it seems, like I said, that we are bouncing around a bit and don’t really know what the direction is, so … it does not seem like we have found the direction we want to go. (Civil engineer, Domisi)

Consequences of conflict

As a consequence of unclear processes and structures, employees reported that their work performance was slower; because of this, the whole organization’s operations were slower. Employees and managers wound up spending too much time figuring out and executing simple tasks because of unclear structures. Only a handful of people had the power to make decisions—people’s titles did not signify their real responsibility, so the areas of responsibility were unclear and processes were invisible. These issues, combined with the employees’ already busy working lives, increased employees’ stress and exhaustion. This lack of support was a common consequence:

If you face some challenge during your workday, it is always because of our internal processes or lack thereof. (Manager, Axonas Software)

We don’t have any kind of organizational chart or something like that … but in my opinion, this doesn’t reduce the number of people who should support each other. So many people waste their time thinking about whom I should talk to about this and that. It requires managerial work if everything is that kind of chaos all the time, so it doesn’t work like that. (Business manager, Domisi)

Conclusion and Discussion

The conclusion of this study is that conflicts in project-based organizations emerged as intertwined with different HRM practices, and caused problematic consequences for personnel. Conflicts developed when HRM practices focusing on people’s competence development, recruitment, well-being, and commitment were not employee-oriented. As a result, employees experienced frustration, stress, commitment issues, and a lack of motivation, which led to illnesses and resignation. Conflicts also emerged because of unfair HRM practices related to feedback, everyday management, responsibility levels, and rewards. In those cases, employees experienced feelings of inequality; due to unbalanced practices, they also envied others and had motivational problems.

Related to communication and information practices, conflicts surfaced when, for example, a manager’s or CEO’s words, promises, and actions were contradictory, decision making was not open, and information did not reach employees or was not
understandable. In these cases, frustration, general uncertainty, fears concerning their own work, and feelings of insecurity about the future were employees’ most common experiences. A clear conflict arose when the organization’s structures, processes, and responsibilities were not clear. In such cases, employees experienced anxiety, stress, and fatigue, and the unclear structures practically slowed down the work pace, rendering the ability to get help or support almost impossible. Table 4 summarizes the study findings.

**Table 4** Conflicts, consequences, and HRM practices

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Consequences</th>
<th>Human resource management practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>People-related conflicts</td>
<td>Frustration, stress, commitment and motivation problems, illness, and resignation</td>
<td>Recruitment, career development, competence development, commitment, wellbeing</td>
</tr>
<tr>
<td>Performance-related conflicts</td>
<td>Feelings of inequality and envy; motivational problems</td>
<td>Feedback, performance management, salaries, rewards</td>
</tr>
<tr>
<td>Information-related conflicts</td>
<td>Feelings of insecurity, fear, frustration, and uncertainty</td>
<td>Information flow, internal and external communication</td>
</tr>
<tr>
<td>Work-related conflicts</td>
<td>Anxiety, stress, fatigue, slower pace of work, problems with getting help or support</td>
<td>Structures and processes</td>
</tr>
</tbody>
</table>

In this study, we identified many such problems and challenges that have also been described in previous studies related to project-based organizations (see Bredin 2006). For example, unclear roles and structures may not only increase autonomy but may also conflict with the support and clarity expectations an employee needs (see also Collin et al. 2018; Bredin 2006; Turner et al. 2008). The problems related to consistency observed in previous studies (e.g., Gaudine & Thorne 2012) were also localized in this study, for example, related to communication, and lack of management support (De Tienne et al. 2013) related to performance management. All in all, conflicts were rare, with many explained by the nature of the project work (e.g., Huemann et al. 2006). The findings can also be applied in part to the wider debate on boundaryless work, especially with regard to the reduction of external boundaries to work and the wider responsibility of staff (Kamp et al. 2011).

Our findings were mainly related to the consequences of conflicts, which resemble those from extant studies in the HRM realm. For example, stress and burnout (e.g., Thorne 2010), engagement problems (Schwepker 1999), and work challenges (e.g., Moser 1988) have been identified as consequences of conflict. Our research produced new information on frustration and passivity, motivational problems, the challenges of getting guidance and support within organizations, and the challenges of considering one’s own or another’s learning and developmental needs. It is also worth noting that despite our intention to examine the consequences of conflicts for individual employees, the analysis also strongly indicated the consequences of conflicts for the team, work community, or even the whole organization. Thus, the consequences appear to be quite significant and broad. Moreover, the study provides new information on HRM practices and offers new insights into good assessments through employee experiences. However, the data did not include the views of the organizations’ top management, which would have increased the understanding of the organizations’ values.
Moreover, our findings suggest that personnel of project-based companies expect employee-orientedness, fairness, openness, consistency, and clarity in HRM practices. These can be linked to the perspectives of ‘soft’ and humanity, which HRM should in principle be (Greenwood 2013). In conflict situations, an organization’s actions often seemed to be based on hard values where people were seen more as resources and costs. From this attention emerges the paradox of project-based organizations about the simultaneous appreciation of employees (e.g., in the name of stronger autonomy) and the undervaluation (e.g., in the name of the lack of employee-orientation).

In this study, we can confirm that HRM is not anymore only in the responsibility of specific professionals but more broadly part of the general management (Bredin 2006; Ulrich & Dulebohn 2015). Especially in project-based organizations, line managers are the ones with whom employees discuss everyday skills development needs, goals and career prospects. On the other hand, managers, both HR managers and project managers, act as feedback providers and as guides for their subordinates in everyday life. Leaders are part of organizational communication, as they have a special role to play in communicating the message between different departments and/or organizational levels. Leadership roles and responsibilities are also strongly attached to the structures of the organization, to what kind of team models are formed in the organization or how the operational activities of the organization are produced. For this reason, it can be seen that the actions of managers reflect the organization’s HRM practices.

The study findings can be utilized in the practices of working life and organizational development. This research reinforces the idea that HRM—ranging from organizational structures and processes to day-to-day management and decision-making processes—should be primarily humane and people-oriented. HRM practices should consider both fairness and justice, as well as employees’ views. HR work (including supervisory work) should offer the same starting point for everyone in the work community, but at the same time, it should look at employees as individuals.

The importance of HRM as an enabler of employee well-being is becoming increasingly accentuated in modern times (Meglich 2015), where employees are expected to take responsibility for their own work (Ekuma & Akobo 2015; Kamp et al. 2011). As many problems are rooted in the organization’s structural and operational aspects, it is necessary to look at the HRM of modern organizations in terms of organizational structures and line management but also from the wider perspective of boundaryless work (see Kamp et al., 2011) as well. No comparisons between organizations were made in this study, but the analysis indicated that differences in organizational structures, sectors, and the size of the organization could affect the background of conflicts emerging from HRM practices. Therefore, organization-specific research and comparison should be done to detect context-specific differences. Conflicts should not only be examined from a wider perspective not limited to see them as negative (as was the starting point of this study), but also looking at their effects in a longitudinal perspective, locating their positive dimensions to the individual or organization.

**References**


