

Reduction of the Fluctuation Rate in Multi-project Organizations Through Agile Leadership

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Many companies work in projects and the number of companies working in multi-project management is growing worldwide. In Germany and Europe there are a large number of companies that are active in this area depending on the industry. However, there is also the question if it makes sense in addition to the organization and structure, to implement agile leadership. Agility in project management refers not only to the organizational structure (agile organization) and processes (agile working), but also to the behavior and attitudes of the organization members (agile mindset) (Häusling & Rutz, 2017). Executives in particular are faced with radically changed framework conditions in an agile environment: Agile leadership requires a new understanding of leadership and a new leadership attitude. Agile leadership models bring with them new leadership principles and leadership roles. This paper shows that by introducing the components of agile leadership, a company can lower its fluctuation rate and keep it stable. A 24-month study in a company working in the fields, energy construction/line layout/communication technology industry, showed that the fluctuation rate could be reduced and kept stable from an average of 14.85% after the introduction of agile leadership to 8.6%.

Keywords: management, business economics, managers, personnel economics, project management, leadership

Introduction

Successful medium-sized and large companies in Germany and Europe now work almost exclusively on a project basis. Hardly any of these companies can still afford to carry out projects one after the other. It is no longer unusual to juggle 25 or more projects at the same time. In order for this to work efficiently, agile organizations are created. Such organizations are characterized by high self-regulation and self-organization.

In the classic hierarchy, the word of the superior applies. There are either no written general rules that managers or their employees should adhere to, or there is the so-called Command & Control (Stewart, Cremin, Mills, & Phipps, 2004). There is no leadership in such organizations that supports human development and the release of intrinsic motivation (Anderson & Anderson, 2010). A classic project organization is characterized by a flat hierarchy. All tasks are processed in the form of projects. The managers mainly deal with the management and coordination of the projects. The employees orient themselves with the help of detailed rules

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that give them security (Elbe & Peters, 2016). In such a highly regulated environment, there is hardly any room for leadership that aims to create freedom for managers and employees. If the rules and hierarchies work together on the organization, then there is no more time for leadership. Executives are busy taking sides and staking claims while employees are serving bureaucracy in the meantime. This situation is found primarily in matrix organizations (Palt, 2013). Management only becomes important when the rules are also leaner in the case of flat hierarchies. Employees have to fill gaps with clever decisions quickly and courageously. Only personalities who want to take responsibility can do that. It is important to strengthen the competencies of personal responsibility and self-organization in order to become independent of regulations and instructions (Brümmer & Szogas, 2006). With agile project teams, personal responsibility is required. The manager prepares the team for the task, motivated by great visions and ambitious goals, and each member of the team is developed according to their skills and abilities. The most important task of the manager is to strengthen the self-confidence of the team and each individual and to ensure a good climate characterized by trust and openness (Wastian, Braumandl, & Weisweiler, 2015). Self-organization works under the following conditions: A clear vision serves as a “compass” for the people in an organization and conveys meaning. The manager specifies essential contents of the vision, disseminates it, and develops it further! Real teams and constructive cooperation are made possible by derivable inspiring, motivating, demanding, and unifying goals. The manager accompanies the negotiation of these goals at the beginning of the team building and ensures sufficient acceptance. She always pays attention to consistency and ambitious goals. Agile mindset: Only with personalities who have a suitable value system and who want to take responsibility can they successfully organize themselves. They share values that correspond to the culture of self-organization. The manager identifies suitable personalities and encourages them to participate. The maturation process and skills acquisition are made possible, initiated and promoted by the manager (Schäffer, 2018). We find leadership behavior to promote self-organization skills in the following points. The more the manager shows, the more pronounced self-organization will be in his area of responsibility:

- Definition of guardrails by managers and teams: Self-organization takes place within sensible guardrails that mark goal-oriented corridors. The associated rules enable collaboration within the team and with outside people / areas.
- Gatekeeper: The less self-organization is hampered by remnants of “classic organizations” and external conflicts, the more extensively it can show its strengths. The manager removes obstacles and harmful external influences.
- The manager ensures complete freedom of design and action for the employees within the self-organization.
- The manager acts as a mediator and provides content or psychological impulses and thus ensures constructive solutions to conflicts (Arnold, 2018; Ehmann, 2019).

The agile manager should be able to take on various roles, such as: B. the guide, which means that the manager ensures clearly defined roles in the team. Each role has its own responsibility for the team. She also has to be an advisor, where the manager advises on building teams so that the right people in a project/on solving a task can work independently. As a coach, she supports the employees and the teams in their personal and professional development so that they can carry out their tasks independently. In the end, she acts as a facilitator, promoting the development of the organization with the premises: self-organization instead of hierarchies, teams instead of organizational units and enablers instead of managers. An agile manager must

have a suitable personality structure in order to authentically assume the roles described. The leadership style and the leadership behavior influenced by it must therefore meet the role requirements and the individual motif structure must enable the necessary leadership skills to be developed (Ehmann, 2019). However, companies that work in multi-project management also have a risk if the managers are not able to lead accordingly agile and shape the organization accordingly; this leads in the long term to employee dissatisfaction and an unhealthy fluctuation (Wilk, 2014). The reasons that lead to fluctuation have been researched intensively for a long time (Cernea, 1967). Nevertheless, all theories have gaps. However, there is a certain trend regarding the overall motivation why employees leave companies:

- Affective reasons such as the image of a company;
- Rational reasons such as a low salary, an excessive workload, or a lack of opportunities for development;
- Employee dissatisfaction due to incorrect management or neglected personnel work;
- Personal career planning of the employee;
- Shock-induced motives such as the denial of the expected transportation.

This is just an extract of the possible reasons for a high fluctuation rate of a company (Kiechel, 1989; Özdemir, 2008; Frodl, 2003). However, if a company knows its fluctuation rate and knows the causes, the chances are good to reduce the fluctuation rate with targeted measures (Özdemir, 2008).

Methodology

The fluctuation rate is an important key figure in the area of personnel controlling. Together with the influencing factors that are used for your calculation, it gives you an overview of the personnel movement in your company. A high fluctuation rate often signals a need for action in the human resources area and in employee retention. The study was carried out in a company in the energy construction industry with high fluctuation. At the end of 2019, the company had 2,040 employees and is active throughout Europe in Germany, Austria, France, and Spain. At the end of 2016, the workforce was 1,903 employees. The company's turnover rate was calculated according to the BDA (Federal Association of German Employers). The BDA formula is calculated as follows: fluctuation rate = voluntary redundancies / average number of staff for the period * 100.

The fluctuation in the period from November 2016 to October 2017 was calculated using the BDA formula.

The following hypotheses were made:

H1: Management training and adjustment of management behavior have a significant positive influence on the fluctuation rate so that it is reduced.

H2: Conducting regular employee interviews every eight weeks has a significantly positive impact on the fluctuation rate so that it is reduced.

H3: The promotion of self-regulation competence of the employees has a significantly positive influence on the fluctuation rate so that it is reduced.

As a result, the following measures were gradually implemented from November 2017 and the fluctuation rate for the period November 2017 to November 2019 was calculated in parallel.

- Definition of guardrails by manager and team;
- Support of managers in targeted selection of team members and effective team composition;
- Promotion of self-management skills of employees by internal and external coaching/training;
- Project managers communicate and visualize purpose of the work and strategy.

The fluctuation rates for each month between November 2016 and November 2019 were calculated. An average fluctuation rate was then calculated for the period without measures. An average of the fluctuation was then formed for each period in which a new measure was taken and implemented. The average fluctuation values can then be used to determine whether and to what extent the measures were successful.

Results

First, the fluctuation rate was calculated for each month in the period from November 2016 to November 2019.

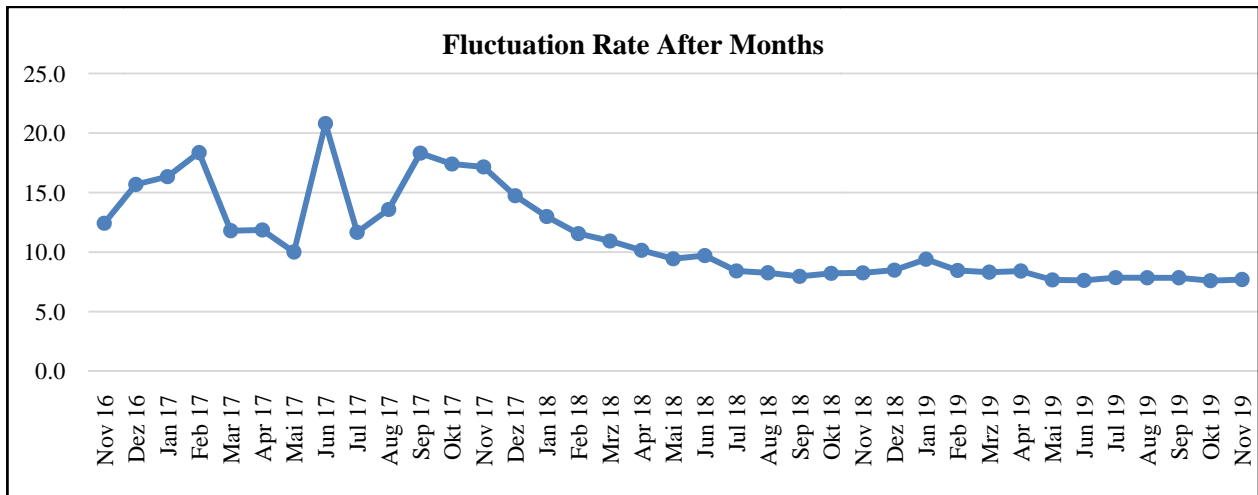


Figure 1. Fluctuation rate after months from November 2016 till November 2019 (own illustration).

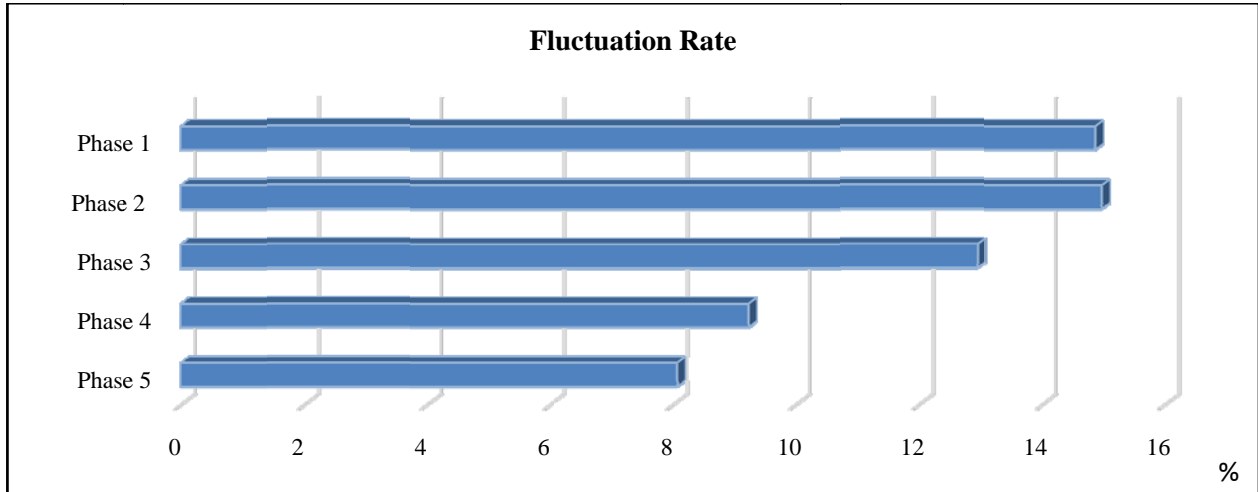


Figure 2. Average fluctuation rate after measure implementation phases (own illustration).

It can be seen that the fluctuation rate fluctuates between 13% and 22% by the end of 2017. From October 2017 there was a positive development to 8% and due to stagnation at 8%.

In order to gain an overview of the implementation and implementation of the individual measures, the total period examined was divided into five phases:

Phase 1: November 2016-October 2017 (no measures);

Phase 2: November 2017-January 2018 (definition of guardrails by manager and team, three months);

Phase 3: February 2018-June 2018 (targeted selection of team members and effective team composition according to strengths, five months);

Phase 4: February 2018-December 2018 (coaching/training self-management skills of employees, 11 months);

Phase 5: January 2019-November 2019 (transporting purpose & continuing with conducting the measures).

Based on the data and the graph, it can be seen that Phase 2 has no effect yet, but as a result of Phases 3-5 having a significantly positive impact on the fluctuation rate. Since Phase 2 enables managers to carry out the other phases and measures, the result of Phases 3-5 shows that the measure of manager training also has a delayed effect from Phase 3. Hypothesis 1 was confirmed. Hypothesis 2 was confirmed. Hypothesis 3 was confirmed.

Discussion and Conclusions

The study showed that in multi-project management-based companies, it is consistently leading to favor agile leadership over classic leadership, as is already indicated in the literature (Scherber & Lang, 2015). It is possible to reduce the fluctuation rate in the company by introducing and implementing the main components of agile leadership in the organization. This can save a lot of time and money, but above all the employees and team members are happier, can generate success and increase loyalty to the company (Bacher, 2019). It is therefore recommended for companies that work with multi-project management to implement the appropriate agile leadership in addition to the classic project management knowledge, even outside of software development in which agile methods such as Scrum are used (Häusling & Gloeden, 2014). However, it should be borne in mind that in such a long period of time there are of course many factors and the improvement in the fluctuation rate can also be due to them. For example, many positions of the departing employees have been filled with new employees. They now had the chance to get to know the company exactly as it is, or due to a different generation, they might have different values and ideas anyway. In addition, it would also be possible to achieve similar or better results through other measures that are not part of agile leadership, so that it also depends on the selected measure and/or the combination of some of them whether success is visible or not.

Ultimately, it is also possible that there are industry-specific issues that have an influence here and that agile leadership is particularly good in certain industries but not good in other industries, organizational forms, and business models. Of course, the existing opinions that advice against agile leadership should not be neglected (Grote & Goyk, 2018).

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