



## Projectification in Western economies: A comparative study of Germany, Norway and Iceland

Yvonne-Gabriele Schoper <sup>a,\*</sup>, Andreas Wald <sup>b</sup>, Helgi Thor Ingason <sup>c</sup>,  
Thordur Vikingur Fridgeirsson <sup>c</sup>

<sup>a</sup> Faculty of Economy and Law, University of Applied Sciences Berlin, Germany

<sup>b</sup> School of Business and Law, University of Agder, Norway

<sup>c</sup> School of Science and Engineering, Reykjavik University, Iceland

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### Abstract

Projectification has become a buzzword. Although repeated claims of an increasing projectification were often supported by illustrative, case-based evidence, a systematic and complete measurement of projectification of an entire economy - including all sectors and project types - is still missing. A more precise and reliable measurement of the degree of projectification can be helpful for underlying the importance of project management both for research and practice. This paper presents the results of a comparative study in three Western economies: Germany, Norway, and Iceland. Projectification was measured as the share of project work on total work. This allows for a systematic comparison between countries and sectors. We show that although differences exist among the countries regarding their size and industry structure, the share of project work in advanced economies seems to be about one third. However, comparing the different countries demonstrates that important differences exist for individual sectors.

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### 1. Executive summary

With the creation of the term “projectification” in 1995 Midler foresaw a phenomenon that describes the current development in Western societies. Currently there are more than 1500 papers that deal with the observable fact that tasks are increasingly carried out in the form of projects and less as “ordinary” line work. Projects are omnipresent and happen in all parts of the society and life. However, there were only rough estimations about the extent of projects in the economy. The following study aimed to close this research gap by delivering a measure of the degree of projectification in the three countries: Germany, Norway and Iceland.

The study was carried out in four steps: First, we developed a measurement for the degree of projectification which can be compared to the gross domestic product in an economy. We defined “project” as a non-routine task with a clearly specified target, a minimum duration of four weeks and at least three participants. We defined and measured projectification as the share of project work in an organization. The second step was to collect representative data by drawing a stratified random sample including all sectors of the economy. 500 private and public organizations in Germany covering six economic sectors according to the NACE classification participated in the first study. The remaining four economic sectors were estimated based on literature research and interviews with industry experts. The results show that the share of project work on total working hours in Germany was 34.7% in 2013. In a third step, the study was repeated using a web-based survey in Norway ( $n = 1412$  cases).

\* Corresponding author.

For Norway, the project share in the economy was 32.6% in 2014. In a fourth step, the study was repeated in Iceland. Here, the share of project work was 27.7% in 2014. These values indicate that about one third of all economic activities in the three countries are carried out in projects. Our study also reinforces the hypothesis of an increasing projectification over time. Comparing the share of project work five years ago to the forecast for the next five years shows that in all three economies the share of project work has increased recently and will continue to rise in the future.

In addition to measuring the degree of projectification, we provide empirical data on the project landscape. Our data reveals that the majority of projects is internal, whereas the more visible external projects (carried out on behalf of an external customer), account for only 16%–22%.

Overall, we contribute to research by providing the first empirical study systematically measuring the degree of projectification of economies by including all sectors and all project types. Projectification therefore is no longer a buzzword but an empirical fact substantiated by evidence. Decision makers in industry, politics and society need valid data. The results of our study can help to raise the awareness of the growing importance of projects and project management. We show that projectification is a widespread phenomenon in Western economies and that it pertains to all economic sectors.

## 2. Introduction

Since Midler (Midler, 1995) introduced this neologism in his paper on the evolution of the car manufacturer Renault, projectification became a buzzword for describing a widespread phenomenon in today's economies, i.e. the diffusion of projects as a form of organizing (Midler, 1995; Lundin and Midler, 1998; Packendorff and Lindgren, 2014). Accordingly, an earlier study on project work in 30 countries by PriceWaterhouseCoopers in 2004 showed that the 200 companies examined were running 10,640 projects a year with a budget of \$ 4.5 billion (PWC, 2004). An important characteristic of projectification lies in its scope. It can not only be observed in typical project-oriented and project-based industries but also in the public sector (Fred, 2015; Godenhjelm et al., 2015), in policy implementation (Jensen et al., 2017), in the media (Lundin and Norbäck, 2015), the performing arts (Sedita, 2008), in healthcare (Glasdam et al., 2015), and in scientific research (Fowler et al., 2015). More recently, Jensen et al. (2016: 21) even proclaimed “the projectification of everything” which expands the concept to private and societal life.

The use of projects is supposed to make organizations more flexible and innovative, and increases the capability to solve complex problems (Hobday, 2000; Hanisch and Wald, 2014; Lundin et al., 2015). The increasing projectification may not only have an impact on the competitiveness of individual firms but also reflects the economic development of entire economies. The literature on project management repeatedly claimed that projectification increases and that the increase in project work takes place in all sectors of the economy (Engwall, 2003; Sydow et al., 2004; Bechky, 2006; Whitley, 2006; Hodgson and Cicmil, 2007; Lindner and Wald, 2011; Packendorff and Lindgren, 2014). Gemünden and Schoper (2014) studied future trends

in project management and found projectification to be most frequently mentioned by 82 international experts participating in the study. However, the repeated claim of an increasing projectification was never substantiated by robust empirical evidence. The World Bank estimated 2009 that 21% of the world's GDP involves gross capital foundation, which is accomplished mainly through projects (Scranton, 2015). However, these are only rough estimates. A valid measurement of the degree of projectification is still missing. To the best of our knowledge, no research has ever tried to measure the degree of projectification of an entire economy including all sectors and project types.

Without any systematic and comprehensive empirical research on the degree of projectification, project management research remains vulnerable when it comes to the justification of the relevance of project work. This is particularly important for scholarly research that is supposed to be published in top-tier scholarly journals in management and organization theory that are not specialized in the area of project management. In a similar regard, project management professionals and professional associations are lacking figures on the importance and meaning of projects and project management for organizations, industries and economies. A comprehensive measurement of the degree of projectification of an entire economy can be useful for three main reasons:

1. Creating knowledge as cultural asset: Knowledge on important phenomena in society (here: the degree of projectification) is valuable independent of any theoretical and practical use.
2. Theoretical: Knowing the degree of projectification of different sectors and the entire economy is an indispensable prerequisite for further research that seeks to investigate the value of projects, labor market effects, income effects, productivity effects, and other macroeconomic questions.
3. Practical: For researchers in project management and for project managers, knowing the actual degree of projectification is helpful for arguing about the importance of their work. Researchers, practitioners outside the project management field and decision makers in politics, industry, in media, in education and the society will be easier to convince based on precise figures than on vague statements about an increasing projectification.

For the development of a measurement instrument, a precise understanding of the concept of projectification is required. When measuring the degree of projectification we focus on the quantitative dimension which relates to the share of project work in a firm (Wald et al., 2015). An increasing projectification on the firm level indicates that the share of project work is rising, whereas the share of “ordinary” work that takes place in the permanent part of the organization is declining. In this sense, projectification can be considered as a ratio indicating the share of project work in an organization. If projectification not only takes place on the level of individual firms but among all firms of an industry and in all sectors of an economy, the entire economy can be said to be projectified.

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