

PROJECT MANAGEMENT AND ENTREPRENEURSHIP: A TALE OF TWO ‘CINDERELLAS’

Arvi Kuura PhD

University of Tartu, Pärnu College, Ringi 35 Pärnu 80010 Estonia
akuura@pc.ut.ee, +372 52 87 321

Introduction

The paper will examine the state of two academic disciplines – project management and entrepreneurship. Both disciplines are often regarded as not well established, still emerging and evolving, but also promising and encouraging. In spite of some analogies, incidentally in history, these disciplines have developed rather separately and their interconnections have been fairly limited. At the time some convergence can be observed in the recent years. The main task of this paper is to compare the two academic disciplines, exploring conformities and interconnections. The approach will mainly rely on comparative theoretical analysis, based on existing academic literature, and some synthesis.

1. A brief overview on Project Management

Project Management (hereinafter also PM) is an ‘ancient’ phenomenon, used throughout the recorded human history and even before it. The evidence from pre-historic period is not rich, but Cleland and Ireland (2006) see three types of evidence – artefacts (like the Great Pyramids), cultural strategies (like the *Magna Carta*), and literature and documents. Moreover, they rely on a common example of a pre-historic project – the Ark of Noah. It seems to be generally accepted that the mankind has used PM for a very long time, but as (academic) discipline and profession, PM is surprisingly young. For instance, Cleland and Ireland (ibid) pointed out that only in 1950s PM was formally recognized as a discipline and in even early 1970s PM was regarded as ‘accidental profession’. In spite of that, the new profession was defined in the late 20th century.

It should be mentioned that within the last decades PM has been perceptibly promoted by professional associations, especially by the leading global organisations: Project Management Institute (PMI) and International Project Management Association (IPMA).

Cleland and Ireland (2006) point out is that PM – in whatever form, even rudimentary – has been used to create change or deal with change in societies. This statement is important because it links PM to innovation since ancient times.

Most scholars agree that contemporary PM came into being in 1950s. During these 50-60 years the discipline has evolved noticeably and is defined in PM literature. It is generally accepted

that the PM discipline has appreciably evolved and (despite a lack of solid evidence) it is often claimed that the use of projects as a form of work has increased (Cicmil et al 2009). This process is also called ‘project orientation’ or ‘projectization’ and/or ‘projectification’.

The concept of project orientation by Gareis (2004, 2002) considers that companies and societies are becoming more project-oriented, because more projects and programmes are performed in companies and also in (small) municipalities, associations, schools and even in families.

Projectization is a relatively older phenomenon. Since the mid-1960s it has been often claimed that our society is becoming increasingly projecticised, i.e. organised in terms of time-limited sequences of (inter)action. This development, which has affected even personal lives of people, was caused by increased use of the project work form; and also by increasing tendency to view ongoing processes (or “business-as-usual”) as limited in time and scope. (Packendorff 2002) Ekstedt et al (2005) claimed that projectization is a typical trend for neo-industrial organisations, which is playing a crucial role in many interesting developments – including the labour market, which might be affected by increasing projectization.

The term projectification appeared in the middle of 1990s in the article of C. Midler (1995) where he examined Renault’s journey towards project orientation⁷.

Maylor et al (2006) reviewed the evolution of projectification and introduced a new phenomenon ‘programmification’, standing for implementation of programmes and programme portfolios as management mechanisms in organisations. They claimed that projectification has considerably extended the definition of project and adjusted the understanding of projectification, eliciting that its novelty was not in the trend of organising work through projects but in the organisational changes that accompanied this trend. Finally, they (ibid) suggested that “... whilst project-level analysis is important and still has plenty of potential to explore, the multi-project level presents an area of great interest for both practitioners and scholars.” Consequently, it represents a promising research agenda and this idea has already been developed further – like in the concept of “project business” by Artto & Kujala (2008).

An interesting question has been the overall share of project-based activities in world economy. Turner et al (2008) claimed that about one third (1/3) of the world economy is done via projects. This claim is based on their finding that in average projects account for one third of the

⁷ The concept was taken from Gareis earlier (1989) publication ‘Management by projects: the management approach for the future’. This heading indicates that this domain (project orientation, projectization / projectification) appears under different labels – ‘management by projects’ has (nearly) the same meaning.

turnover of SMEs. Considering the role of SMEs in economy (for instance, in EU the SMEs generate 56% of GDP and 70% of private sector employment), projects in SME sector account for about one fifth of the economy. Adding the share of new capital formation (large infrastructure projects), which is about 16% in developed countries, but up to 38% in fast developing countries (like China), it could be said that even more than one third of the world economy is project-based.

Turner et al (2008) also explore the 'dark side' of PM. Perceiving that the total share of project-based activities in the world economy is (at least) one third, it is astonishing that governments do not give much credit to PM. They (ibid) give also positive (in some measures) examples like China, UK and Australia, but most of countries do not really care much about PM. Besides the governments, the academic (management) community does not treat PM seriously. For example, no department in business schools in US has PM in its name; Journal of Management (leading general management journal) does not include PM in its list of key words.

Because of all afore-mentioned, Turner et al (2008) called PM as 'Cinderella subject'. Another important statement is that the theory of project management is immature – or even “There is no theory of Project Management”. This means that PM cannot be an academic discipline, at least not a serious one. Turner et al (ibid) note that PM is often perceived as being a 'bunch of tools' and there are typical memes of PM like “if you have the right tools you can manage any project” and “if you can move a mouse you can manage a project”. The first meme is originated from a view that the PM tools are universal and applicable to all projects; the second is proceeding from total computerisation and common viewpoint of PM software producers – if somebody is able to use the PM software, he/she can manage every project. Additional memes (ibid) are that the main tool for project management is critical path analysis and the main criteria for success are time, cost and quality, but not value to the sponsor (or the project owner or the organisation).

In addition to critical look in PM, the referred presentation of Turner et al (2008) points out nine schools of PM, showing also their development and interconnections. They show that PM is a rich, diverse field and these nine schools provide a perspective on the theory of PM and aid to the development of the theory. This is certainly the most important contribution of Turner et al (ibid), making PM as academic discipline 'promising'.

2. A very brief overview on Entrepreneurship

The term entrepreneurship is (like PM) also standing for a phenomenon and for an academic discipline. As a phenomenon, entrepreneurship (or entrepreneurial behaviour) is also “ancient”, probably as old as mankind, its roots could be find in Bible and in ancient mythology.

Looking at entrepreneurship as an academic discipline, we can notice that some leading authors in the field have characterised entrepreneurship with word(ing)s like “eclectic” (Verheul et al 2001), “lacking a conceptual framework” (Shane & Venkataraman 2000) etc. Understandably, use of such word(ing)s does not sound good for a “solid” academic discipline.

Because entrepreneurship has been challenging for many scholars, there are many definitions of entrepreneurship, but an unambiguous definition is still missing⁸. As Davidsson (2003) wrote, “the literature is full of definitions of entrepreneurship, which differ along a number of dimensions ...”. This means that there is still a long way to a common definition and (more importantly) to a common understanding of entrepreneurship.

Speaking about entrepreneurship, some authors like Acs (2005), Busenitz et al (2003) and Richtermeyer (2003) have used the phrase “emerging field” (or “themes”). It means that so far we cannot speak about a consistent, universal theory in entrepreneurship; it consists of several different disciplines, such as psychology, sociology, regional science, economics, etc, and there is no common theoretical framework to synthesize these different approaches. (Virtanen 1997). Considering this, it is not surprising that there is still no unambiguous definition.

At the time, some scholars are more positive about entrepreneurship. For instance, Richtermeyer (2003) points out that entrepreneurship is continuously evolving and also expanding. Davidsson (2003) perceives progress in entrepreneurship research, relying mainly on important works in entrepreneurship, which increasingly appear in highly respected, mainstream journals. He sees conceptual development that attracts attention. Davidsson also refers to compiled handbooks, providing the field with more of a common body of knowledge (ibid). Thus we can conclude that the “emerging field” is also ‘promising’, as Shane and Venkataraman (2000) pronounced.

Looking at the history of Entrepreneurship as an academic discipline we can see that it relatively young. The first course in this field was offered by Myles Mace at the Harvard Business School in 1947. In 1953 Peter Drucker started his first Entrepreneurship and Innovation course at New York University. The first conference was held in St. Gallen University in Switzerland in 1948.

The first academic conference on small business management took place at the University of Colorado in 1956. It is worth to mention that the predecessor of International Council for Small

⁸ The author realizes that such a statement could be criticized, especially by scholars who have proposed a definition for entrepreneurship.

Business (ICSB – nowadays the leading global SME and entrepreneurship organisation, uniting both academicians and practitioners-entrepreneurs) grew from this conference. (Cooper 2003).

3. Project Management and Entrepreneurship: meeting of two “Cinderellas”

At first sight, the two academic disciplines – Project Management (PM) and Entrepreneurship – seem to be quite opposite, having almost nothing in common. Both have respected scholarly journals in their fields, but when one will search with keyword ‘entrepreneurship’ (or SME⁹) in PM journals, the search will give very little results. The same will happen searching with keyword ‘project management’ in the databases of entrepreneurship journals. Similar situation will occur when searching by authors: one will discover two segregated scientific communities.

Taking closer look at these disciplines we can notice significant similarities. The first similarity (which was probably notable in presented brief overviews) is historical. As phenomena, both are ‘ancient’, considered to be almost as old as the mankind; but surprisingly young as academic disciplines – both started their development in the 1950-s (or after World War II).

The second similarity appears in the status and stage of development of these two disciplines. As stated before, both are characterised as not (yet) well established, still emerging and evolving, but also promising and encouraging. For instance, traits for entrepreneurship – like “eclectic” (Verheul et al 2001) or “lacking a conceptual framework” (Shane & Venkataraman 2000) – seem to be valid for PM as well. On the other hand, traits for PM – like “the theory of ... is immature” or even “there is no theory of ...” (Turner et al 2008) – seem to be valid for entrepreneurship. So we can say that PM is not the only ‘Cinderella subject’ – the state of entrepreneurship is similar and there are two ‘Cinderellas’.

There are distinguishing aspects between the two disciplines. The most intrinsic is probably the viewpoint to the permanent-temporary dilemma: entrepreneurship is proceeding on permanent organisations and processes; project management on temporary. It may seem paradoxical, but the average ‘life expectancy’ of smaller entrepreneurial organisations is not nearly permanent. The high failure rate (called also ‘infant mortality’) of small business has been a very common topic in entrepreneurship literature. It means that average life cycles of SMEs are quite short and could be compared to the duration of some bigger projects, especially programmes.

⁹ Abbreviation SME is standing for **S**mall and **M**edium **E**nterprises. Different size categories used in the World, but this paper relies on the European Commission (2005), who defines SMEs in following subcategories: medium – up to 250, small – up to 50 and micro – up to 10 employees. These subcategories have only upper limits: smalls can be counted into mediums, micros into smalls and mediums

In the recent years, some convergence between entrepreneurship and project management (PM) can be observed. This statement is based on the subjects of some conferences and publications, where common themes, theoretical and methodological approaches, etc, appear.

For example, an interlocking dimension is monism-pluralism. According to ‘classical’ view, an entrepreneur (a natural person or a legal person, formed by one or several natural persons) is owning and managing his/her/its one and only enterprise. In contemporary society we meet more and more multiple ownership (and complex ownership structures) and the scholars have started to speak about habitual – serial and portfolio – entrepreneurs. (Barrow 1998) Similar trend is observed in project management (PM) literature, where multi-project management is steadily attaching importance (Artto & Kujala 2008).

Cited before Cleland and Ireland (2006) have also revealed that PM is used to create or deal with change in societies. This links PM to innovation (and since ancient times). Entrepreneurship and innovation are also tightly linked: this is evident in academic literature, for instance Drucker (1985) and Acs et al (2009), as well as in policy documents (CIP 2005). As there are inherent links between project management (PM) and innovation, as well as between innovation and entrepreneurship, we can assume that there is also a link between PM and entrepreneurship, but the direct link between PM and entrepreneurship remains open.

The interrelations of innovation, entrepreneurship and PM are visualised in Figure 1. As seen, the role of a link between entrepreneurship and PM is (at least so far) realised by innovation.

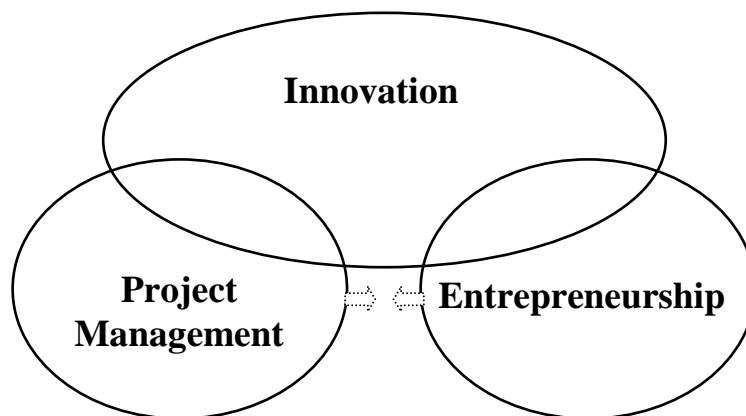


Figure 1. Mutual Relations of Project Management, Entrepreneurship and Innovation

The dashed arrows (on Figure 1) allude to possible direct link, but there is still an ‘empty space’. However, there have been essential developments during the recent years. Precisely, a new subtopic has emerged within the past years – PM in SMEs. Until the very recent years, the PM

literature almost entirely focused on large organisations. The breakthrough is made by Rodney Turner, Ann Ledwith and John Kelly (2009), stating that “SMEs do require less-bureaucratic versions of project management...” and pointing out that there is a “... need for further research into the nature of those ‘lite’ versions of project management designed for SMEs” (ibid).

Therefore we can say that PM and entrepreneurship (or small business management) are linked. In some respect, there has been a link already during decades¹⁰, but considerable development has occurred very recently – and these developments will probably accelerate in the very near future. And to conclude this brief discussion, it is appropriate to cite the words of Christophe Bredillet: "Project Management is the entrepreneurial side of business" (PMI Teach 2010).

Concluding remarks

The two evolving academic disciplines – entrepreneurship and project management – seem to have more common than they are used to have so far and there are signs of coming close during the last years. The two disciplines have similarities in history and in current state – both are (or might be) called ‘Cinderella’ because they are not (yet) well established, still emerging and evolving – but at the time, both are fast developing, promising and encouraging. In the recent years a new subtopic – Project Management in small firms – has emerged. Because the new subtopic has to rely on both disciplines, it will link Project Management and Entrepreneurship. Hopefully this will lead to more and closer contacts between these two disciplines, and thus to their mutual enrichment, which could foster the development of both academic disciplines.

References

1. Acs, Z. (2005) Preface // Global Entrepreneurship Monitor 2004 Executive Report. Babson College and London Business School
2. Acs, Z., Audretsch, D., Strom, R. (2009) Introduction: Why Entrepreneurship Matters // Entrepreneurship, Growth, and Public Policy. Ed. by Z. Acs, D. Audretsch, R. Strom. Cambridge University Press, Cambridge, N.Y. etc. pp 1-16
3. Artto, K., Kujala, J. (2008) Project business as a research field. // International Journal of Managing Projects in Business 1 (4) pp 469-497
4. Barrow, C. (1998) The Essence of Small Business. Prentice Hall Europe
5. Busenitz, L.W., West III, G.P., Shepherd, D., Nelson, T., Chandler, G.N., Zacharakis, A. (2003) Entrepreneurship Research in Emergence: Past Trends and Future Directions. // Journal of Management. 29(3) 285–308
6. Cicmil, S., Hodgson, D., Lindgren, M., Packendorff, J. (2009) Project management behind the façade. www.ephemeraweb.org 9(2), pp 78-92
7. CIP (2005) Decision of the European Parliament and the Council: Establishing a Competitiveness and Innovation Framework Programme (2007-2013). Brussels: Commission of the European Communities.

¹⁰ In addition to indirect links (via innovation etc) a notable exception should be mentioned here – a book by Harold Kerzner and Hans Thamhain ‘Project Management for Small and Medium Sized Businesses’ (Wiley, 1984).

8. Cleland, D., Ireland, L. (2006) The Evolution of Project Management // Global Project Management Handbook: Planning, Organizing, and Controlling International Projects. 2nd Ed. Eds. D. Cleland & R. Gareis. McGraw-Hill
9. Cooper, A. (2003). Entrepreneurship: The Past, the Present, the Future. // Z. J. Acs & D. Audretsch (eds.), Handbook of Entrepreneurship Research. Boston: Kluwer.
10. Davidsson, P. (2003) The Domain of Entrepreneurship Research: Some suggestions. // Ed. by J. Katz & S. Shepherd. Advances in Entrepreneurship, Firm Emergence and Growth, Vol. 6. Oxford, Elsevier / JAI Press
11. Drucker, P. (1985). Innovation and entrepreneurship. London: Heineman
12. Ekstedt, E., Lundin, R., Söderholm, A., Wirdenius, H. (2005) Neo-Industrial Organising: Renewal by action and knowledge formation in a project-intensive economy. Taylor & Francis e-Library
13. European Commission (2005) The New SME Definition: User guide and model declaration. European Commission Publications Office, Luxembourg
14. Gareis, R. (2002) Management in the Project-oriented Society. WU-Jahrestagung "Forschung für Wirtschaft und Gesellschaft", 5.-7. November 2002, Wirtschaftsuniversität Wien [<http://epub.wu-wien.ac.at/>].
15. Gareis, R. (2004) Management of the Project-Oriented Company // The Wiley Guide to Managing Projects. Ed. by P. Morris & J. Pinto, pp 123-143
16. Maylor, H., Brady, T., Cooke-Davies, T., Hodgson, D. (2006) From projectification to programmification. // International Journal of Project Management, 24 (8) pp 663–674
17. Midler, C. (1995) Projectification of the Firm: the Renault Case // Scandinavian Journal of Management, 11(4) pp 363-375
18. Packendorff, J. (2002) The temporary society and its enemies: Projects from an individual perspective". // Beyond Project Management: New Perspectives on the Temporary-Permanent Dilemma. Ed by K. Sahlin-Andersson & A. Söderholm Malmö, Liber, pp 39-58
19. PMI Teach (2010) [www.pmiteach.org/ 02.02.2010]
20. Richtermeyer, G. (2003) Emerging Themes in Entrepreneurship Research. [http://www.missouribusiness.net/bridg/emerging_themes.pdf] 03.04.05
21. Shane, S., Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. // Academy of Management Review 25(1) pp 217-226
22. Turner, J. R, Bredillet, C., Anbari, F. (2008) The Nine Schools of Project Management. Presentation at Special EDEN Doctoral Seminar, Lille, August 18-22
23. Turner, J. R, Ledwith, A., Kelly, J. F. (2009) Project Management in Small to Medium-sized Enterprises: a comparison between firms by size and industry // International Journal of Managing Projects in Business, 2(2) pp 282-296
24. Verheul, I., Wennekers, S., Audretsch, D., Thurik, R. (2001) An Eclectic Theory of Entrepreneurship. Tinbergen Institute Discussion Paper TI 2001-030
25. Virtanen, M. (1997) The Role of Different Theories in Explaining Entrepreneurship. // Kunkel, S (editor). Entrepreneurship: The Engine of Global Economic Development. Journal of Best Papers of the 42nd World Conference, International Council for Small Business. San Francisco, June 1997