

POLICIES FOR PROJECTIFICATION: SUPPORT, AVOID OR LET IT BE?

Arvi Kuura
Pärnu College, University of Tartu

Abstract

The importance of temporary activities is growing and projects are proliferating in most businesses, non-profit and public organisations. This trend has been treated by different authors and on different levels – organisational, societal and personal, but mainly on a single level – and under different labels (projectization, projectification, project orientation etc.). As the integral picture is still almost missing, the article is aimed to fill this gap, showing that the levels of projectification are distinguishable, but tightly interconnected. Another aim is to uncover the subtopic of the extent of projectization (and/or projectification) and the appropriate policies and strategies. In this aspect the main issue is the balance between the temporary and the permanent, and the defence of permanency in the world of proliferating temporary settings.

Keywords: economic policy, strategy, projectization, projectification

JEL Classification: D21, D92, E61, G34, L22, L52

Introduction

In contemporary societies the relative importance of temporary activities is growing and pertinent forms of organisation – projects and programs – are proliferating in most businesses, non-profit and public organisations. This trend, which is currently occurring in all sectors and regions, has already deserved some attention in academic literature. This quite new research subdomain has appeared under different labels: projectization, projectification, project orientation etc. Furthermore, different authors have treated the same phenomenon on different levels – organisational, societal and personal, but mainly on a single level, disregarding their interconnections. Almost uncovered subtopic is the prevailing extent of projectization (and/or projectification) and the political aspect – should we support further projectization / projectification, avoid it or let it happen. So there are some gaps in existing knowledge and an almost uncovered subtopic – the policy aspect, which the article is trying to fill.

The goal of this article is to explore the essence of projectization and projectification across the discerned levels, clarifying the terms and concepts; to estimate the current extent of projectization, particularly for Estonia; and to outline recommendations for adjusting policies or strategies on the levels of projectification. The examination of the phenomena of projectization and projectification is carried out by comparative (functionally, also historically) theoretical analysis of existing literature (Sections 1 and 2). The estimation of current extent of projectization and projectification (for Estonia mainly) is based on statistical data and existing research results (Section 3). The recommendations for the (re)design of policies or strategies (in Section 4) are outlined on the basis of examination and discussion, carried out in previous sections.

1. The Phenomenon and Levels of Projectification

Projectification can be defined as “a general development process in which firms to a greater extent focus their operations on projects, project management and various types of project-like structures” (Bredin 2006). This term was introduced in the middle of the 1990s by C. Midler (1995) in his seminal article where he examined Renault’s way towards project orientation. The concept of project orientation was taken from R. Gareis (1989). This concept considers that companies are becoming more project-oriented and this trend, which lies on simultaneous performing of a network of projects, creates demand for a new management approach ‘Management by Projects’. This approach considers not only the management of single projects, but also the relationships between the projects and the company (organisation) and between projects – i.e. the management of the network of projects. (*Ibid.*)

Gareis (2002) expanded the concept of project orientation also to societies¹, using a construct of ‘project-oriented society’ (POS). He claimed that more projects and programmes are also performed in new social areas, such as (small) municipalities, associations, schools and even families. Gareis (2002 and 2004) has also developed maturity models for project-oriented companies (or organisations) and societies and used these models for benchmarking and assessment of the Project Management competences of various societies and companies.

Despite having appeared in academic literature relatively recently, the concept of projectification is considered to be older. According to Packendorff (2002), since the mid-1960s it has often been claimed that the societies are becoming increasingly projecticised – organised in terms of time-limited sequences of (inter)action. This development was caused by increased use of the project work form; and also by increasing tendency to view continual processes (often named ‘business-as-usual’) as limited in time and scope. The main novelty and purport of Packendorff (*Ibid.*) is that projectization has also affected people’s personal lives.

As it can be noticed, different terms are used in this domain – project orientation, projectification and projectization. It has to be clarified that these terms have similar, but not coincident meanings. Especially, the term projectization has a bit different signification. According to Müller (2009) the (level of) projectization indicates the extent to which a business is based on projects and the degree the project way of working pervades practice within the corporation. Maylor *et al.* (2006) adjusted the understanding of projectification, eliciting that its novelty was not in the trend of organising work through projects, but in concurred organisational changes. I suggest that collating these two opinions it is possible to distinguish between projectification and projectization. As seen, projectization means the degree of organising activities through projects, which is a precondition for projectification. Thus projectification has much wider meaning, which also comprises projectization.

¹ Project-oriented is considered a society, which applies frequently projects and programmes, and provides project management-related education, research and marketing services.

In addition, Maylor *et al.* (2006) introduced a fairly similar term – programmification – but this is standing for a different concept and therefore should be distinguished. Reviewing the evolution of projectification they brought in a new phenomenon – programmification, standing for implementation of programmes and portfolios of programmes as management mechanisms in organisations. They also pointed that “... the multi-project level presents an area of great interest for both practitioners and scholars.” (*Ibid.*) Consequently, this represents a promising research agenda and so it is relevant to mention that there have already been significant developments. An example could be the ‘project business’ by Artto & Kujala (2008), where they added the multi-project and multi-firm perspective to the classical single project – single firm case.

Thus, in general it will be necessary to distinguish between the reviewed terms and underlying concepts, especially when there is a need to emphasise particular aspects. While this article is concentrating on projectification, which is wider and comprises projectization, term projectification is used when there is no need to differentiate.

As seen, the phenomenon of projectification was first observed and defined on the level of firms, i.e. organisations, and extended ‘upwards’ to the level of society (by Gareis), as well as ‘downwards’ to the level of single persons (by Packendorff). Thus it is possible to distinguish between three levels, as proposed on Figure 1.

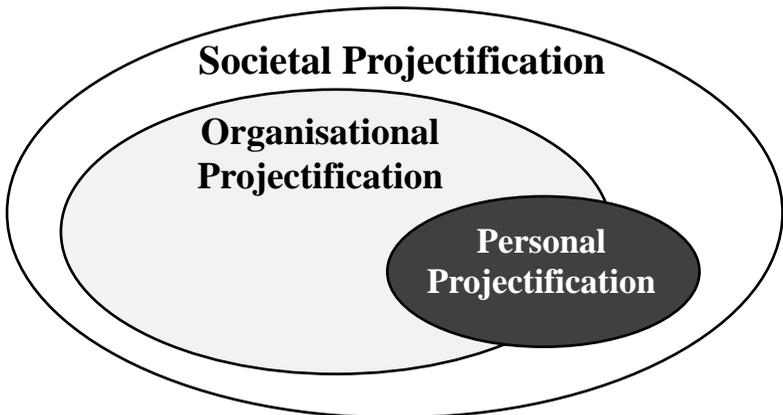


Figure 1. The levels of projectification.

Two of these levels are defined by quoted before Maylor *et al.* (2006). They see ‘organisational projectification’ to be “a change in organisational and governance structure to increase the primacy of the processes of projects within a central organisation and its supply networks” and ‘societal projectification’ “where this change extends beyond the boundaries of the workplace” (*Ibid.*).

Focusing on organisational level, Maylor *et al.* (2006) do not pay much attention on other levels of projectification and (in my opinion) there are some disputable issues in definitions. The traditional meaning of 'workplace' is a factory, an office or any location where an employee performs his/her work, but such traditional meaning may not fit well into contemporary paradigm, characterised by virtual (or flexible, distance etc.) forms of work. This has influenced the intra-organisational relations, including work contracts, because traditional, hierarchical permanent organisations undergo significant transformations and are often combined with more temporary solutions (Ekstedt 2002). Therefore it is necessary to recognise that the boundaries of 'workplace' are flexible and continuously changing in contemporary society. This is actually what the theorists of the 'boundary school' have claimed (for instance, see Foss 1997).

It fact, the 'boundary school' deals mainly with the inter-organisational relations and this aspect is relevant also here. The definition of 'organisational projectification' by Maylor *et al.* (2006) includes "... the processes ... within a central organisation and its supply networks", but the network relations may not be limited by the supply chain of a focal² organisation. In mainstreaming theories the networks are seen as something between the main coordination structures of transactions – hierarchies and markets (for instance, see Thorelli 1986). It means that networks may represent a variety of different forms on inter-organisational relationships, which may be nearly market-type or nearly hierarchical. In this concept the environment of an organisation (a firm) consists of heterogeneous competitors and co-operators and their positions may change quite rapidly – a competitor today may become a co-operation partner tomorrow and vice versa, or be both at the same time. This is quite common nowadays and called co-opetition (see Brandenburger & Nalebuff 1996). These inter-organisational relationships can be viewed as networks and because their importance is increasing, the networks must be treated seriously – as accented by O'Toole (1997).

The networks represent a phenomenon which does not fit into standard micro- or macro-levels because they are usually too big for micro-level, but not enough big for macro-level. Because of that some scholars have started to treat networks on a new, called meso-level and this has also appeared in project management related literature (Grabher 2004). In this concept the meso-level is conceived as a set of firms (and 'institutions') variably tied together through networks (*Ibid.*). As societal level (see Figure 1) is correlating with traditional macro- and organisational with micro-level, there is a question – on which level to treat the networks? There are two options: to bring in an additional ('network' or 'meso') level, or to divide the networks between the traditional macro- (societal) and micro- (organisational) levels. It is noticeable that Maylor *et al.* (2006) used the second way – their definition for 'organisational projectification' includes "... the processes ... within a central organisation and its supply networks". It means that networks on stronger ties are treated as hierarchies and networks on weaker ties like market-based relations.

² Focal has nearly the same meaning as central, but is more widely used in network literature.

On the presented above basis is possible to re-define the projectification on three levels (as outlined in Figure 1) as follows:

- **Societal projectification** is a change in governance structures to increase the primacy of the processes of projects in whole society;
- **Organisational projectification** is a change in organisational and governance structures to increase the primacy of the processes of projects within a central organisation and its supply networks;
- **Personal projectification** is a change in person's work relations and/or private life to increase the primacy of participation in projects.

The proposed above definitions are following the definitions of Maylor *et al.* (2006), but with some deviations.

They (*Ibid.*) defined societal projectification by excluding projectification “beyond the boundaries of the workplace” (i.e. within organisations), but the proposed above definition for societal projectification comprises all levels, including personal. The proposed approach is probably more correct because all social processes, including projectification, occur in a society and organisations, and persons are parts of it. As depicted on Figure 1, societal projectification is the widest and serving as context for projectification on other levels.

The definition for organisational projectification is taken from the original source (*Ibid.*) ‘as is’. As seen, the organisational projectification may serve as context for personal projectification, what is probably ‘working’ in most of cases, but there are other options for personal projectification. As Gareis (2002) has claimed, more and more projects are performed in voluntary associations and even families, and just in private lives of people. Voluntary (non-profit) associations are also organisations, but their relations with individuals are different – work relations (contracts) are used much less and are mainly replaced by voluntary participation.

The definition for personal projectification is quite novel. It is relying on the same principles (*Ibid.*) – i.e. personal projectification specified through a specific change, but on a personal level. As depicted, the presented approach tolerates personal projectification not only through relations (working, membership or just voluntary participation) with an organisation, but also ‘directly’. It means that projectification of people's private lives may take place beyond traditional (formal) organisations. An example could be a person who builds a house on his own. Building is certainly a project-based activity, but no formal organisation is used. Another example and exclusion from general pattern is entrepreneurship, because an entrepreneur (also a self-employed person) does not have work relations. Using words of transaction costs theorists, an entrepreneur does not belong to any hierarchy and is related to other economic actors via market relations. For instance, the business of a self-employed translator is almost entirely project-based, as every order can be seen as a project. The links between entrepreneurship and project activities have not yet been comprehensively explored in academic literature, but the links seem to be essential.

2. Projectification on Different Levels and Interconnections

Projectification-related issues on the societal level have not deserved much attention in academic literature, but yet there is something. For instance, Jensen (2009) has examined the usage of projects as policy tools in implementing metropolitan policy in Sweden and claimed that an important issue is a fit between the temporary policy organization and the governance structure in which it is implemented.

An interesting contribution is made by Kovach and Kucherova (2006). They claimed that extensive flows of European as well as national and other project-based funds has caused ‘bottom-up projectification’ in (regional) development from EU and national policies. An outcome of mass of development projects is the emergence of the ‘project class’ in Central and Eastern Europe. Further they (2009) they set up a hypothesis that the project as a management form and its actors play a key role in European integration, and alerted about the need to prevent situations where projects do not support development, but become a profitable business for the ‘project class’. Because the new class represents the rise of a new social and/or power position, it has impact on other levels of projectification, both organisational and personal.

A consequent subtopic to unfold is the usage of projects in public administration. For instance, Sjöblom and Godenhjelm (2009) examined the potential consequences of project proliferation³ and discovered that increasing temporality (i.e. expansive usage of projects/programmes) in public decision-making have influence on the core values in public administration like transparency and democratic accountability. They claimed that project organizations serve not only as mechanisms for financial (re-)distribution (what is a significant matter itself), but also as legitimacy-raising mechanisms on the output side of policies. Also they note still existing shortcomings in the field. For instance – do temporary organizations support policy coherence or rather particularized solutions – is still unclear. Also, there is little evidence on the possibilities of achieving and maintaining long-term effects by using of temporary administrative structures and procedures. This means that the project proliferation (or increasing temporality) has also ‘darker’ (or ‘grey’) side at least in public sector.

Along aforesaid, Andersson (2009) noted that project management, what permeates current public administration, has so far deserved surprisingly little reflection and analysis. An example is EU and its regional development apparatus – it is based upon projects, but gives them very little attention as such. He (*Ibid.*) pointed that most of research on public projects has been devoted to development aid. Such works are almost entirely case studies and focus on general project (management) issues is marginal (or even missing – the last is my addition, based on over four-year experience of editing NEP⁴ reports on Project, Program & Portfolio Management).

³ Their empirical case was environmental management, what is characterized by cross-sectorial and multi-level policy problems and implementation processes.

⁴ NEP (New Economics Papers – see <http://nep.repec.org/>) is an announcement service which filters information on new additions to RePEc (Research Papers in Economics – see more <http://repec.org/>) into edited reports.

Andersson (*Ibid.*) also stresses on ‘innovation paradox’, which lies on an expectation that the actors in regions are innovative, but in reality, the lack of innovation is one of the most salient traits of observed regions. Understandably this leads to a variety of conflicts. Andersson (*Ibid.*) also noticed some tendencies: the professionalization of project work (highly educated people working on sophisticated projects) and the gendering (women as project leaders, especially in small projects). These tendencies obviously have links with the emergence of ‘project class’ (by Kovach & Kucherova 2006) and Andersson (2009) has made similar deduction: the added value of most projects is very small – only employment to engaged people until there is funding, but minimal long-term effects. So it seems that the added value of projects could be increased by engaging more ‘ordinary people’ as project leaders (and thus, depriving the “project class”).

The patterns of projectification and its consequences on societal (mainly regional) level have been studied by many scholars, concerning various aspects, regions, etc. For instance, Dornisch (2002) examined the evolution of post-socialist projects and recovered that collective projects were generated to deal with the practical restructuring problems that regional firms and institutions were facing during the period of wide-scope transition. Mike (2007) claimed that projectification of development policy is the resulted by the logic of the political economy of the EU and this has been particularly successful in this respect in new member states.

Veenswijk and Berendse (2008) have made an interesting contribution to existing academic literature, relating the dynamics (both internal and external) of New Public Management (NPM) to the daily life of project management. They examined the ways how NPM concepts work out in the realities of project actors and suggested not to quest for ‘best practices’, but for ‘better and more consensually provisional practices’ and that organisational leaders could use narratives to engage individual organisation members in such a collaborative process of developing new practices.

It is possible to admit that projectification, including the proliferation of temporary organisations has attained a remarkable place in contemporary public administration. In some extent, this reflects in academic research, but the research side seems to be behind and therefore there is a need to enlivening. As seen, all the traditional macro-level subjects (nations, regions), as well as comprised meso-level subjects (networks on weaker, market-type ties) are affected by projectification.

Rolf Lundin (2011) has claimed that currently there are lots of signs of continuing projectification in the world and not only the numbers of projects increases, but also fairly new application areas emerge. According to his opinion an example of a new application area is the EU: in a modern view it is not a question of government, but of governing, where governing stands for activities. The logical deduction is that projectification becomes an issue also for political scientists⁵. As shown before, the same or similar conclusions have been made by many researchers. Thus we can conclude that there is already enough evidence, but also a need for further research.

⁵ Claiming that he refers to cited before article by Sjöblom and Godenhjelm (2009).

To sum up with the projectification on macro-level, it is worthy of mentioning that the distinguishing between the levels is somehow artificial because the levels are actually tightly linked. This is mainly because the macro-level is serving as a context for micro-level actors. As generally known, the macro-level is influencing the actors on micro-level through policies which form the environment. At the time, the micro-level is (and increasingly) influencing the macro-level. This 'reverse' influence is occurring mainly through (policy) networks, which have a wide variety of different forms, including public-private partnerships (or private takings). Spreading of such hybrid governance structures has significantly empowered the SME sector, as well as the voluntary (NGO) sector and just people.

A befitting way for moving from macro- (societal) to micro- (organisational) level is to point out the importance of new (temporary) organisational forms, as pointed out by Asheim and Mariussen (2003):

- firms, industries, and clusters who know how to use temporary organisations (esp. projects) for new knowledge generation and utilization are able to access, transform, and exploit knowledge better and faster than those who do not;
- successful use of temporary organizations (projects) depends on the knowledge base of firms, industries, and clusters, also (more importantly) on institutional context (business system), spatial system, and development coalitions within which projects and project ecologies are embedded;
- temporary organizations (projects) are used in increasingly new ways across different industries and clusters, as they become more deeply integrated into the learning processes, transforming the way business systems and their innovation systems operate.

As seen, they stress on factors like the generation and utilization of knowledge and organisational learning, which are universal for firms, industries, clusters and other kinds of networks – business and spatial systems, development coalitions etc. This is also an explanation, why to treat networks, which are based on stronger ties, in line with organisations (i.e. hierarchies).

Ekstedt (2011) has proposed a suitable division of environments of projectification and three models of project organisations:

- 1) **Project Based Organisations** (PBOs), where the revenue is directly based on project activities and projects are the 'line' (examples: consulting, management, design, law, advertising, architecture, culture, fashion, film, publishing, IT, multimedia, construction, telecommunications, infrastructure);
- 2) **Project Supported Organisations** (PSOs), where project activities (in i.e. R&D, marketing, design etc.) support core activities (production, marketing etc.) to cope with innovation-based competition (examples: automobile, biotech, etc.);
- 3) **Network-Based Projects** (NBP), where the projects are inter-organisational, formed in the network or cluster environment (due to the proximity or to promote the cluster itself) by traditional PBOs and PSOs (examples: TV production networks, construction, etc.).

Ekstedt (*Ibid.*) accented that there are no absolute borders between these categories, but they have different characteristics and are most common in different contexts. He has also designated a place for self-employed persons, working with projects by themselves or in connection to projects in one of the three models. In my opinion, this alludes to connections between the levels of projectification and the flexibility or turbidity of various organisational and institutional borders.

As organisational projectification is supposed to cause changes in organisational and governance structure, the ‘projectified’ organisations should be somehow different from “normal” organisations. These changes have been observed by many scholars, starting from seminal article of Midler (1995). These changes have been summarised by Gareis (2006) as the characteristics of project-oriented organisations as follows:

- Management by projects is an explicit organizational strategy.
- Projects and programmes are used as temporary organisations.
- Networks of projects, chains of projects and project portfolios are object of consideration for the management.
- Project management, programme management, and project portfolio management are specific business processes.
- Know-how provision and assurance takes place in expert pools.
- Project management competence is ensured by a project management office and a project portfolio group.
- A new management paradigm is applied, characterized by teamwork, process orientation and empowerment.

Project-oriented organisations are characterized by projects and programmes (which is a natural precondition). It means that at any given time a number of projects or programmes can be started, performed, closed down, or stopped and this the way to create a state of balance, what will ensure the continuous development and survival of the organisation. The more varied are the projects (programmes) and their mutual relations the more complex will be the management of the organisation. (*Ibid.*)

As specified before, projectification on micro-level encompasses organisational and personal and (in most cases – see limitations stated before) the organisational level is serving as context for the personal level. As generally known, the main linkers of the two sublevels are Human Resource Management (HRM) and contracts of work.

Bredin and Söderlund (2006) studied the consequences of projectification on HRM and pointed out that previous research on HRM has not enough been guided by the consequences of projectification. For instance, questions like in what way must the HRM practices be adjusted and what role has HRM in the projectification of firms, are not yet properly answered. Analysing of the HRM practices in projectified firms they used four-perspective framework – competence, trust, change and individual. As each perspective was theoretically built on different views and ideas of the firm, the framework probably contributed to the understanding of the various roles and responsibilities of HRM in projectified firms. (*Ibid.*) Their most interesting results (in my opinion) are related to the trust perspective and the individual perspective.

Bredin and Söderlund (2006) highlighted the importance of building swift trust in project operations, including in recruiting consultants and temporary (knowledge) workers; also emphasised the need for ‘boundary-spanning’ HRM practices. They argued that in traditional HRM this particular role has been underemphasised, primarily because it has been directed by a narrow definition of the ‘employment contract’. Many ‘external’ people carried out the key management duties in the projects, but were not part of the organisation’s traditional HRM. In my opinion, this was quite an expected result, as the critical role of trust is generally recognised in the network literature and the described situation may be seen as the occurrence of networking. Concerning the individual perspective, they (*Ibid.*) noticed that although the observed firms stated that they are people-centred, people matters seemed to be very low on the management agenda.

The problems of work contracts (or employment relations) have been quite properly explored by Ekstedt (2002). According to him, there are two major tendencies up to now – increasing use of project-organised economic activities (in the long run) and expansion of temporary (non-permanent) employment (in the short run); both have an impact on the contractual relations of working life. He also stresses that there is no simple relation between project organisation and temporary (project) employment – many persons (like most consultants, construction workers in Nordic countries) have a permanent job in project-organised activity. For structuring of the possible relations he combines forms of organising (flow-process versus project operations) and forms of employment (permanent versus temporary), as presented in Table 1.

Table 1. The relationship between organisational form of economic activities and the time-contract between the organisation and the individual

	<i>Permanent Employment</i>	<i>Temporary Employment</i>
Flow-Process Operations	<p>A. Industrial Organisations - Traditional industrial companies, call centres, component producers and public services. Characterised by: line production, multi-level managerial decisions, stationary real capital, bureaucracy. Strong PO and weak TOs</p>	<p>B. Non-permanent activity - Individuals on temporary assignment in A or C. - Temporary agencies which lease out staff to client companies: e.g. office/-specialist service. Characterised by: PO with broker function</p>
Projectised Operations	<p>C. Project-based organisations - Commissioned companies; IT, technical, management consultant firms and subcontractors. Characterised by: Recurring projects operations. Weak PO and strong TOs - Contractors hosting and creating projects; Construction-, ICT and entertainment companies. Characterised by: Small PO with strategic functions, harbouring project teams for development and production</p>	<p>D. Self-employed professionals - Individuals who are selling their services to A and C, or who create projects (‘free agents’): e.g. freelance writers / journalists / artists / craftsmen, consultants, construction workers. Characterised by: Absence of PO</p>

Source: Ekstedt 2002. **PO** - Permanent organisations, **TO** - Temporary Organisations

Generalising the sketch Ekstedt (2002) noted that the organisational changes follow some distinct patterns. On the first place he placed the increasing use of project-organised activities and the growing number of people working in quadrant C, also an evident trend of shifting from A to B. Also, quadrant D seems to be expanding. He also underlined that the permanent organisations will not disappear, as there will always be a need for long-lasting structures, because they can provide the strategic infrastructure and ensure the knowledge development and transfer (Ekstedt *et al.* 1999). Another apologia for permanent (or traditional industrial) organisations is the fact that there is still a lot of standardised production, what should be permanently organised. Permanent organisations are also needed to host temporary organisations and thus, the main challenge for the managers is to cope with the division of roles between the permanent and the temporary. (Ekstedt 2002)

The personal (or individual) level of projectification has got very little attention in academic literature, but there is something to find. For instance, Packendorff (2002) has examined the project work from an individual perspective and claimed that the development toward projectisation has important consequences for work and life – more and more people work in different project organisations, and even more people are involved in projects as a part of their otherwise routine work. In his research he used two analytical dimensions: 1) to what degree the individual’s work is tied to the temporary (project) or the permanent organisational context; 2) to what degree the project work is routine or exception to the individual. On these two dimensions, he identifies a typology of project work, as presented on Figure 2.

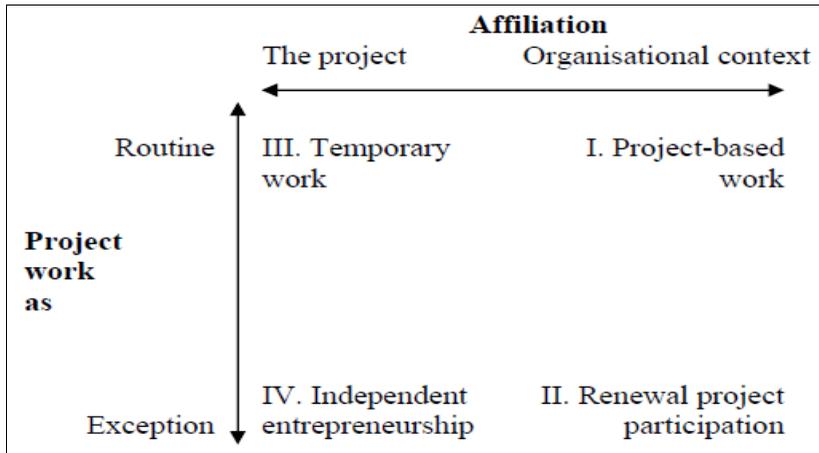


Figure 2. A typology of project work situations (Packendorff 2002).

The essence of quadrants I, II and III should be understandable – in affiliation the organisational means work in permanent and the project in temporary organisations; project work as routine means that it is total or at least dominating and exception that at times a person is involved into projects in (also in between) organisations.

Perhaps clarification is useful according to quadrant IV – independent entrepreneurs. Packendorff (2002) noted that they are often working as consultants for customer firms, but can also be specialists or artists who do temporary work for others on a self-employment basis. This group of individuals is also discerned by Ekstedt (2002) as presented in Table 1, but (in my opinion) this is disputable. Here is easier to agree with Ekstedt (2002) who speaks about self-employed persons, but not so easy with Packendorff who speaks about (independent) entrepreneurs. This is because the self-employment is (sometimes) considered to be something between employment and ‘real’ entrepreneurship. The only essential difference between self-employment and entrepreneurship is that self-employed persons do not have employees and thus they do the entire job themselves (but they can use subcontractors, if this is not prohibited by agreements with their main contractors), but the ‘real’ entrepreneurs are usually supposed to have employees. But yet, it seems that Packendorff (2002) and Ekstedt (2002) are speaking about the same issue, using different expressions. This is correct in respect of the way of involvement of some persons, but it should be distinguished from other relations in respect of the type of contract or relations. The point is that work contracts represent hierarchies, but self-employed persons and entrepreneurs are related to their customers via market-type relations.

The most significant contribution of Packendorff (2002) is probably the identifying of the specific features of life in the temporary (or projectified) society from an individual perspective. First, he points out increasing de-coupling of the individual from her context – both work and life in general will be episodic with an increasing lack of permanent structures, organisations, core families, bases for social identity construction etc. Second, the temporary society will be more open, less predictable, and thus more risky to live in. Third, the remaining permanent structures in society will require even more co-construction by individuals and organisations in order to survive. The people still want organisations, families, old friends – all which make life somewhat habitual, not only changing.

In my opinion, the last (third) concluding point of Packendorff (2002) is something that will perfectly generalise the overall issue of projectification on all three levels. It may be somehow paradoxical, but his most interesting and most important point is the need for “defence of permanence”. He (*Ibid.*) elicited that organisations of today are not always supportive (i.e. do not defend permanence) when designing working conditions for individuals. But, if they (the permanent organisations) do not want to become temporary phenomena themselves, they should be. This is clearly indicating the interconnection of personal and organisational levels and (in my opinion) it is possible to generalise this approach to the societal level. It means that in order to support the projectification on the organisational level, the society has to care about the development of permanent institutions, acting as a counterbalance to increasing projectification on organisational level.

For ending here, I would like to stress that the society as whole can not to become a temporary phenomenon, but the society is based on different institutions and most of its institutions may be affected by the increasing temporalisation.

3. Projectization and Projectification of Organisations and Societies

Estimation of the extent of projectification (or project orientation) is not an easy task because it is not reflected in statistics and has not been studied much. The existing research on projectification is almost entirely focused on particular firms – such as the examination of Renault’s situation by Midler (1995), cited above. The reason for this is understandable – as the most important matter is not the extent of organising work through projects, but the resulted organisational changes, there is a clear need for (mostly) a qualitative approach, based on particular case(s). At the same time, it should be recognised that an obvious precondition for projectification is the certain extent of organising work through projects – i.e. projectization. This is a (more) quantitative phenomenon and thus it allows to make comparative analyses across organisations, regions, countries etc., and to express trends over time.

According to Ekstedt *et al.* (2005), projectization is a typical trend for neo-industrial organisations. It has had several reasons, which could be divided between supply (production) and the demand side of the economy. In other words, there are push and pull effects, which can operate simultaneously. In modern society projectization has a visible role in many significant developments, including in the labour market.

Söderlund (2005) has pointed out two reasons why temporary forms of organising have emerged in many firms and industries: 1) the ‘growth industries’ (such as IT, management and technology consulting, entertainment, media, advertising etc.) largely organise activities (both development and production) in projects; 2) mature industries (such as automotive, telecommunication, electric equipment etc.) organise their activities to an ever greater extent in projects. The fundamental reason behind that is the shortening of product life cycles and overall increase in R&D spending, as well as an increasing amount of complex systems and products.

Ekstedt (2009) has elicited that projectification⁶ is related to several developments in economy and society. The most important is the ‘servicefication’ of the economy. Its influence on projectification consists in the fact that an increase in service activities leads to the use of more temporary solutions (i.e. projects) in organisations. These structural changes have obviously influenced the behaviour of micro-level units, but the general trend is that the use of project solutions in companies is becoming more common. In large companies, an increasing part of activities is transformed into projects and some small companies also change their way of organising work.

As mentioned above, projectization is a more quantitative phenomenon and thus it should be easier to analyse. As demonstrated by the references cited, the essence of projectization has been approached qualitatively, but not so much quantitatively. It means that the share of economic activities that are carried out by projects still needs clarification.

⁶ Increase of service activities is actually projectization, leading to projectification – changes in organisations, consisting in the use of more temporary solutions (i.e. projects).

An attempt to estimate the total share of project activities in world economy has been made by Turner *et al.* (2008). Considering the share of new capital formation (i.e. infrastructure projects) and the share of projects in the SME sector they claimed that about (or even more than) one third of the world economy is done via projects.

The first item – the share of new capital formation – represents large infrastructure projects. This has been used as a measure of projectization even before, probably because of available statistics. Turner *et al.* (2008) rely on World Bank statistics on gross capital formation (% of GDP), presented in Table 2.

Table 2. Gross capital formation (% of GDP) in selected countries

Countries	2000	2001	2002	2003	2004	2005	2006	2007	2008	AV*
Estonia	28.4	27.9	32.3	33.1	33.1	33.8	38.7	40.2	29.7	33.0
Latvia	23.7	26.6	26.7	28.8	33.0	34.4	39.7	40.4	32.3	31.7
Lithuania	18.9	19.3	20.7	21.9	22.7	23.9	26.3	30.9	27.0	23.5
Finland	20.9	20.5	19.2	19.4	20.0	21.9	21.3	22.9	22.3	20.9
<i>EU</i>	<i>21.3</i>	<i>20.4</i>	<i>19.5</i>	<i>19.4</i>	<i>19.7</i>	<i>19.9</i>	<i>20.7</i>	<i>21.4</i>	<i>20.8</i>	20.3
China	35.1	36.3	37.9	41.2	43.3	42.1	43.0	41.7	44.0	40.5
Russia	18.7	21.9	20.1	20.9	20.9	20.1	21.2	24.2	25.4	21.5
US	20.6	19.0	18.4	18.3	19.3	19.9	20.1	19.0	17.4	19.1
World	22.3	21.3	20.6	20.7	21.5	21.9	22.4	22.4	21.9	21.7

Source: World Bank database.

* Average 2000-2008

As seen above, the share of capital formation in GDP is usually higher in developing countries. It means that developing countries are more projectised, which is quite logical. A vivid example is certainly China where more than 40 per cent of GDP is dedicated to new capital formation. It is notable that among these countries Estonia holds the second place and Latvia the third place. It is also remarkable that the USA is in the last and the EU in the next to last position, both below the world average.

The second item – the share of projects in SMEs – considers the relative importance of SMEs in the economy and a research result – the fact that 25 per cent of the turnover of SMEs consists in new and improved products. Multiplying their share in economy by the share of their turnover of new and improved products Turner *et al.* (2009) found that 14 per cent of the economy consists in innovation in SMEs.

Table 3. The share of projects in SMEs (in EU and in Estonia)

The share (%) of SMEs:	EU	Estonia
- in number of all companies	99.8%	99.6%
- in private sector employment	67.4%	78.6%
- in value added	57.9%	76.3%
- turnover by new and improved products	25.0%	24.9%*
- in economy by innovation in SMEs	14.5%	19.0%

Data: SBA Fact Sheet ESTONIA (2009); * Statistics Estonia (2008)

It is obvious that new and improved products result from development projects (i.e. innovation) in the past and therefore can be used as measures of projectization. Estimations in Table 3 use the model of Turner *et al.* (2008 and 2009) but with a little different (and more recent) data. For the EU the bottom line result (14.5 per cent in economy by innovation in SMEs) is slightly higher, but the difference is not considerable and explicable. For Estonia, this indicator is calculated using different source – the database of Statistics Estonia (2008)⁷. Surprisingly, there is almost no difference between the findings of Turner *et al.* (2009) and the data of Statistics Estonia (2008). On the basis of these two items is possible to estimate the overall projectization level for different countries, as presented in Table 4.

Table 4. Overall projectization levels of the EU and Estonia

The share (%) of project activities:	EU	Estonia	Est./EU
a) gross capital formation (% of GDP)	20%	33%	1.6
- SMEs in value added	58%	76%	1.3
- new/improved products in SMEs	25%	25%	
b) - in economy by innovation in SMEs	14%	19%	1.3
Overall projectization level (a + b)	35%	52%	1.5

These estimations confirm that the share of project activities accounts for more than one third of the EU economy and more than a half of the Estonian economy. So the EU level is slightly over the world average, but Estonia is probably among the leaders⁸ in the world.

Recalling the classification of environments of projectification (or three models of project organisations) by Ekstedt (2011) it is evident that the first item (a) is related to project-based and the second item (b) to project-supported organisations (or activities). The overall picture is presented on Figure 3.

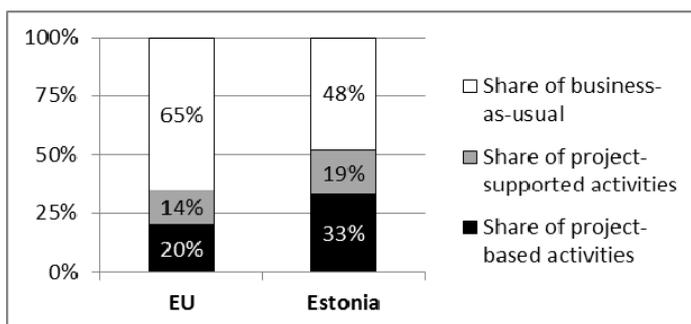


Figure 3. The shares of causes of projectization for the EU and Estonia.

⁷ Indicator RDI613: “Turnover of product innovators by ... number of persons employed”

⁸ The world leader is possibly China where the share of capital formation in GDP is solely more than 40 per cent

The situation depicted (see Table 4 and Figure 3) may raise an obvious question – is it plausible? Because the overall index is a sum of two items, it is worthwhile to discuss the items one by one.

The first item – the share of project-based activities – has been accounted simply, by the share of gross capital formation in GDP. This is based on common statistics and by using the same source information (World Bank data) with almost guaranteed reliability and comparability. So the remaining questionable aspect is its relevance – is the share of gross capital formation in GDP related to the level of projectization? As the gross capital formation includes all (private and public) investments in fixed assets, changes in inventories, and net acquisitions of valuables, it is possible to claim out that the activities behind it are primarily, but perhaps not entirely project-based. It means that there may be some ‘noise’ and the real share of project-based activities may be smaller. Comparing the situation across countries (see Table 2), including collating the EU and Estonia (see Table 4 and Figure 3) there is probably no reason to speculate that the ‘noise factor’ for one particular country (or region) would be larger or smaller than for the others. This means that the absolute share or project-based activities may be a little doubtful, but the comparison across countries or regions can be taken seriously. According to Table 4 and Figure 3, the share of project-based activities in Estonia is about 1.6 times higher than in the EU, and this fact is quite credible.

The second item – the share of project-supported activities – has been accounted in a more sophisticated way, using statistics (the share of SMEs in value added or GDP) and research results (the share of new / improved products in the turnover of SMEs). Also here the reliability and comparability of statistics is almost beyond doubt and so the remaining questionable aspects are: 1) the quality of research results used and 2) the relevance of the calculated indicator itself. Concerning the first aspect, the amazing concurrence in the findings of Turner *et al.* (2009) and the data of Statistics Estonia (2008) (see Table 3) should be pointed out. Of course, a concurrence of the results of two studies⁹ is not enough to make broader generalizations. Thus, further research – possibly comparative across countries and later, over time – is needed. Concerning the second aspect, there are also a few questions that need to further clarification. For instance, the proportions of durations of product development (i.e. projects) and their after-effects (i.e. the life cycles of new/improved products). It is generally known that the life cycles of products (services) are shortening, but there is less (comparable) evidence about the durations of development projects.

Considering the aforementioned circumstances, the conclusion is similar: even there may be some doubt about the absolute share or project-supported activities, the comparison of countries, including the EU and Estonia, can be taken more seriously. So we must realise that in Estonia the share of project-supported activities is 1.3 times and the overall projectization level nearly 1.5 times higher than in the EU.

⁹ The researches concern two EU member countries – Estonia (Statistics Estonia 2008) and Ireland (Turner at all 2009), but the limited sample is good because the first country is new and the second country is an old member of EU.

4. Conclusion and Policy Implications

For conclusion, it should be emphasised that projectization and projectification (or temporalisation) are objective developments, caused by several other developments in contemporary society – such as the ‘servicefication’ of economy. The carried out examination of projectification shows tight interconnections between the discerned levels – societal, organisational and personal projectification. Finally, a somehow paradoxical issue should be pointed out – the need for “defence of permanence” in order to support the projectification and/or to cope with it. This is briefly the basis, used to outline the recommendations for the design of policies and strategies.

On societal level, the main concern should be the development of permanency, i.e. permanent institutions, acting as a ‘counterbalance’ to increasing projectification on organisational, as well as on personal levels. One of such institutions might be the ‘classical’ marriage, which was clearly dominating a century ago, but during the past century was more and more replaced by cohabitation or unregistered (or common-law) marriage. Obviously, this refers to the interconnections between personal and societal levels and is (almost) discarding the organisational level.

Another important topic is the public funding. It is generally known that during the last decades, the balance in public funding has been significantly shifted – the share of permanent financing (budget allocations to permanent organisations and activities) has decreased and the share of temporary (project-based) financing has increased. This has concerned several fields of activities, including culture, social work, as well as scientific research and (regional) development. As described in Section 2, this has caused massive projectification of these fields, including public administration. The most serious antagonism is probably in the last field, because public administration should be permanent by its nature. Hereby I would like to underline that temporary (project-based) financing is not bad in general – it has certain positive consequences, which have been proved, but the permanent activities and organisations are also still necessary and these must be financed by sufficient permanent budget allocations. Otherwise, we shall steadily have big numbers of pseudo-projects, used to finance permanent (or long-term) activities with temporary (or short-term) sources. In my opinion, this will negatively affect the sustainability of still necessary permanent organisations and certainly not support the “defence of permanence”. In other words, this is the question of a good balance of permanency and temporality in society, having also influence on the organisational, as well as the personal levels.

An issue I need to stress on the societal level is the necessity of general development of project management. Considering the overall projectization levels (see Section 3) it is possible to state that all governments should give much more credit to project management. In other words, there is a need for suitable policies and this claim is valid for most governments, including the EU – but especially for more projectified countries, including Estonia. Because most organisations today need more qualified project management personnel, such policies will influence the organisational level, as well as the personal level, providing better employment and salary opportunities.

On organisational level, the most all-embracing subtopic is probably the generation and utilization of knowledge and organisational learning. As stated in Section 2, this is actually universal for different organisations and also networks – development coalitions, including business and spatial systems. So this is once again showing tight interconnections between the levels and a reason to treat networks seriously.

When projectification is penetrating deeper on the societal level or (in other words) in the (business) environment of organisations, an organisation is probably not able to move against the stream. It means that organisations should align their strategies according to the stream of projectification and try to benefit from that. The existing (and generalised) empirical experience is showing that it will lead to the application of a new management paradigm, which embraces the empowerment of temporary organisations (or teamwork), process orientation and other approved innovations in management and governance of organisations. And here is also a place to remember the “defence of permanence”. In organisational context it means a good balance of permanent and temporary structures within an organisation, and/or within a network on stronger ties (like a supply chain network). Finally, I would like to remind that strategies on the organisational will cause influences on societal and personal levels. The best example here is the Human Resource Management (HRM), where the need for ‘boundary-spanning’ HRM strategies should be pointed out.

On personal level, the most important topic is the work relations, impersonated by work contracts. As one party of a work contract is usually an organisation, it is also belonging to organisational level, but as an employee is usually the ‘weaker party’, it is more useful to propound it here. It is obvious that there is an increasing need for more temporary and changing and thus, more flexible work relations. At the time we must not forget that their personal lives of (most) people are (and probably remain to be) more long-term oriented. It means that if society is ready and willing to enable more flexibility in work relations and work contracts (which is probably the interest of the employers, i.e. organisations), there must be a counterbalance – additional social securities for the employees, what will increase their stability.

In my opinion, it is not possible to propose something universal for the personal strategy of an individual. People are different and a suitable strategy will mainly depend on the fact, if he/she is a ‘project man/woman’ or if he/she prefers more permanent work. Project work is often described as fascinating, innovative, creative etc. and permanent work as tiresome, boring, routine etc. Even the share of project work is increasing, the routine work will obviously not disappear and there will be a definite amount of routine work and positions in future as well. In my opinion, very few people are pure ‘project men/women’, nor interested only in permanent work. Most people are a combination of ‘project man/woman’ and ‘permanent worker’ and are ready to adapt to the situation on the labour market. It means that also on the personal level, the main question is about a suitable balance between temporary and permanent, but on this level it also includes the personal lives of people.

Finally, I would like to point out something that is characteristic on all levels – the balance between the temporary and the permanent.

References

1. **Andersson, K.** (2009) Orchestrating Regional Development Through Projects: The 'Innovation Paradox' in Rural Finland // *Journal of Environmental Policy & Planning*, Vol. 11, No 3, pp 187-201
2. **Arto, K., Kujala, J.** (2008) Project business as a research field. // *International Journal of Managing Projects in Business* Vol. 1, No 4, pp 469-497
3. **Asheim, B. T., Mariussen, Å.** (2003) Introduction – Why study temporary organizations? // *Innovations, Regions and Projects: Studies in new forms of knowledge governance*. Edited by B. T. Asheim and Å. Mariussen. Stockholm
4. **Brandenburger, A., Nalebuff, B.** (1996) *Co-opetition*. New York: Doubleday.
5. **Bredin, K.** (2006) *Human Resource Management in Project-Based Organisations: Challenges and Changes*. Linköpings Universitet, Thesis No. FiF-a 89
6. **Bredin, K., Söderlund, J.** (2006) Perspectives on Human Resource Management: an explorative study of the consequences of projectification in four firms. // *Int. J. Human Resources Development and Management*, Vol. 6, No. 1, pp 92-113
7. **Dornisch, D.** (2002) The Evolution of Post-Socialist Projects: Trajectory Shift and Transitional Capacity in a Polish Region. // *Regional Studies*, Vol. 36, No. 3, pp 307-321
8. **Ekstedt, E.** (2002) Contracts of work in a project-based economy // *Beyond Project Management: New Perspectives on the Temporary-Permanent Dilemma*. Ed by K. Sahlin-Andersson & A. Söderholm Malmö, Liber, pp 59-80
9. **Ekstedt, E.** (2009) A New Division of Labour: The “projectification” of working and industrial life // *Building Anticipation of Restructuring in Europe*. Edited by M.-A. Moreau, S. Negrelli, P. Pochet. Bruxelles: Peter Lang, pp. 31–54.
10. **Ekstedt, E.** (2011) Projectification in a Historical setting. Presentation at seminar “Projects and temporary organizations from an interdisciplinary perspective” in Helsinki, January 13-14.
11. **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
12. **Foss, N. J.** (1997) *The Boundary School*. Working Paper 97-5, Department of Industrial Economics and Strategy, Copenhagen Business School, Denmark.
13. **Gareis, R.** (1989) Management by project: the management approach for the future // *International Journal of Project Management*, Vol. 7, No. 4, pp 243-249
14. **Gareis, R.** (2002) *Management in the Project-oriented Society*. WU-Jahrestagung "Forschung für Wirtschaft und Gesellschaft" [<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. **Gareis, R.** (2006) *Project Management: A Business Process of the Project-Oriented Company* // *Global Project Management Handbook: Planning, Organizing, and Controlling International Projects*. 2nd Edition. Ed. by D. Cleland & R. Gareis. McGraw-Hill
17. **Grabher, G.** (2004) Learning in Projects, Remembering in Networks?: Communitarity, Sociality, and Connectivity in Project Ecologies // *European Urban and Regional Studies* Vol. 11, No 2, pp 103-123

18. **Jensen, C.** (2009) Projects as Policy Tools in Implementing Metropolitan Policy – a Case from Sweden. EURODIV paper 59.2009 [www.susdiv.org/ 19.01.11]
19. **Kovach, I., Kucherova, E.** (2006) The Project Class in Central Europe: The Czech and Hungarian Cases // *Sociologia Ruralis*, Vol. 46, No. 1, pp 3-21
20. **Kovach, I., Kucherova, E.** (2009) The Social Context of Project Proliferation – The Rise of a Project Class // *Journal of Environmental Policy & Planning*, Vol. 11, No. 3, pp 203-221
21. **Lundin, R.** (2011) Guest Editorial by the winner of the IPMA Research Achievement Award 2010 “On trends and the future of project management research and profession”. *International Journal of Project Management*, in press
22. **Maylor, H., Brady, T., Cooke-Davies, T., Hodgson, D.** (2006) From projectification to programmification. // *International Journal of Project Management*, Vol. 24, No 8, pp 663–674
23. **Midler, C.** (1995) Projectification of the Firm: the Renault Case // *Scandinavian Journal of Management*, Vol. 11, No 4, pp 363-375
24. **Mike, K.** (2007) A Logic of Bureaucratisation in the European Union: the ‘Projectification’ of Development Policy. First World Meeting of Public Choice Societies, Amsterdam (March 2007)
25. **Müller, R.** (2009) *Project Governance*. Gower, England
26. **O’Toole, L. (Jr.)** (1997) Treating Networks Seriously: Practical and Research-Based Agendas in Public Administration // *Public Administration Review*, Vol. 57, No. 1, pp 45-52
27. **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
28. SBA Fact Sheet ESTONIA (2009) European Commission. Enterprise and Industry
29. **Sjöblom, S., Godenhjelm, S.** (2009) Project Proliferation and Governance – Implications for Environmental Management // *Journal of Environmental Policy & Planning*, Vol. 11, No 3, pp 169-185
30. Statistics Estonia (2008) Statistical e-Database [http://pub.stat.ee/ - 08.03.2011]
31. **Söderlund, J.** (2005) Developing project competence: empirical regularities in competitive project operations // *International Journal of Innovation Management*, Vol. 9, No. 4, pp 451–480
32. **Thorelli, H. B.** (1986) Networks: Between markets and hierarchies // *Strategic Management Journal*, Vol. 7, Issue 1, pp 37-51
33. **Turner, J. R., Bredillet, C., Anbari, F.** (2008) The Nine Schools of Project Management. Presentation at Special EDEN Doctoral Seminar, Lille, August 18-22.
34. **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
35. **Veenswijk, M., Berendse, M.** (2008) Constructing new working practices through project narratives // *International Journal of Project Organisation and Management*, Vol. 1, No. 1, pp 65-85
36. World Bank database [http://data.worldbank.org/ - 08.03.2011]