

Chapter 43

Alignment of Project Management with Business Strategy

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ABSTRACT

Project management is the use of different techniques to deliver project with meeting required objectives within defined constraints. Corporate strategy is plan by which organizations aspire to achieve organizational business goals. In recent times, project management is also used to achieve organizational goals by aligning project management with business strategy of an organization. This research is carried to explore the effects of aligning project management with business strategy on projects and organizations. Case studies were carried out in three organizations; one from public sector; one from private and one from semi-government organization. Results of this research revealed that alignment of business strategy with project management is beneficial for both organization and projects especially in terms of organizational growth and project success.

INTRODUCTION

Project management is a specialized form of management science. Project management, in some form, exists since the start of world. Modern project management is considered to be started in 1950's (Kwak, Carayannis, & Anbari, 2003). Bechtel & Stephen (1989) stated that Bechtel used word project management for the first time in early 1950's but the role of project manager was not like operating in organizations as of today rather it was someone who is leading an autonomous team in remote areas. Cleland & Gareis (2006) further stated that 1950's is commonly considered as the time when project management appeared as a specialized field in management science. During 60s and 70s, increasing interest of scholars was observed in the field of project management and different management theories were applied to project management (Morris, 1994). After 70s, project management was headed towards standardization and usage of different tolls was increased. More efforts were made to defines approaches

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for project management during 80s and 90s Stretton (2007). Computer based tools were introduced for planning and scheduling with the advancement in IT sector during 80s and 90s (Kwak, Carayannis, & Anbari, 2003). Definition of project management is being evolved after passing through different phases, different definition were produced by scholars in different times. Oisen (1971) defined project management as “the application of a collection of tools and techniques (such as CPM and matrix organization) to direct the use of diverse resources toward the accomplishment of a unique, complex, one-time task within time, cost and quality constraints” (p. 16). Reiss (1993) defined project as an activity performed to achieve a specific objective or goal within specified timelines and defined project management as a mixture of planning & management of project and change management. Burke (1993) defined project management as the responsibility for planning and controlling projects. Lock (1994) defined project management as the combination of planning, coordination and controlling of complicated and divergent activities involved in different commercial projects. British Standard for project management defined project Management in 1996 as “the planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the project objectives on time and to the specified cost, quality and performance” (British Standard in Project Management 6079, 1996). Project management institute defines project management as “Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements” (PMBOK, 2013). It has been observed that due to vigorous attitude of business, the field of project management is continuously developing in recent years (Rozenes, 2013). While on the other hand, strategy of an organization is technique to move an organization towards achieving goals defined in mission or vision of an organization. Use of word strategy can be traced till the times of ancient Greeks, it was used by army and meant act of General (Ritson, 2013). Strategy in business terms has been defined by many scholars. Chandler (1962) defined organizational business strategy as “The determination of the basic-long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (p. 13). Andrews (1971) presented a definition for corporate strategy; he further added that in the corporate strategy of an organization, it should be clear that what kind of business an organization want to take. “The pattern of objectives, purposes, or goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be” (p. 28). Hofer & Schendel (1979) described organizational business strategy as the interface direction between organization and environment. Quinn (1980) has defined business strategy as an alignment of of organizational strategic goals, policies and implementation processes with each other and allocation of organizational resources for obtaining business objectives of an organization. Porter (1991) stated that organizational business strategy is set of rules and procedures that are defined to lead organization to a better and stable performance. Richardson (2008) defined business strategy as the planning to achieve success “A strategy is a detailed plan for achieving success – the bundle of decisions and activities that we select to achieve our long-term goals – our path” (p. 1). Ritson (2013) defined business strategy as preparing plans for organizational growth “Strategy nowadays is ‘big stuff’ – the top levels of the organization are generally involved in preparing plans for future – for finance, growth by acquisitions, innovation in products, developing new markets and increasing internal efficiency. The recent rise of Apply is due to a combination of these factors” (p. 8), Similarly Ritson (2013) defined strategic management as “Strategic management is the organized development of the resources of the functional areas: financial, manufacturing, marketing, technological, manpower etc., in the pursuit of its objectives. It is the use of all entity’s resources” (p. 16). Alignment of project management with business strategy is important for organization as it is established from many researches that

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