

December 2003

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Recommended Citation

Mahaney, Robert and Greer, Bertie, "Business Value of Project Management Professional Certification for IS Project Managers" (2003). *AMCIS 2003 Proceedings*. 189.
<http://aisel.aisnet.org/amcis2003/189>

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BUSINESS VALUE OF PROJECT MANAGEMENT PROFESSIONAL CERTIFICATION FOR IS PROJECT MANAGERS

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Abstract

Information systems (IS) departments are organizing more of their work into projects. Thus, the project management profession is growing and project managers are becoming more and more important to their success. The Project Management Institute (PMI) offers certification of project managers. The Project Management Professional (PMP) certification, first offered in 1984, has gained a positive reputation among project managers as well as with HR managers and recruiters. The organizational benefits associated with PMP certification is untested. This paper attempts to understand the business value of PMP certification. The two central research questions are, "What is the value to an organization of PMP certification for its IS project managers?" and "What motivates a project manager to pursue PMP certification?" The authors conducted fourteen structured interviews of IS project managers on their views of PMP certification. Analysis of the transcripts indicated there are several reasons businesses should encourage their project managers to pursue PMP certification, but many of the benefits are not easily quantifiable.

Introduction

Project teams have become an essential element for information systems (IS) departments. IS departments rely on project teams to develop new systems and to implement new technologies (Martinez 1994). As a result, the role of the project manager is increasingly important (Stewart 1995). More and more companies rely on skilled project managers to meet schedules, budgets, and quality goals (Davies 1994). 'Project Manager' has become a recognized job title within the IS field.

Project managers enjoy a strong and growing profession (Posner 1987). Since its founding in 1969, Project Management Institute (www.pmi.org) has grown to become the leading professional organization for project managers. With over 100,000 members worldwide in 2003, nonprofit PMI is the leading professional association in the area of project management. PMI establishes project management standards, provides seminars, educational programs and professional certification that more and more organizations desire for their project leaders.

Project management is the application of knowledge, tools, and techniques to a broad range of activities in order to meet the requirements of a particular project (Duncan 1996). Project management helps organizations meet their customers' needs by standardizing routine tasks and reducing the number of tasks that could potentially be forgotten.

In 1984, PMI began a certification program in project management. PMI's Project Management Professional (PMP) credential is the project management profession's most globally recognized and respected certification. In 1999, PMI became the first organization in the world to have its certification program attain International Organization for Standardization (ISO) 9001 recognition. To obtain PMP certification, an individual must satisfy education and experience requirements, agree to and adhere to a code of professional conduct, and pass the PMP certification examination (Duncan, Frame and Jenett 1994). In 2003, there were over 50,000 PMPs who provided project management services in 120 countries.

Many corporations encourage their project managers to pursue PMP certification. They offer rewards for employees who successfully complete the PMP exam and incentives for those who are considering it. Project managers see certification as a way

to get ahead, to stand out, to earn higher salaries, or to improved their job security (Pierson, Frolick and Chen 2001). Corporations see certification as a means of achieving higher rates of project success. Some corporations strongly encourage project managers to become PMP certified; others actually require project managers to have the PMP credential for employment or for advancement within the corporation. However, passing the PMP exam is not easy. It is a difficult test, requiring many hours of studying. Thus, project managers need encouragement to pursue certification. Individuals will do so only if there is some value to them.

Background

Many professions certify their practitioners. Doctors, lawyers, engineers, teachers, nurses, accountants, pharmacists, actuaries, architects, beauticians, electricians, and welders must be licensed to work legally in the United States and other countries. Certification requires practitioners to demonstrate they possess a minimum body of knowledge. It may also require a pledge to follow an ethical code of conduct (Linderman and Schiano 2001). PMP certification serves this purpose (Duncan et al. 1994).

Company-subsidized training and certification for an organization's IS staff are not just perks (Gilhooly 2001). When implemented properly, they can be valuable tools for hiring and retaining IS professionals (Pierson et al. 2001). An IS department and a company's overall business performance can reap such benefits as increased productivity and improved information system performance (Earls 1998). Benefits of IS certification include greater knowledge and increased productivity; expertise and skill; improved support quality; reduced training costs; and higher morale and commitment (Ray and McCoy 2000). On the other hand, not providing employees with training could result in an IS staff that is poorly skilled and unmotivated which could lead to ongoing system disruptions (Brandon 2000).

Certification in the IS field is expensive (Graziano 1997) and can become out of date very quickly (Rothke 2000). Vendor-specific certification of specific technologies are only valuable as long as those technologies are in use. Examples of vendor-specific certification are Microsoft Certified Systems Engineer (MCSE), Certified NetWare Engineer (CNE) from Novell, and Cisco Certified Network Professional (CCNP). PMP certification is vendor-neutral. It requires documented work experience and professional development units. Thus, when compared to other IS certificates, PMP certification has much longer value (Brookshire 2000).

PMP certification is becoming more widely recognized in the IS field. But is it worth it? After all, the effort required to become certified is high. What are the benefits, both to the individual and to the organization? Are PMP certified project managers better? Are their projects more successful? Does a project management office (PMO) perform better if it is staffed by PMP certified project managers? A review of the literature found no studies that provided answers to these questions. Thus, this exploratory research attempts to address this gap. One of the central research question asked in this study is, "How beneficial is PMP certification to an organization?"

Considering the benefits of PMP certification, how can organizations motivate their project managers to pursue PMP certification? What incentives can be offered to make the process worthwhile? What will motivate project managers to undertake the PMP certification process? The second central research question asked in this study is, "What motivates a project manager to pursue PMP certification?" This study investigates these questions.

Not much has been written about this subject. A review of the literature uncovered no theoretical model that seemed to predict answers to these questions. Thus, this is exploratory research. It tries to define an underlying theory that may be tested by researchers.

Methodology

The authors sent a "call for volunteers" to all members of a PMI chapter located in a midwestern city in the USA. The authors also contacted businesses and asked for IS project managers to volunteer to participate in this study. Fourteen structured interviews were conducted by telephone. The conversations were tape recorded and transcribed. Two researchers content analyzed the transcripts for common themes (Kolbe and Burnett 1991).

The interviews averaged 47 minutes in duration. Twelve of the subjects were PMI members. Of the other two, one had been a member previously, but was not at the time of this study. Five of the subjects were female. The subjects had an average of 3.7 years of membership with PMI.

Analysis

Benefits of PMP Certification

Twelve of the subjects had passed the PMP certification exam. One other was planning to take the exam in the near future. The remaining project manager was not a member of PMI and did not seem interested in the PMP designation.

The subjects listed various reasons for pursuing PMP certification. The most common response was that more and more job advertisements list PMP certification as a requirement. One subject stated, “Companies are using PMP as a filter to filter out job applicants who are not certified. This reduces their pool of applicants and makes it easier for them to make a hiring decision.” Thus, IS project managers are pursuing PMP certification because of the conditions in the job market. A similar response was that PMP sets you apart from the crowd. One commented, “Having certification is the difference between the ‘haves’ and the wannabees.’ ”

Several subjects stated that having PMP certification allowed for a higher billable rate. According to one, “Our company's billable rate is based on comparison to the market. Because we have so many people who are PMP, our billable rate is a little higher. They find it easier to place you if you are certified.” Just as one might expect, this seemed to be truer for consultants and contractors than it was for direct employees.

According to the subjects, another benefit of PMP certification is that it provides a common language and standard terminology. Some of the terminology used is specific to the industry. Studying the Guide to the Project Management Body of Knowledge (PMBOK) gave projects managers a standard vocabulary. As one stated, “That is one of the things I found is of value in PMI or the PMBOK is coming to a common language. I think some of our toughest meetings as a group was coming to a common language and dialog. I think that is one of the benefits of PMI. People can have project management experience, but there is no common language. Not without PMI and the PMBOK. ”

Another common thought was that passing the PMP exam simply confirmed what the subject already knew. Many believed they knew the material fairly well prior to studying for the exam. Passing the exam certified their knowledge as well as bringing some of the material into better focus for them. One subject stated, “I think it did affirm some of the stuff that I had already known. But I also think it made me better. It made me look at what all of the processes are and made me think about what the processes were.” Another stated, “I learned a few things. I think it filled in some gaps in my knowledge of what project managers ought to know.” Still another commented, “I think it certifies the skills I already had. I don't think passing this exam made me a better project manager. I would say it is a validation of what you have already learned.”

One subject stated that passing the PMP certification exam provided positive affirmation of his abilities. He said it gave him confidence in his skills. According to this subject, “When you get fired it affects you personally and you begin to question your own abilities. It had been a while since I had been in school. So I thought I need something to make myself more valuable. That was one reason for pursuing PMP Certification.”

Two subjects stated that they enjoyed the challenge and the sense of accomplishment. One stated, “I took the initiative upon myself. I use certification as a form of continuing education. I always have a busy work and travel schedule and I do not have time to take classes.”

Motivation to Pursue PMP Certification

The subjects commented on the reasons they pursued PMP certification. The most common response was that PMP certification made the job search easier. They believed PMP certification made them more marketable. According to one project manager, “I guess the main reason [I pursued PMP] was that I wanted certification so when I began my job search, I would be prepared. A lot of job posting list PMP Certification as a requirement.” Another stated, “It is mandatory especially in today's environment. We recently had some people laid off. Those who were not PMP certified have not found employment. Those who were laid off and were PMP certified, have found employment.” Another subjects commented, “The certification process I did because I thought it would open doors for me.”

Another motivating factor for this project managers was that they believed PMP certification would make them more valuable. One stated, "Having PMP certification is something that would be valuable to the employer and to the consulting company that I would be working with. They could say, 'Look, this guy is a certified project manager.' And I think that has value."

Project managers were motivated to earn PMP because it was required for thier job. One subject replied, "I, personally, and two other people in the project office were required to get our certification. This was a requirement of being part of the project office. And it just made sense. That is what we are supporting, it is what we do, we support project managers, and it just made sense for us to become PMP Certified. So, PMP was listed on our objectives for this year."

Another motivating factor was that they were encouraged by their employer or by co-workers. One subject commented, "In fact they not only encouraged their managers, they sent their managers to the class and paid for it, and paid for the testing, and paid for the membership in PMI."

A common motivator was that they enjoyed the challenge. They were motivated by the sense of accomplishment. One stated, "I would do it over again. I had a pretty good sense of accomplishment when it was over."

Others were motivated by positive recognition in their organizations. One subject commented, "Really what you ended up with was the peer recognition. [The company] listed it on our internal Website. They list who has passed the exam so that other individuals knew that you had passed." Another stated, "Our company has instituted a program where they provide a small bonus to employees who get certified in certain fields. PMP is one of those. Basically, you go through the process of getting your certification and you present your copy of the certificate to say, 'I received this.' and you get a financial bonus in your check. The amount of the bonus varies based on the specific certificate. It applies to technical certificates as well as professional. I think it is somewhere in the \$500 range for PMP Certification."

Others were motivated by an internal desire to develop their skills. One stated, "The first factor was that I was moved into the position that I am in now. I am a project manager and I want to develop my skills in general. "

Findings

This research study attempted to answer two central questions. First, "What are the organizational benefits of PMP certification?" Second, "What motivates project managers to pursue PMP certification?" The business value of PMP certification includes several factors. Employees are more satisfied with their careers. The organization can charge a higher billable rate if its consultants are certified. There is a common language and a common vocabulary; everyone is speaking in the same terms. There may be less turnover, or at least lower turnover intention. In summary, a higher billable rate for project managers, a common language, more satisfied and more confident project managers, and more successful projects.

Project managers are motivated to pursue PMP certification for various reasons. They pursue PMP because of the job market. More and more job advertisements list PMP as a requirement or as desirable. They pursue PMP because they believe it will make them more valuable and because of requirements in thier jobs. They feel peer pressure and are encouraged by co-workers. They like the recognition they receive for the accomplishment and they like the challenge. In summary, the reasons they pursue PMP include, being more marketable, an easier job search, being more valuable, encouragement by co-workers, recognition, and enjoying the challenge.

Limitations

There are several limitations to this study. The sample size is somewhat limited. The authors interviewed fourteen IS project managers. More input is needed. At least twenty or 25 project managers should be interviewed in this type of study. Additionally, the subjects were not selected randomly from the population of IS project managers. They represent a convenience sample. The authors asked for volunteers of a local chapter of PMI. They also contacted business and asked for contact information of IS project managers. A more systematic approach for selecting project managers may yield different results.

This study is exploratory and lacks a theoretical framework. There is not a proven theoretical model used here. Because there was not theoretical model, this study does not test any relationships. It provides answers to two questions, but no model is tested.

Future Research

More interviews are needed. In fact, the authors have conducted an additional eleven interviews, but those transcripts have not yet been analyzed. The next step in this study is to analyze those transcripts and include those data in the above analysis.

A big step forward will be the identification or the development of a theoretical model that can be used to predict the answers to these research questions. Perhaps a survey instrument can be developed to collect data and test hypotheses. Relationships that could be tested include the following: “Is PMP certification positively correlated to project manager pay?” “Is PMP certification positively correlated to career advancement?” “Is PMP certification required for career advancement?” “To what extent do companies encourage or require PMP certification?” “Are PMP certified project managers better?” And, “Are their projects more successful?”

There may be gender issues related to motivation to pursue PMP certification. This study did not find any significant differences in the comments made by female project managers compared to the male project managers. Such differences may exist and a larger sample may uncover them.

Conclusions

Fourteen structured interviews of IS project managers found answers to two central research questions, “How beneficial is PMP certification to an organization?” and “What motivates a project manager to pursue PMP certification?” Content analysis of the transcripts revealed several benefits to organizations. They include, a higher billable rate for project managers, a common language, more satisfied and more confident project managers, and more successful projects. Factors that motivate project managers to pursue PMP certification include, being more marketable, an easier job search, being more valuable, encouragement by co-workers, recognition, and enjoying the challenge.

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