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The concept of value for owners and users of buildings -A literature study of value in different contexts

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Abstract

The concept of Value has been studied and developed in different contexts. There are numerous definitions of value depending on which context it has been studied in. Value management has been introduced to the construction projects, real estate and facility management business during the last decades. The long lasting life cycle of buildings and constant change in user's needs suggest that the concept of value and value management should be focused on users' as well as owners' needs in order to maximize the value creation and caption. An understanding of the concept of the value for users and owners of buildings will contribute to successful projects, sustainable buildings and greater value creation.

The objective of this paper is first, to draw a map of how value is defined in different contexts and second, to establish an understanding of the concept of value which can be related to value creation for users and owners of buildings. This paper is exploring the literature within the following contexts:

- Industrial economics and manufacturing
- Consumer economics and marketing
- Psychology and sociology
- Real Estate (RE) and Facility management (FM) business

The paper starts with providing an overview of theories and literature within the over mentioned contexts. Thereafter, the common ground in defining "value" in different contexts is discussed. The concept of value is then related to users and owners of buildings.

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1. Introduction

Value and value management have been discussed in management and marketing literature during the last decades (Zeithaml, 1988, Dodds et al., 1991, Holbrook, 1994&1999, Babin et al., 1994, Woodruff, 1997, Parasuraman, 1997, Kaufman 1998, Kelly et al. 2015, etc.). Different stakeholders try to define value from their own perspectives. The understanding of the concept of value has however not been thoroughly investigated in project management context. The long lasting life cycle of buildings and the constant change in users' needs suggests that the focus in defining value should be towards the users and the owners of the buildings. These stakeholders are nevertheless, the reasons why the building is built. Thereby, it is important to see how the conceptualization of value in different contexts can be linked to users and owners of the building. The main purpose of this paper is not to conduct an extensive review of the literature within the conceptualization of value. The paper intends to investigate the major research streams within conceptualization of value in different contexts in order to see if there is a "common ground" in defining what "Value" is. The findings are thereafter used to suggest what should be taken into consideration in early phase of the projects in order to maximize the value creation in a project.

The paper is a result of a literature review. The review has attempt to have a critical look into existing research streams that have tried to conceptualize value in four particular contexts i) manufacturing and industrial economics ii) marketing and consumer economics iii) Psychology and sociology iv) Real Estate (RE) and Facility Management (FM). The focus has been to identify what the existing knowledge and theories are and investigating if there is a common understanding of how value is defined and how it can be created. After collecting data through the literature review, the data is discussed and evaluated in small workshops of two to five persons. The discussion and a conclusion chapter of this report is a result of the author's evaluation of workshops based on the findings from literature review.

2. Findings and research results

2.1. Concept of value in industrial economics and manufacturing

The pursuit towards defining value is of ancient character. The discussion and debate has been going on since Aristotle (4th century BC) who first distinguished between two meanings: "use-value" and "exchange value" (Fleetwood, 1997). Adam Smith brought the discussion further in the middle of the 18th century. He focused on "productive" activities that contributed to exchange value through the manufacturing and distribution of tangible goods. Although the purpose of economic exchange is to manufacture and distribute goods to be sold, the exchange value of a good is represented by the marked price and what consumers are willing to pay (Vargo, Maglio, & Akaka, 2008).

Research on defining what the "productive activities" which create value for customers has been extensively conducted during the last century. Already in 1926 Henry Ford indicated the significance of focus on customer's value and its importance for industrial manufacturing. According to Henry Ford focusing on organization of industry to serve people is not in any conflict with the profitableness of the industry. (Ford & Crowther, 1926)

A growing number of companies seems to have adopted the value generation models since the beginning of the 1980s by various initiatives like customer driven company, customer orientation, mass customization and value-based management (Koskela, 2000). Although there has been numerous amount of research on streamlining production processes based on value, it seem that the conceptualization of value in manufacturing has its emphasis on consumer's value and reducing "waste" which is defined as- *non value creating activities* . "Value can only be defined by the ultimate customer. And it's only meaningful when expressed in terms of a specific product (a good or a service, and often both at once) which meets the customer's need at a specific price at a specific time" (Womack & Jones, 1996, p. 16). The importance of the customers in conceptualization of value led the authors to a review of research streams in the field of marketing and consumer economics.

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