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Taking stock of project value creation: A structured literature review with future directions for research and practice

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Abstract

This paper aims to take stock of what we know about project value creation and to present future directions for research and practice. We performed an explorative and unstructured literature review, which was subsequently paired with a structured literature review. We join several research areas by adopting the project value creation perspective on literature relating to benefits, value, performance, and success in projects. Our review includes 111 contributions analyzed through both an inductive and deductive approach. We find that relevant literature dates back to the early 1980s, and the still developing value-centric view has been the subject of many publications in recent years. We contribute to research on project value creation through four directions for future research: rejuvenating value management through combining value, benefits, and costs; supplementing value creation with value capture; applying a holistic approach to project, portfolio, and strategic management; and theorizing by applying independent models and frameworks.

Keywords: Projects; Value creation; Benefits management; Value management; Project success; Literature review

1. Introduction

Project management has traditionally been focused on delivering outputs, such as products (Atkinson, 1999), with a specific focus on delivering on time, on budget, and to a defined quality, which is often articulated as adhering to the 'iron triangle' (Andersen, 2008). However, this focus on product creation is problematic because delivering a product does not necessarily imply value creation for the base organization(s) (Winter and Szczepanek, 2008). In a wider view on the management of projects (Morris, 1994), we also see a shift from a sole focus on product creation to a holistic focus on both product and value creation (Winter et al., 2006a), and over the past few years scholars have paid more attention to value creation and the realization of benefits in projects (e.g., Winter et al., 2006b; Zwikael and Smyrk, 2012). Considering value in project contexts is nothing new, though; it has been done in value management (European Standard, 12973-2000, 2000; Quartermain, 2002) for many years.

The terms value and benefits are sometimes used interchangeably, and there appear to be many overlapping and ambiguous concepts such as value (Morris, 2013), benefits (Chih and Zwikael, 2015; Peppard et al., 2007), worth (Zwikael and Smyrk, 2012), success (Yu et al., 2005), and also value creation (Andersen, 2014; Winter et al., 2006a), benefits management (Ward and Daniel, 2012), and benefits realization management (Bradley, 2010). The aim of this paper is to take stock of what we know about the field of project value creation, to provide a comprehensive overview of the most salient concepts within project value creation, to present directions for future research to stimulate convergence on the terminology and conceptualization of project value creation, and provide implications for practice. We thus formulated the following research questions: (1) What are the main topics and debates in the literature on project value creation? (2) How may value and project value creation be conceptualized? and (3) How can future research expand this field of research?

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This paper is organized as follows: Section 2 describes the theoretical background for this paper, which is followed by the research approach in Section 3. We present the results of the literature analysis in Section 4 followed by the directions for future research and the implications for practice making up Section 5, while Section 6 presents the conclusion.

2. Theoretical background

Value creation is a complex and multifaceted concept that is central to management and organization literature. Value creation applies to various levels such as micro level (individual, group), mesa level (organization), and macro level (networks, industries, society) (Della Corte and Del Gaudio, 2014; Lepak et al., 2007).

There is confusion about the term, and Lepak et al. (2007) mention three important reasons for that confusion: *First*, the multidisciplinary nature of management and organization, where scholars within strategic management, organizational behavior, strategic human resource management, corporate finance, marketing, organizational psychology, and beyond address value creation differently (Barney, 2013; Della Corte and Del Gaudio, 2014; Lepak et al., 2007). *Second*, value creation refers to both content (what is value?) and process (how is value generated?) (Lepak et al., 2007: 181). *Finally*, the process of value creation is confounded with who creates value and who captures value—and scholars argue that we need to distinguish between value creation and value capture (Bowman and Ambrosini, 2000, 2010). Lepak et al. (2007: 182) define value creation in this way: "[V]alue creation depends on the relative amount of value that is subjectively realized by a target user (or buyer) who is the focus of value creation – whether individual, organization or society – and that this subjective value realization must at least translate into the user's willingness to exchange a monetary amount for the value received". It follows from this definition that there is perceived use value, subjectively assessed by the user (or buyer), and then monetary exchange value, the price paid for the use value created (Bowman and Ambrosini, 2000: 13).

We define value in this paper as the quotient of benefits/costs (alternatively satisfaction of needs/use of resources) (adapted from Morris, 2013: 83; Quartermain, 2002: 44–45–44–46), where "[v]alue is not absolute, but relative, and may be viewed differently by different parties in differing situations" (European Standard, 12973-2000, 2000: 12).

Project management literature has also dealt with value and value creation, but generally at a more operational level. Value engineering and value analysis can be traced back to the 1940s with the aim to optimize projects and processes. Value management was later established as a more generic term to focus on the overall achievement of value (Quartermain, 2002; Thiry, 2002b). The intention with value management was to optimize both benefits and costs in projects, but it very often meant reducing capital cost rather than focusing on the nominator, i.e., increasing benefits and thereby enhancing value (Morris, 2013: 83). Value management (and related terms) has its source from industrial engineering (General Electric, US Department of Defense) (SAVE International, 2007). Another concept, benefits management, emerged in the 1980s and 1990s to understand the return on investment from IT (Breese, 2012), and later diffused into mainstream program and project management as an important discipline (Association for Project Management, 2012; Office of Government Commerce, 2011). The term value creation was reinforced as part of the UK initiative to rethink project management to emphasize value creation from projects rather than solely on the delivery of products (Winter et al., 2006b). This furthermore implied that project management was associated with the strategic management thinking of value creation (e.g., Normann, 2001) and thereby subscribing to value creation as a complex, multilevel, and multifaceted concept (Lepak et al., 2007).

We will in the following briefly discuss project value creation from a content and process perspective (Lepak et al., 2007). Table 1 encapsulates the core concepts related to project value creation:

The core concepts in Table 1 relate to each other starting with the strategy initiating the project, which delivers output to an organization resulting in a change, which again delivers benefits and value. This is, however, a highly simplified and idealized presentation, and the relationships between the concepts are much more complex and reciprocally linked in real projects (e.g., Breese, 2012). Nevertheless they are presented here to emphasize the basic concepts of project value creation (the building blocks).

Table 1
Core concepts within project value creation.

Concept	Explanation
Strategy	Project value creation is highly linked to strategic management, and strategy could be seen as the art of creating value (Normann and Ramirez, 1993: 65). The strategy is enacted through portfolio management, program management, and project management (Meskendahl, 2010; Winter and Szczepanek, 2008).
Project	A project might comprise a single project or a collection of projects in the sense of a temporary organization (Bakker, 2010; Packendorff, 1995) that enables value creation (Winter and Szczepanek, 2008).
Output	Output is product creation which means "the temporary production, development, or improvement of a physical product, system or facility — and monitored and controlled against specification (quality), cost and time" (Winter et al., 2006b: 642)
Outcome/change	Outcome is the resulting change in the organization derived from using the project's output (Office of Government Commerce, 2009: 21–22)
Benefit	Benefit is the improvement resulting from a change (outcome) that is perceived as positive by one or more stakeholders (adapted from Bradley, 2010: xiii; Office of Government Commerce, 2009: 21–22).
Value	Value $\alpha \frac{\text{Benefits}}{\text{Cost}}$ The Greek alpha sign (α) is used instead of an equal sign (=) to signify that it is not a quantitative quotient between benefits and costs, but only a representation. Value is relative and viewed differently by different stakeholders (adapted from European Standard, 12973-2000, 2000; Morris, 2013: 83; Quartermain, 2002: 44–45–44–46)
Value creation	Value creation depends on the relative amount of value that is subjectively realized by a target user (or buyer) who is the focus of value creation — whether an individual, organization, or society (Lepak et al., 2007: 182)