Available online at www.sciencedirect.com

ScienceDirect

International Journal of Project Management 34 (2016) 761 – 778

International Journal of Project Management

www.elsevier.com/locate/ijproman

The impact of project management (PM) and benefits management (BM) practices on project success: Towards developing a project benefits governance framework☆

Amgad Badewi

School of Aerospace, Transport and Manufacturing (SATM), Cranfield University, UK

Received 8 December 2014; received in revised form 4 May 2015; accepted 18 May 2015
Available online 26 June 2015

Abstract

Benefits management (BM) and project management (PM) are two interrelated approaches to the success of projects. The literature, however, still lacks empirical evidence of the value of applying BM practices. Hence, it is aimed to test the impact of BM practices on the success of investments in projects, taking into consideration the impact of PM practices on that success. Since the results, based on 200 valid responses, suggest that a significant proportion of organisations adopt PM and BM concurrently, SEM was used. PM practices were not only found to influence project management success but also to affect project investment success. However, BM is found to be less significant and to have less impact on project investment success. Nevertheless, the probability of project success is enhanced significantly when PM and BM practices are combined together. Therefore, a governance based framework is developed to uncover the interweaving relationship between the two practices.

Keywords: Project benefits governance framework; Benefits management; Project management; Project success; Structure Equation Modelling; Project governance; Change management

1. Introduction

Delivering project outputs on time and on cost was the main concern for project managers in 1960 up to the 1980s (Ika, 2009). Although the research focus has changed to other concerns, such as customer satisfaction and achieving a project's strategic objectives, a significant number of project managers still focus on the iron triangle (cost, time and scope) of performance metrics. In addition, factors such as age and experience make project managers focus on this iron triangle (Müller and Turner, 2007), but the complexity and uncertainty of project outputs lead to cost and time overruns (Williams, 2005) and this can lead project managers to focus on this triangle.

However, the over focus on delivering the project iron triangle performance measures (cost, time and scope) creates an "output-focused" mentality (Chih and Zwikael, 2015). This mentality creates problems at the organisational and the individual level. Maylor et al (2006) show that this mind-set at the organisational level, which they call "projectification", leads to many problems that limit the effectiveness of the organisation to realise benefits from its projects, such as the distribution between project managers and functional managers in the organisation of power, authority and responsibilities. On the individual level, inexperienced project managers tend to focus more on iron triangle performance measures than on customer satisfaction measures (Müller and Turner, 2007).

☆ At the time of submitting this paper, Mr. Badewi is a PhD student at Cranfield University in his writing-up phase. The researcher is registered as a practitioner (MSP) in implementing transformation programmes (such as Enterprise systems, six sigma, and TQM). Additionally, he is Project Management Professional (PMP) and IT Service Management (ITIL) certified. Furthermore, he is an active member of Chartered Institute of Management Accounting (CIMA) and British Academy of Management (BAM). His experience as a project management/benefits management consultant has covered many European and Middle East countries such as the UK, Switzerland, Austria, Egypt, Emirates, and Saudi Arabia.

E-mail address: a.badewi@cranfield.ac.uk.

http://dx.doi.org/10.1016/j.ijproman.2015.05.005
0263-7863/00/

The literature reveals that this "output-focused" PM mind-set could confuse the orientation of a project manager and hence could leave the project customers/sponsors unsatisfied (Shenhar and Dvir, 2007). Indeed, complying with the iron triangle alone is argued to be insufficient for judging a project successful (Samset, 2009). For this reason, a new "project benefits management" mentality is spotlighted by academics and practitioners to handle the issue of what factors are required to realise the benefits from the projects and how this should be done (Bennington and Baccarini, 2004; Breese, 2012; Chih and Zwikael, 2015).

Benefits management (BM), sometimes called Benefits Realisation Management, is a framework which was formerly used with the aim of increasing the success of Information Technology (IT) projects (Ashurst and Doherty, 2003; Breese, 2012; Melton et al., 2008a,b; Serra and Kunc, 2015). However, it has spread now to other industries (Chih and Zwikael, 2015; Mossalam and Arafa, in Press). Despite an early call to implement BM (Thorp, 1998; Ward et al., 1996), little empirical evidence has been brought to show how much light benefits management sheds on the prevalent ways in which projects become successful. Most of the research conducted on benefits management either explores it at the level of implementation (Bennington and Baccarini, 2004; Coombs, 2015; Lin and Pervan, 2003) or implements and develops the benefits management approach in case studies (Baccarini and Bateup, 2008; Doherty et al., 2011; Fukami and Mccubbrey, 2011; Pina et al., 2013). Nevertheless, a few papers have used generalizable evidence to test the success or level of effectiveness of benefits management (Badewi, 2015; Serra and Kunc, 2015).

Paradoxically, from one perspective, these papers have found a mixed weak relationship between the implementation of benefits management practices and project success (Badewi, 2014; Serra and Kunc, 2015). Indeed, current benefits management practices are not in themselves a panacea (Breese, 2012) and sometimes they hardly even matter (Haddara and Paivarinta, 2011). From another perspective, project management practices alone are perceived to have only a moderately significant relationship with project success (Besner and Hobbs, 2013).

Moreover, in terms of customer satisfaction project management maturity is found to have an impact on project management success but not on project investment success (Berssaneti and Carvalho, 2015). Additionally, project management performance is significantly correlated with success in both project investment and project management (Mir and Pinnington, 2014). However, when project management practices are used in transformational change, such as the deployment of a new IT system to change work practices, the results may be frustrating (Ram et al., 2013). Therefore, it is advised that change management practices should be integrated with project management practices (Hornstein, 2015). This could be done by synchronising the soft and hard approaches to managing the project and its stakeholders (Shi, 2011).

In order to understand how project management may have an impact on project investment success, Thomas and Mullaly (2008) address the point using a general framework to identify the contextual factors that affect the capacity to implement PM (such as the quality of the people and technology used in PM) which in turn affect the project's success. The present research is designed to test whether the successful implementation of projects leads to project investment success. Furthermore, it addresses whether, as a single framework without PM practices' being implemented, BM alone can deliver success.

PM and BM frameworks aim to deliver organisational value from investments in initiatives. However, they each have different aims, methodologies and techniques. Thus, combining them into a single governance framework, called project benefits governance, is proposed to enhance the probability of project success.

To bridge the knowledge gap, this paper tests the relationship between success in different areas (i.e. project investment success and project management success) to find whether successful project management leads to project investment success. It goes on to propose that project management practices (Project Management Institute, 2013a,b) alone and benefits management practices alone (Ward and Daniel, 2006) affect the success of project management. Finally it proposes that, when PM and BM come together, the probability of success is enhanced.

2. Literature review

2.1. Project success and project benefits

The main purpose of using a project management framework is to increase organisational value (Dalcher, 2012). The organisation can benefit from using project management framework by increasing the effectiveness of human effort in the organisation while increasing the efficiency of these efforts. Therefore, project success is measured by its efficiency in the short term and its effectiveness in achieving the expected results in the medium and the long term (Jugdev et al., 2001; Müller and Jugdev, 2012). Therefore, the value of the project can be understood in so far as it satisfies customer needs, aligns the project output with the organisation's strategy and gives a return on investment (Thomas and Mullaly, 2008).

Nevertheless, from the traditional PM point of view, scope creep in projects or over-budgeting and over -scheduling are not acceptable (Atkinson, 1999). Therefore, achieving the targets of a project is called project management success (Zwikael and Smyrk, 2012) or internal project performance (Golini et al., 2015). However, the ability of the project's output to deliver the expected return on investment is the key to declaring the project success from the business perspective (Camilleri, 2011; Artto and Wikström, 2005). Therefore, project investment success is used to describe the ability to generate the project's return on investment (Zwikael and Smyrk, 2012).

Project investment success is indeed more challenging than project management success. Project investment success needs a system thinking mind-set to understand and to manage the internal and the external environment (Fortune and White, 2006). For instance, Cserháti and Szabó (2014) have found that relational-oriented success factors such as communication, co-operation and leadership are more critical than are task-oriented success factors. In supporting this evidence, Müller and Turner (2007) find that more experienced project managers are more interested in