

Project management assets and their relationship with the project management capability of the firm

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Abstract

According to the Resource Based View of the firm, strategic assets contribute to a firm's competitive advantage. Strategic assets are characterized as *Valuable, Rare, Inimitable*, and they involve *Organizational Support*. These four characteristics have been theorized to result in competitive parity, temporary competitive advantage, or a sustainable competitive advantage for a company. This paper examines the relationships between key project management assets and these project management process characteristics using data from a survey of North American Project Management Institute[®] members. Findings from an analysis of the data suggest that intangible project management assets are a source of temporary competitive advantage while tangible project management assets are not. These findings highlight the importance of identifying and managing intangible project management assets for practitioners and scholars of project management.

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1. Introduction

Project management, including the tools, techniques, and knowledge-based practices applied to manage the creation of products and services, is becoming an increasingly accepted and applied discipline across industry sectors. This paper is motivated by the belief that practitioners and scholars of project management can benefit from understanding how project management can be leveraged

as a source of competitive advantage for a company. To this end, the paper presents an analysis of the relationship between key project management assets and the project management capability of the firm drawing on the *Resource Based View* of the firm from the field of strategic management and using data gathered from an online survey of a random sample of North American Project Management Institute[®] members.

In the Resource Based View of the firm, a company has a bundle of *assets* (resources) such as human resources (individual skills and knowledge), financial resources (money), physical resources (equipment), social resources (network of contacts), and organizational resources (structure, processes, and relationships) [1]. Assets can be tangible (concrete and physical) or intangible (tacit, unspoken but understood; e.g., knowledge-based assets) [2]. Only a subset of a company's assets, classified as *strategic assets*,

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is a source of its competitive advantage [3]. These strategic assets that contribute to competitive advantage involve explicit and tacit knowledge [4–7] that is embedded in a company's unique internal skills, knowledge, resources, and ways of working [8,9].

The VRIO framework of competitive advantage has emerged from this perspective as a useful way of characterizing strategic assets [10,11]. In this framework, strategic assets are those assets which are *Valuable* (economically important, that is, they make money for the company), *Rare* (unique, meaning that few companies have these resources), *Inimitable* (hard to copy, meaning that it can be costly to duplicate them and difficult to figure out what other companies are doing to have such strategic assets), and they have *Organizational Support* (strong management support and processes and systems to support the assets).

This paper reports on findings from a study that was designed to examine project management using the Resource Based View of the firm and the VRIO framework. It addresses the following question: *How are tangible and intangible project management assets related to the project management capability of the firm?* Tangible and intangible project management assets are the independent variables and project management capability is the dependent variable in this paper. Drawing on the VRIO framework, process capability is defined in this study as the achievement of the characteristics valuable, rare, inimitable, and having organizational support in the project management process (VRIO characteristics).

The sections of the paper that follow provide an overview of the literature, a theoretical model and associated hypotheses linking project management assets to the achievement of VRIO characteristics of the project management process, the data collection and analysis methodology, a discussion of the results, conclusions, and the implications of the findings for practice and future research.

2. Literature review

The Resource Based View of the firm is emerging as a dominant approach in the strategy literature. The Resource Based View of the firm and the VRIO framework that is based on it have been used in a number of empirical studies [12–16]. In 2005, the Academy of Management indicated that over 200 academic papers were published using the Resource Based View. Project management is a new field that is a long way from developing its own theory, so it draws from the field of management [17,18]. The project management literature review revealed few empirical studies on project management as a strategic asset [19], and there are few empirical studies on knowledge management in the project management context [20]. This work to explore the sources of competitive advantage that can be leveraged from project management is situated within the VRIO framework.

In the VRIO framework, competitive advantage is conceptualized to have several levels [11,10]. A company achieves *competitive parity* when it has resources that are valuable. Competitive parity means that a company is making normal profits, as are its competitors. A company achieves a *temporary competitive advantage* when it has resources that are both *Valuable* and *Rare*. The competition can, however, eventually acquire these rare resources. A company achieves a *sustained competitive advantage* when it has resources that are *Valuable*, *Rare*, and *Inimitable*. A sustained competitive advantage means that the company is making above normal profits through resources that the competition cannot copy or understand. In the VRIO model, as a company moves from competitive parity, to a temporary competitive advantage, to a sustained competitive advantage, there is increasing evidence of *Organizational Support* in relation to these resources. A company is at a *competitive disadvantage* when it does not have resources that are *Valuable*, *Rare*, *Inimitable*, or involve any *Organizational Support*.

Project management involves practices applied on a project to deliver a result, product, or service [21] based on tangible and intangible assets [19,20]. Tangible assets are concrete and based on codified or explicit knowledge, whereas intangible ones are based on tacit knowledge. Codified and tacit knowledge have also been labelled as “know-what” and “know-how” [7] in the knowledge management literature. Most of the project management literature has focused on the tangible assets and codified knowledge as shared through project management offices, methodologies, and tools and techniques [22,23]. An examination of these tangible assets indicates that while valuable, they are not rare or inimitable and therefore do not meet the VRIO criteria for sources of competitive advantage [24]:

- An investment in project management methodologies helps companies achieve some degree of project success. Methodologies provide guidelines and checklists to ensure that practices are being followed properly and that the right outcomes are being attained. Although valuable, such methodologies are readily available and imitable.
- Investments in physical, technological, and financial project management assets are also valuable. Throughout a project, technology (including hardware and software) is often used as part of the project infrastructure to help improve information and knowledge flow and to assist with the decision-making process (e.g., project management information systems, knowledge management systems, and executive decision tools). The array of physical tools and techniques are readily available and not rare or unique.
- A number of project management associations develop bodies of knowledge to guide practitioners [21]. These project management bodies of knowledge are valuable and provide explicit standards on practice in the knowl-

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