

THEORETICAL FRAMEWORK FOR VALUE CREATION IN PROJECT ORIENTED COMPANIES¹

Mariusz Hofman

Maria Curie-Sklodowska University, Poland

mariusz.hofman@umcs.lublin.pl

Abstract:

The paper “Theoretical framework for value creation in Project-Oriented Companies” is designed to determine, how organisations create value and whether this allows them to achieve market success. An assumption has been made that there are two routes to achieving this value. The first one is to create intangible assets (i.e. the resources of human, structural and relational capital), while the other one is to create added value (understood as the surplus of revenue over costs). It has also been assumed that the combination of the achieved added value and unique intangible assets translates to the success of a project-oriented company.

The purpose of the paper is to present hypothetical and deductive model which describing the modus operandi of such companies and approach to model operationalisation. All the latent variables included in the model are theoretical constructs with observational indicators (measures). Existence of a latent variable (construct) and also submodels will be confirmed based on a covariance matrix which in turn is based on empirical data, being a set of observational indicators (measures). This will be achieved with a confirmatory factor analysis (CFA).

Due to this statistical procedure, it will be verified whether the matrix arising from the adopted theoretical model differs statistically from the empirical matrix of covariance arising from the system of equations. The fit of the model with the empirical data will be evaluated using χ^2 , RMSEA and CFI (Comparative Fit Index). How well the theoretical model fits the empirical data is assessed through a number of indicators.

If the theoretical conjectures are confirmed, a interesting development path can be defined for project-oriented companies. This will let such organisations perform efficiently in the face of the growing competition and pressure on innovation.

Keywords: value creation, project oriented company, structural equation modelling

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