Chapter 2
A Literature Review on IT Value Management:
Assisting Organisations to Realise Benefits from IT-Enabled Investments

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ABSTRACT
Few scholars have focused on the question of how IT business value can be created. Several studies concluded that the necessary conditions to overcome the IT productivity paradox are to be found in a better IT value management approach, which is operationalised by a collection of individual management practices. However, limited research has been oriented towards the identification of such value management practices and the scarce results are fragmented due to isolated investigation of a single practice. Organisations recognise the importance of emerging IT value management frameworks and models, yet practitioners are still struggling with getting related value management practices implemented into their organisations. Therefore, this chapter investigates literature on IT value management in order to situate and understand the construct of IT value management and to identify and define management practices that support the implementation of IT value management as an organisational approach.

INTRODUCTION
Investments in information technology (IT) and information systems (IS) can support strategic objectives such as organisational growth, and can have a great impact on organisational performance (Bharadwaj, Bharadwaj, & Konsynski, 1999; Oh & Pinsonneault, 2007; Weill, 1992). Global IT spending has almost doubled between 2002 and 2010 (WITSA, 2010) and a stable growth of four per cent per year is forecasted for the next years by the research group Gartner (Gartner,
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2013). Despite the importance and increase in IS/IT investments, the study field regarding value creation out of such investments has always been open to discussion as manifested by contradictory and contesting results (Mukhopadhyay, Kekre, & Kalathur, 1995; OGC, 2010; Sircar, Turnbow, & Bordoloi, 2000).

A key focus of research has been the IT productivity paradox (Brynjolfsson & Hitt, 1998; Brynjolfsson, 1993; Roach, 1991), where no clear correlation could be found between IT spending and organisational performance. In the early twenty-first century, studies continued to challenge the value of IT (Lin and Shao, 2006, Carr, 2003). According to Willcocks and Lester (1996), an important part of this vagueness is caused by weaknesses in the measurement and evaluation practices of IT performance. In this context, Brynjolfsson (1993, p. 2) omits in his research “it appears that the shortfall of IT productivity is as much due to deficiencies in our measurement and methodological toolkit as to mismanagement by developers and users of IT.” Yet the same period revealed findings illustrating a positive impact of IS/IT investments on both financial and non-financial performance (Anderson, Banker, & Ravindran, 2006; Chari, Devaraj, & David, 2008; Dos Santos, Peffers, & Mauer, 1993). For instance, Chari et al. (2008, p. 232) concludes that “increasing IT investment to accompany a firm’s overall diversification may be justified by the greater performance impact of such investments.” Anderson et al. (2006) found positive evidence on value creation out of IT investments in transform industries where IT takes the role of redefining the business (Chan, 2000).

Much of these research endeavours can be assigned to the question of what value do IT enabled investments deliver (Chan, 2000). According to Davern and Wilkin (2010), much research has been executed in this research stream. For instance, Ferguson, Finn and Hall (2005) investigated IT value on market level focusing on the impact of IT investments on stock prices. Thatcher andPingry (2004) showed a theoretical reasoning of the effect of IT investments on an organisational level (e.g. firm profit and productivity). The impact of IT investments on individual business decision-making has been examined by Arnold, Clark, Collier, Leech and Sutton (2006). Also, several models have been developed to measure and evaluate business value from IT investments in an integrated way (Davern & Wilkin, 2010; Frisk, 2007; Tallon, Kraemer, & Gurbaxani, 2000).

On the contrary, less literature is available on how IT investments should be managed and organised in order to achieve the expected business value (Chan, 2000). The author concluded that more research is necessary on questions such as why, where, when, how, and to whom IT investments provide value. As De Haes and Van Grembergen (2013, p60) state that “a common and critical dilemma confronting enterprises today is how to ensure that they realise value from their large-scale investments in IT and IT-enabled change”, the present paper will focus on the how question including various issues to address. In the first place, the transformation of IT investments into business value does not only include IT, but involves also business people, business processes and so on. Melville, Kraemer and Gurbaxani (2004, p. 311) state that the achievement of business value “leads to a context-contingent set of synergistic combinations of IT and other organisational resources, including workplace practices, change initiatives, organisational structure, and financial condition.” Only by combining IT and non-IT resources a sustained competitive advantage can be obtained through IT investments (Melville et al., 2004). Therefore, we prefer to employ the term IT enabled investments as these should be perceived as a business responsibility in which business and IT resources enable the creation of business value (Piccoli & Ives, 2005). Second, there is a need