

## **THE KNOWLEDGE OF CONCEPT OF PROJECT MANAGEMENT IN SMALL AND MEDIUM ENTREPRISES**

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### **Abstract**

*Small and medium enterprises, because of their significant contribution to the economic and social environment, are an essential factor in any economy. This paper aims to identify the level of knowledge among managers of SMEs to the concepts of project and project management as a first step towards developing performance. Research results have shown that these concepts are known to about 50% of respondents. The conclusions of this paper show that the development performance of a small organization has a basic ingredient in the project idea and a project is efficient and effective results in terms of knowledge of project management.*

**Keywords** *SME's, project, project management*

**JEL classification:** *L250*

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### **1. Introduction**

Small and medium enterprises and their management are more strongly studied and analyzed by different specialists, in order to highlight the need of approaching them as important elements of supporting the development of an efficient economy in the world. Project management is in its early stage of practical approaches and concerns manifested by the SMEs - which in our country being associated with accessing European funds. The management inside the SMEs it is based and developed mainly on intuition and the entrepreneurs' personality, but the studies from recent years show that

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the managers from our country are paying more attention to the methods, techniques and management tools. At this time there is no specific literature concerning the SMEs - and for this reason, in this paper we have tried to identify the level of knowledge among employees and managers within the analyzed SMEs, of the "project management" concept as management's science and as well the concept of the project, with its diverse meanings. Both in large companies and as well in the small companies the projects play a significant role in improving and complementing the resources (mainly material and financial resources), which generate the increase of the organizations' performance.

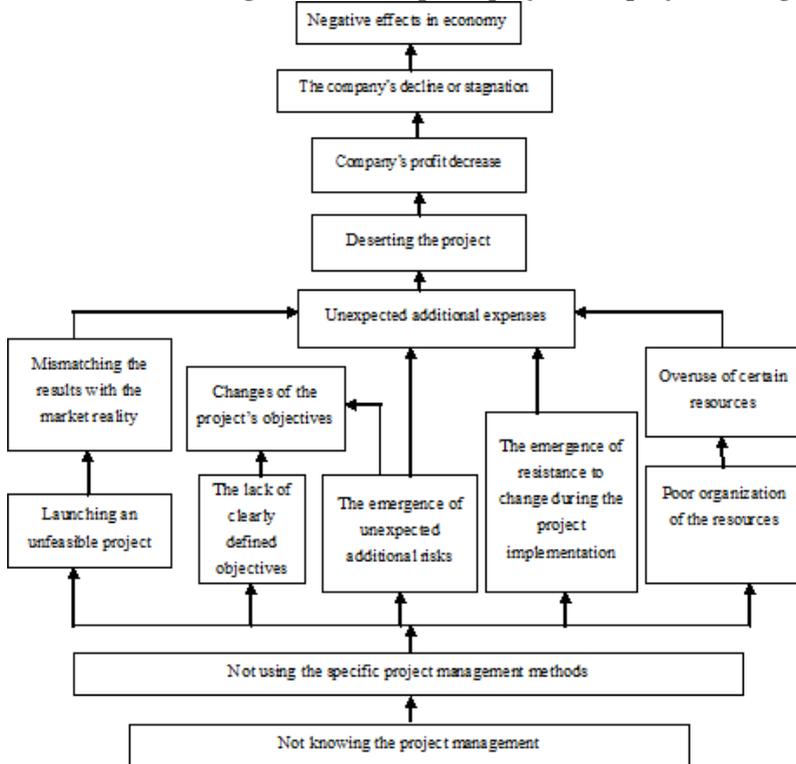
## **2. Establish the level of project management concepts' knowledge at the level of SMEs and its effects**

Small and medium enterprises have developed in recent years based more on entrepreneurial intuition than on the basis of conventional management systems and methods. This is how it emerged the idea of a research on the SMEs in order to identify and establish the state of facts regarding the use and the knowledge of different methods, techniques and specific tools for the management and their perspectives on long-term. The first stage of this research consists of an interview-based research, and it were identified a number of issues that managers of SMEs are facing, one of them being the lack of project management knowledge.

The starting point of the paper was determined by the need of highlight the effects of the lack of knowledge in the field of project management among the stakeholders of the analyzed SMEs. The main effect of being unaware of project management's is not using it in the processes of change that occur in companies, an aspect which can cause a number of negative effects, such as increased expenditure resulting from incorrect planning in terms of time, human and financial resources; lack of human resources planning; focusing on inadequate goals related to the market and the environment's reality; discontented staff due to the overloading or changes that may occur. Not using the project management and launching in the same time economically and technical unfeasible project ideas, or, often, can lead to selecting some project ideas, in the disadvantage of other more profitable project ideas (figure 1). All these effects are felt both within companies where top management does not know the concept of project management, but also in the economic environment.

Identifying negative effects of not knowing the project management, in Sibiu was launched a new research based on questionnaires, in order to determine the role and importance of project management in SMEs performance increase, this paper being only a small part of this research.

**Figure 1: The effects of ignorance concepts of project and project management**



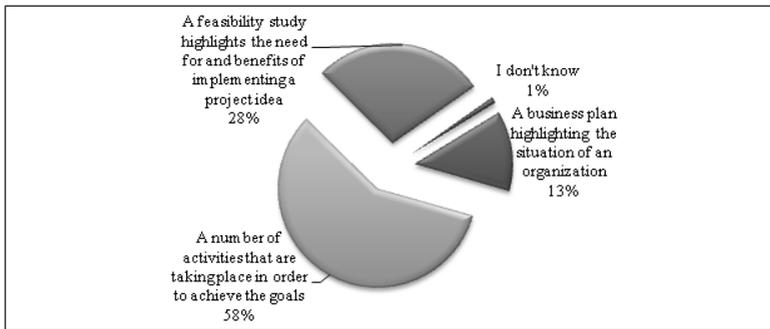
Social and demographic data fall into two categories, on the one hand the identification of the elements of the analyzed SMEs, and on the other hand those relating to responding individuals. Therefore it were analyzed: the main activity, turnover and number of employees, and about the responding individuals, we tried to determine the position in the companies, their

profession, gender and age, necessary elements to identify how knowing, understanding and applying the concepts, methods, techniques and tools specific for the project management within the companies analyzed. The results of the research regarding the analyzed SMEs are:

- Most companies analyzed have a turnover of less than € 100,000, which may be regarded as small or very small.
- Most analyzed SMEs are in the service providers' area, followed by those from the production area. The results can be correlated with the SMEs' share from the economic sectors in our country. The service sector is predominantly, over 50% of the analyzed SMEs, followed by the manufacturing sector and construction.
- The research conducted shows that half of the analyzed companies are micro-enterprises and have less than 10 employees;
- Respondents mostly graduated technical studies, and in terms of function in analyzed SMEs are mostly administrators or found in the operational positions.
- More than half of those surveyed are males, and from the age point of view, it was observed that most are aged between 30 and 40 years.

In order to identify awareness level of the concepts of project and project management has been used two closed questions, but each question allows respondents to express their own opinion regarding the questions launched. To have a broader picture over the research results, this part is structured as follows: the first part presents the frequencies of the responses received, in order to have a image of the level of awareness of the concepts of project and project management in the analyzed SMEs, then will be presented some of the answers related to the respondents identification data in order to highlight the awareness of the project management concepts in relation with field of activity, company size, turnover, professional training and position held in the organization by the respondents.

**Figure 2: Respondents' opinion regarding the definition of the term "project"**

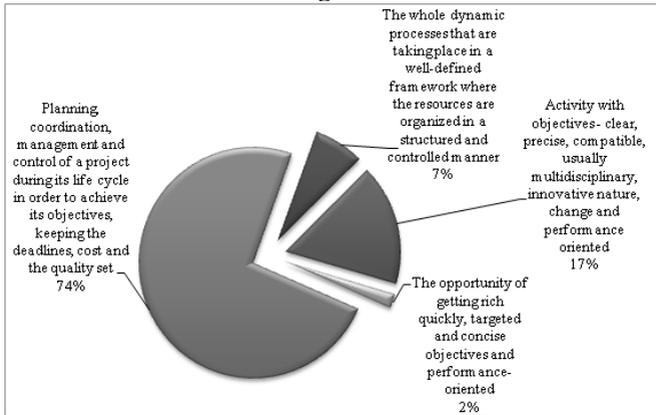


The first element analyzed it is wanted to identify awareness level of the term "*project*" as perceived by the people working inside the analyzed SMEs. This question it is formulated in such a manner that indicates three definitions, the option "I do not know" and the form of free expression of the way how they perceive the projects according to their training and meeting this concept, other than technical project or students' homework (figure 2).

The importance and the position of the question at the beginning of the questionnaire it is determined by the need of identifying the knowledge of this term among respondents within the project management domain, which was actually obtained from this research. Most answers indicate that the respondents recognize the relationship of projects with the necessary activities in order to achieve the objectives, elements that are found in various definitions of project management. The recorded answers at the option "something else" at this question, other than those specified in the questionnaire were in a very low proportion, mostly indicating respondents' indecision by checking two or three alternatives and also a project definition, as seen by respondents as "planned activities in a period of time in order to achieve the objectives which lead to a better situation of the organization".

Although, the first research based on the interview showed that managers do not know what project management is, within the research was recorded that once the managers were facing the situation of choosing a definition of the project among the several definitions presented have proved that they have the ability to guess a correct variant from the set of options presented.

**Figure 3: Respondents' opinion regarding the definition of "project management"**



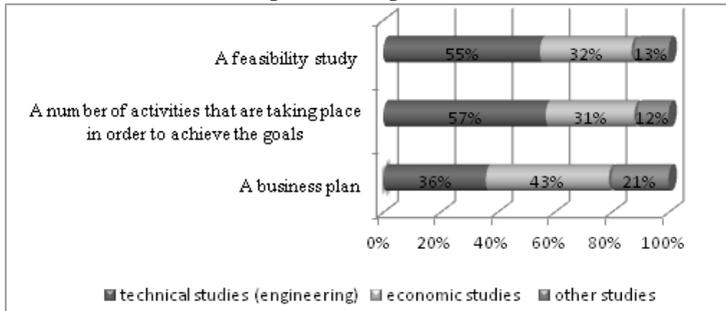
The second question seeks to record respondents' opinion on what the "project management" represents for them. The question is structured in such a manner that respondents can choose a predefined response option, or they can present their own opinion on what is for them the project management, but also they have the possibility to indicate that they do not know this concept. Analyzing the questionnaires we concluded that the launched hypothesis according to which this term is not known, it is not correct. The majority of respondents, 74% of them (figure 3), have considered that project management is "*Planning, coordinating, managing and controlling a project during its life cycle in order to achieve its objectives, respecting the deadlines, costs and the quality set.*" Due to the multiple choice possibility to this question, we identified a small number of combined statements. Beside the answers highlighted in the figure, the respondents indicated at the option "something else" answers also found between the predefined ones, without mentioning their own definition.

In this situation, it is necessary to mention that respondents identified at a very high rate the answer as the result of *the process of choosing the correct definition*, presented in the questionnaire, the respondents not being set in the position of presenting a personal opinion, as in the case of the research based on interviews.

This part of the research contradicts the results obtained by the research based on the interview, but it cannot be considered entirely accurate,

taking into consideration the questionnaire's design, by mentioning the definitions and providing the possibility of choosing the right one.

**Figure 4: Opinion regarding the definition of the project in correlation with the respondents' profession**



The term "*project*" has many definitions, so that business plans or feasibility studies are also projects, but the purpose of this research was to identify the connotation of the term project with the project management science. Most respondents said that in their opinion the project is "*a number of activities that are taking place in order to achieve the goals.*" By the total number of respondents, the largest number of respondents are working in field of services (48%), an element that shows SME's prevalence of projects application belonging to this sector. Furthermore, the order of the economic sectors in relation to this opinion is: production (26%), trade (15%) and construction (11%). Analyzing the responses concerning the project definition in direct relation with the respondents' profession shows that 55% of respondents consider the project a "feasibility study" and 57% of those who define the project as "*a number of activities that are taking place in order to achieve the goals*" have technical training . We can also make the remark that individuals with economic studies (43%) consider the project being a business plan (figure 4).

Analyzing the way how project management it is defined in relation to the field of activity, turnover, number of employees and the respondents' position inside the organizational structure of the analyzed SMEs, shows that most respondents have chosen the same answer, the weights being different. Responses options mentioned in the questionnaire were:

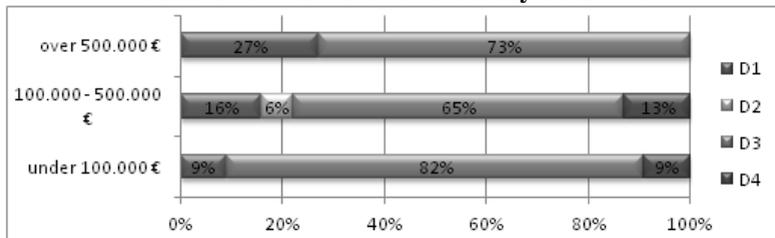
- Activity with objectives - clear, precise, compatible, usually multidisciplinary, innovative nature, change and performance oriented (D1);
- The opportunity of getting rich quickly, targeted and concise objectives and performance-oriented (D2);
- Planning, coordination, management and control of a project during its life cycle in order to achieve its objectives, keeping the deadlines, cost and the quality set (D3);
- The whole dynamic processes that are taking place in a well-defined framework where the resources are organized in a structured and controlled manner (D4);

The answer mostly encountered regarding the manner of defining the project management was *"planning, coordination, management and control of a project during its life cycle in order to achieve its objectives, keeping the deadlines, cost and quality set"* (D3).

Analyzing this response in relation to the activity field of the companies studied it was found that half of those who defined as mentioned the project management are from the services sector (49%), trailed by those in the production sector (30%), trade (12% ) and construction (9%).

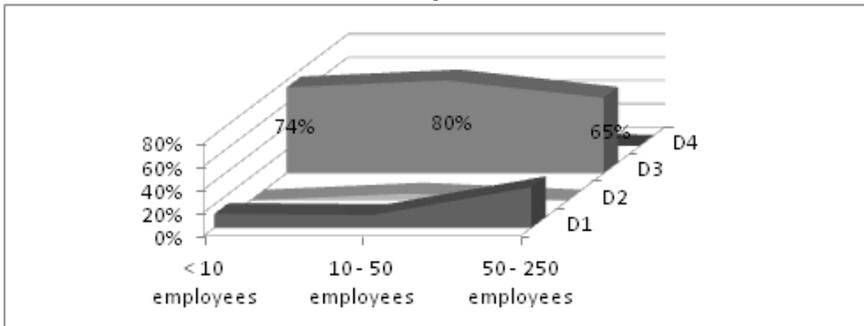
Of all analyzed companies whose turnover does not exceed € 100,000, over 80%, consider that the project management involves *"Planning, coordination, management and control of a project during its life cycle in order to achieve its objectives, keeping the deadlines, cost and quality set."* The same answer it was frequently found also at the other groups, noting that only 65% of those whose turnover is between 100,000 - 500,000 € and only 73% of those exceeding € 500,000, have the same opinion (Figure 5).

**Figure 5: Respondents' opinion regarding the definition of project management based on the turnover of the analyzed SMEs**



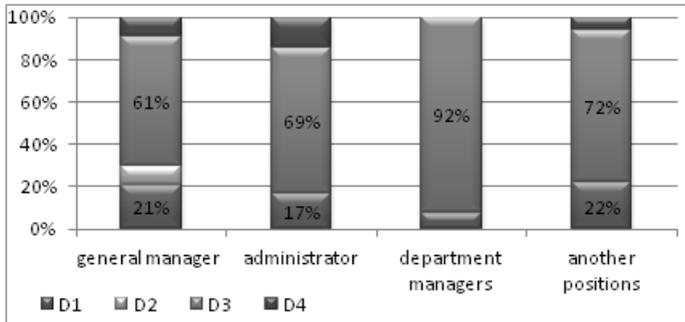
In terms of size the analyzed SMEs the respondents' opinion regarding of what the project management represents for them we have noticed that most of them are unaware of this term (figure 6). Respondents from micro - enterprises, in a proportion of 74%, and those from the small businesses in a proportion of 80% say that project management is "*Planning, coordination, management and control of a project during its life cycle in order to achieve its objectives, keeping deadlines, cost and quality set*".

**Figure 6: The correlation between the project management definition and the size of the analyzed SMEs**



Respondents from the companies analyzed and placed in the category of medium-sized companies sustain the same definition as shown in Fig. 6, but their share is lower than in other business groups, namely, only 65% agree with the given definition, the rest considered that the project management is "*an activity with the objectives - clear, precise, consistent, usually multidisciplinary, of innovative nature, oriented toward performance and change*".

**Figure 7: Defining project management in relation to respondents' position inside the analyzed SME**



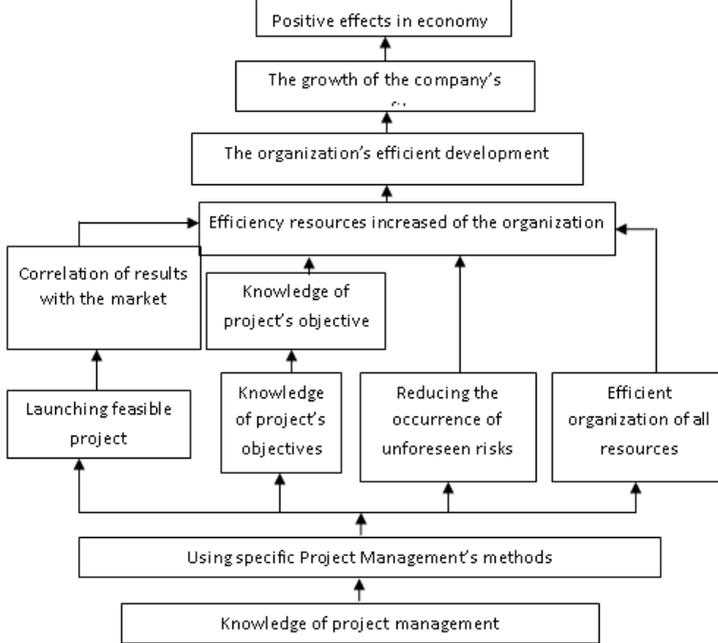
Regarding the correct definition of project management and respondents' position inside the analyzed companies, we learned that most department managers (92%) have an identical opinion. However, the other categories of respondents elected in a small number and for other manners of definition. It can be seen that only the respondents found in the general manager positions, see project management as an *"opportunity of get rich quick quickly, with clear and concise objectives, oriented toward performance"* (Figure 7).

### 3. Conclusions

The research based on the interview has shown that the managers do not know what the project management is, but the analyzed answers in this research based on questionnaires indicated the otherwise. It can be said that the questioned individuals set in the position of *choosing*, correctly identify the definitions of the terms "project" and "project management" regardless of age, sex, profession or position in the organization. Due to the high weight given to the same response options, it can be said, that these notions are known among respondents.

In conclusion, we can state that it is necessary both the knowledge and project management usage in order to increased the resources and efficient organizations' development, with positive effects in social and economic environment. Therefore, it is recommended to hire personnel with project management training or to search for training in the field for them and existing employees if they want to increase organizations' performance where they work.

**Figure 8: Effects of knowledge and use of project management**



#### 4. Acknowledgment:

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