PROJECT MANAGEMENT AS A TECHNOLOGY FOR OPTIMIZING RESOURCES IN TERMS OF REFORMING SOCIO-ECONOMIC RELATIONS: THE EXPERIENCE OF THE EU

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Abstract: The article reveals the advantages and prospects of project management in EU countries. The main problems and advantages of applying a project-oriented approach in the system of public administration are considered. The concept of the project is considered in the article. An overview of the practices of project management in European countries in the framework of spatial development is presented. It is concluded that the development of project management in Europe is heterogeneous, offset by cooperation at the interstate level.

Keywords: Best practice, European Union, Institutionalization, Project management, Socio-economic relations.

1 Introduction

The ineffectiveness of the mechanisms for transmitting information, preparing and making decisions is one of the main challenges for modern public administration in developed countries. Therefore, more and more actively in the public sector, project management technologies have begun to be used, which make it possible to comprehensively develop and manage the implementation of a project in order to achieve a socially significant result, regardless of the scope of its implementation. At the same time, the approaches and technologies used in project management in the public sector affect economic development and the rate of economic growth, determining the need to transform the forms and methods of state regulation of the economy.

Program-targeted approach, strategic planning and management, results-based budgeting, and other elements of management, entered the array of tools of the means of implementing public policy in the end of the 20th century. Projects began to be used, the scale of which at the beginning of the administrative reform showed a steady trend of popularization of the tool in the activities of public authorities [31]. The availability of a project management methodology recognized by the professional community of managers, regulating the procedure at each stage of the activity, and the possibility of obtaining results in conditions of limited resources, were considered by public policy actors as the main advantages of the project.

The key differences between the project and the current (operating) activities in the public sector are that the operating is aimed at maintaining the vital activity and stability of current issues, is carried out by constant groups of employees of the government body in conditions of a low level of uncertainty and the date of completion of this function. At the same time, project activities in the public sector are aimed at cardinal changes in a specific field of activity in conditions of severe restrictions on time, financial and labor resources (performed by temporary teams) [5].

Moreover, the prospective development of the regional economy is presented in the form of a set of large interregional investment projects aimed at achieving the strategic goals of socio-economic development [1-4]. This makes it possible to combine the use of target-oriented and project-based methods of organizing the management of inter-branch projects and allows you to customize the mechanisms of state regulation of solving local problems to achieve project goals.

The development and implementation of the program of socio-economic development of the region is a complex process of managing research, production, socio-economic, and other subprograms that are part of it. However, it is not always possible to maintain the approach to the program as a holistic, interconnected system of subroutines [6-8]. The use of the project life cycle model will help to improve the organization of program management by ensuring the integrity, coherence, and continuity of subprogram management.

The transformations of the economy over the past years have led to serious transformations in the management system. Project management is a growing field of knowledge and is becoming increasingly important in the functioning of the national economy. Project work, which is characterized by clear goals and limited by strict time frames, fully meets the rapidly changing requirements of the modern business world.

One should note the specificity of project management in the national context, which does not always allow the use of foreign methods and experience in project management. Ineffective organization of project management processes leads to a significant increase in the costs and timing of the project, complicates the implementation process, leads to insoluble conflicts with the customer [10-12]. Western practice and domestic experience in project management show that a methodological approach to planning and monitoring the progress of work not only ensures the fastest successful project implementation, but also significantly reduces the cost of its implementation [37].

An important stage in project planning is solving the problem of optimal distribution of limited resources and, accordingly, drawing up a timetable for the implementation of the project work. In particular, within the framework of project management, the limited manpower is required to carry out the work of the project. As a rule, resource allocation problems refer to complex multicriteria problems, effective methods for solving which are known only for a number of special cases [63]. Thus, it seems expedient to address to successful experience of EU in the field of project management in dynamic environment, research practices of optimal resources allocation, and even institutionalization of project management.

In terms of internal content, modern management is not fundamentally different from project management in previous eras. The specifics of project management at the present stage is that for the first time in human history it is becoming an independent profession and acquires an institutional base [15, 17]. The basis for the institutionalization of project management is the professionalization of related activities. At the same time, professionalization means the creation of an autonomous independent community of professionals with its own system of professional standards and professional certification, relatively independent of the state and business.

2 Materials and Methods

The theoretical and methodological basis of the study was the works of leading scientists in the field of public administration, general management, project management theory, scientific work in the field of information and communication technologies. Moreover, the following methods were used:

- The method of structural and functional analysis, which allowed to identify institutional elements in the system of social practices related to project management, the main directions and forms of institutionalization of these practices;
Formal-logical method that allows you to recreate the integrity of the project management system by disclosing its elements and their interrelationship;

- System method, providing consideration of the object of study in the form of a system, identification of its integrity, analysis of the interaction of system elements, construction of system models;

- Method of contextual analysis, consisting in the study of materials presented in the research literature, their analysis and comparison.

3 Results and Discussion

The development of the project approach as a promising form of management is based on the methodology and use of management tools, in which the concept of a project, which includes a meaningful characteristic of the subject and object of management, acts as the basis [19, 20]. In turn, practical project activities are carried out on the basis of national and/or international approaches, recommendations and standards developed as a result of generalization of practical experience of activities, both in the commercial sphere and in the sphere of public administration [54]. It should be noted that, despite a sufficiently long period of application of the project approach, the interpretation of the concept and the concept of defining the project continues to change due to the development of theory and practice of project activities.

In particular, in the practice and methodological materials of the German project management association, the concept of “project” is determined through a set of significant features, the most important of which are the uniqueness of goals, novelty, urgency and limited resources, the presence of which is sufficient to consider the object of management as a project [43]. As a rule, these signs make it possible to distinguish between those activities that can be described by the concept of “project”, from those for which it is impossible to do so [56]. Another conceptual approach, interpreting a project as a change in the system, defines it as a certain task with certain initial data and required results that determine the choice of a method for solving it [13]. Some economists consider the project as a set of planning documents containing an original solution, including the characteristics of the object, as well as data and proposals for the subsequent development of the document [56].

The development of the project approach as a promising form of management is based on the methodology and use of management tools, in which the concept of a project is the basis, which includes a meaningful characteristic of the subject and object of management. In turn, practical project activities are carried out on the basis of national and/or international approaches, recommendations and standards developed as a result of generalization of practical experience of activities, both in the commercial sphere and in the sphere of public administration [22-26]. It should be noted that, despite a sufficiently long period of application of the project approach, the interpretation of the concept and the concept of defining the project continues to change due to the development of the theory and practice of project activities.

The widespread approach to the project and as a set of activities, within which the project is defined as a system of interrelated goals and ways to achieve them, which is a connected set of research, development, production, organizational, financial, commercial, and other activities [9, 16]. The presence of different approaches to the meaningful characterization of the concept of “project” reflects the variety of areas of activity in which project management is used, which, in turn, predetermines a different interpretation of the concept of “project management.”

In the theory and practice of modern management, the concept of “project approach” is also widely used, the definition of which is also ambiguous. This is seen as an approach to management that involves the formation of projects as a way to solve the most pressing problems [41]. This is an activity methodology, which is based on the creation or modernization of an object with new, unique properties. In some works, the project approach is a formal management tool used in the preparation and implementation of various projects as repeatable sequential and controlled processes [4]. Other researchers consider the project approach as a management methodology, highlighting its advantages in ensuring the achievement of the final goal of the project [9, 51]. Common feature of works of the listed researchers is the consideration of the project approach as a form of management activity aimed at achieving the assigned tasks.

A distinctive feature of the American model of project management is the large amount of budget funding for projects, their strategic focus on protecting the country's sovereignty, as well as the complex organizational structure of the executors [28-30]. In particular, in the present case, the latter is a major shortcoming of the American model, as the length of conciliation procedures and the large number of links in the management chain did not allow to fully implement all cybersecurity systems [16].

Since the late 1970s, project management has been introduced in Europe. The International Project Management Association (INTERNET; IPMA) becomes the project office. The association also studies emerging risks, problems and obstacles to the implementation of government and business projects [50]. Project activities in Europe have the broad support of development institutions. Thus, programs aimed at co-financing in the field of project management have the European Parliament and the European Commission (EU); European Bank for Reconstruction and Development (BERD / EBERD); European Investment Bank (EIB / BEI); World Bank for Economic Development (WB).

The European Union has its own project management structure. For example, in France, the Department of State Modernization and the European Commission (EU); European Bank for Reconstruction and Development (BERD / EBERD); European Investment Bank (EIB / BEI); World Bank for Economic Development (WB).

The decision is made jointly after a long discussion. Also, any stage of the project implementation is submitted for public discussion with full access to the information necessary for evaluation. The authorities have established feedback channels, where each proposal or criticism is subject to collective discussion by the project team.

Programs implemented through the EU Structural Funds are usually implemented in the form of local, regional or international cooperation. The Commission of the European Union pays great attention to involving competent partners in the preparation and implementation of programs and projects of the Structural Funds. In the Commission's view, the involvement of local authorities helps to better formulate a regional development strategy and ensure better implementation, as they are better acquainted with the problems and needs of the regions concerned [38-40]. The social partners (employers and trade unions) also aim to develop human resources. Depending on the content of the program or project, it is planned to invite all interested groups, NGOs, etc. to develop the project or program.

The current stage of development of project management is characterized by the expansion of the subject field due to best practices in other areas of management and "paradigmatic, thematic and methodological diversity" [18] methodologies that combine cascading and flexible models, best practices and methodological developments of basic standards [42]. This trend can be traced in the development of European project

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management methodology, which generalizes and greatly simplifies the classical project management methodologies, thus representing a simple effective guide.

These practices include elements from a wide range of generally accepted Agile project management principles and best practices, project management standards and methodologies such as PMBOK, PRINCE2, IPMA-ICB. The developers of the standard claim that this methodology is suitable for any type of project, providing a standard model of project life cycle management, a set of management actions, principles and working templates, as well as a set of effective solutions for project teams [59].

In most European countries, the project approach is primarily associated with joint activities within the European Union, in particular, with the participation of the Structural Fund and the Cohesion Fund of the European Union. Programs implemented throughout the member states are usually carried out in the form of local, regional, or international cooperation [13]. These funds are presented in Table 1.

Table 1: EU Structural Development Funds and Financing Objectives

<table>
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<tr>
<th>Funds</th>
<th>Aims of Financing</th>
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<tr>
<td>1. European Regional Development Fund (ERDF)</td>
<td>Promotion of economic and social development of lagging regions and territories, their structural regulation. Economic revitalization of those regions or parts of it where industry is in decline.</td>
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<tr>
<td>2. European Social Fund (ESF)</td>
<td>Development of a strategy to help and improve living standards in the framework of project activities.</td>
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<tr>
<td>3. European Agricultural Advisory and Guarantee Fund (EAGGF)</td>
<td>Promotion of structural and incentive measures for rural development.</td>
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<tr>
<td>4. Financial Instrument for Fisheries Guidance (FFIG)</td>
<td>Development of local capacity in rural areas.</td>
</tr>
<tr>
<td>5. Cohesion Fund (CF)</td>
<td>Encouraging assistance to countries to protect and improve the environment and develop the European transport system.</td>
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For example, the EU’s Baltic Sea Region Regional Development Fund and the European Union’s Structural Unity and Cohesion Fund allocated €22.8 billion from 2007 to 2013 to 90 projects promoting regional development. These projects focus on such areas as energy, innovation, transport, water supply. The main advantage of project management in the context of public reporting can be considered an adjustment of the project management system, which is based on the principles of leadership and team management, a clear functional division of responsibilities and competencies [44-49]. The exchange of information between members of the project team through a comprehensive information system contributes to the benefits of implementing the principles of project management.

Some of the successful initiatives of the countries of Central and Eastern Europe include the following: complete digitalization of public administration, monitoring of the spending of grants in the Czech Republic; stimulating innovation and improving education (Estonia, Slovakia, Slovenia); improvement of financial instruments (Hungary, Bulgaria, Lithuania); stimulation of youth employment initiatives in Poland; stimulation of the processes of social integration and the fight against poverty (Latvia, Lithuania) [13]. This experience shows that cross-country activities are recognized in Europe and bring practical benefits. But there are also countries that stand out for a higher level of project management development and are able to implement large projects themselves.

The practice of implementing the project and program approach in the EU countries demonstrates a consolidated approach in choosing the goals and priorities of regional development of EU regions. There is a coherence between funding and budget performance indicators for projects and programs in the new EU countries, funded by the Structural Unity and Cohesion Funds of the European Union. It is expedient to pay attention to eight principles of formation of programs of structural funds: planning, partnership, complementarity, subsidiarity, flexibility, coherence and viability [21].

Flexibility ensures proper analysis, coordination and implementation of goals, promotes the creation of multi-year integrated programs. This ensures the effectiveness of relationships and communications between subject areas and projects [52, 53,55]. The partnership encourages openness, vertical and horizontal cooperation in the implementation of projects and programs, especially among partners located in the same region. Complementarity means that investments and expenditures by regional and national Member States should not be considered exclusively for those regions that could potentially receive support from the European Union's Structural Funds. This principle emphasizes the responsibility of the country itself for the development of lagging regions, the allocation of its national funds, regardless of the support of the European Union.

The principle of convergence implies that the funds spent on support should be allocated to the main objectives of the program and not to the many indirect effects of the programs [57, 58]. The principle of subsidiarity is related to the need to manage a program or project at the level at which it can be best implemented. In most cases, this is the local level, because this level takes into account the existing conditions. However, management functions that cannot be properly implemented locally must be managed centrally.

The principle of flexibility allows improving the structure of the program, the project after the change of economic conditions and environment, to identify errors and inaccuracies to improve the program [60, 61]. Compatibility aims to maximize policy coherence at national, regional and European levels. The principle of viability provides for the quality management of natural, social and economic resources so that future generations can also fully meet the needs.

For example, in the 2017 budget, the EU reduced funding for programs and projects to equalize the level of socio-economic development of the new EU countries and bring them closer to the European average by 23.9%. Latvia, Lithuania and Estonia have been positive examples of the development of EU funds for the rest of Central and Eastern Europe. By the end of 2015, Latvia had signed contracts with 8.3 thousand beneficiaries for a total of 4.7 billion euros, which was 4% more than the allocated budget (4.53 billion euros) and ensured the actual use of 100% of the allocated funding. The planning, programming and implementation of projects supported by the EU Structural Funds focuses on the development of infrastructure, human resources, development of administrative systems and regulatory tools [43, 51].

The new EU member states are proving their success in improving the management of programs supported by the European Union's Structural Unity and Cohesion Funds. This is facilitated by European Union legislation and the interaction of European Union authorities at national and supranational level [64-66]. The modern methodology for the functioning of the Structural Unity and Cohesion Funds of the European Union clearly defines what needs to be done consistently at each stage of project cycle management.

Directions of development and forecast of the country (region, city) are studied at the stage of development. The situation is analyzed at the national level in order to identify problems, barriers and opportunities of individual regions and industries that are important for the development of society and the economy [67, 68].

At the stage of identification the initial conditions of the project, the concept of projects are formed, possible actions are defined, the most priority are allocated [69]. At this stage, the interaction of partners and potential beneficiaries is carried out. The possible risks of the beneficiaries are assessed and the most effective ways to solve these problems are sought.
The most promising project ideas selected at the development stage are currently being developed and realistic project work plans are being prepared. It is important that not only partners but also future beneficiaries, all stakeholders participate at this stage. Their participation in the concretization of the project idea significantly increases the likelihood that the strategic goals of the project will be realized and long-term benefits for the project result will be achieved.

At the stage of financing, the final investment decision is made regarding the financing of the submitted project. This decision is made by the funding institution taking into account the extent to which a particular project meets the requirements of the European Union's structural funds.

At the implementation stage, all activities provided for in the project activity plans must be implemented in accordance with the plan. It is necessary to monitor the progress of the project, to assess the progress made on the indicators of the approved project schedule.

At the project implementation evaluation stage, independent experts assess whether the objectives set and the objectives set out in the project contract have been achieved. To improve the quality of management of future projects and programs, evaluation information should be accumulated, systematized, and disseminated to new project and program developers.

In frames of institutionalization, European countries not only use the world experience of project activities and the generally accepted system of standardization in this area, but also develop their own standards, taking into account the national management and executive mentality. For example, Greece, after analyzing the mistakes of national projects, decided to create its own standard of project activities, ELOT-1429. The Ministry of Economy and Finance has included in this standard a guide for the use of specialized and procurement projects in public projects, as well as requirements for the evaluation of project managers.

In the UK, not being the EU member anymore, in 2016 significant improvements in budget compliance and project scheduling were observed. In addition, the role of the UK Department of Infrastructure and Projects (IPA) as a change leader in the entire public services sector is noted, especially in terms of developing a project culture [62]. This function is a leader in the entire public services sector is noted, especially in the IPA report on its activities indicates the key long-term areas of work of the Department to improve its own efficiency and the public sector as a whole.

One of the priority areas of project activity in the UK is the evaluation of results. To achieve this goal, IPA conducts a comprehensive assessment of the status of projects. Based on it, an assessment of the reliability of the implementation (Delivery Confidence assessment, DCA) is carried out – an assessment of the likelihood of successful completion of the project [27].

4 Conclusion

The assessment is carried out on a five-level color scale, where “green” is a high probability of successful completion, and “red” is an extremely low probability of success of a project or program. DCA is a snapshot of a project at a specific point in time and is designed to focus project teams' attention on problematic aspects of projects. In addition, IPA provides additional support to projects that find themselves in the “red” or orange zone – for example, information and expert, as well as conducting additional assessments of the status of the project to identify the root causes of problems.

DCA is a comprehensive assessment of the entire project, i.e., finding the project in the orange zone does not mean its complete failure in all respects. A strong deviation of several parameters with good indicators on others can lead to a similar characteristic of the state of the project. This indicator is constantly changing throughout the life cycle of the project and is often quickly corrected after the implementation of corrective actions.

Regarding the overall specifics of European models of project management should be noted their high level of sophistication at all stages, complex organizational structure of management, high level of resources and staffing, effective support of the state apparatus, and the advantage of public-private partnership.

Literature:


