

STUDY ON THE IDENTIFICATION OF INFLUENCE FACTORS ON EUROPEAN ACCESS IN PROJECTS

*Diana Elena RANF¹
Dănut DUMITRAȘCU²*

ABSTRACT

European funds should be regarded as an important source that can lead to the modernization of Romania, and project management, as the tool that can make this progress possible. An important role in this process is the state's capacity to channel effectively and efficiently the funds to users and appropriate investments that would lead to the economic growth expected. These European funds can currently bring an important contribution to the growth strategy of Romania. In this uncertain economic climate, EU funded projects is an important driver of economic growth. It thus appears imperative to improve the absorption rate of EU funds, this constituting itself as the first argument of the need of this study.

The study in the article begun with the problem of low access rate of European funds in the Central Region, a problem that is multiplied nationwide. At the moment there are social actors (municipalities, NGOs, etc.) in the Central Region and beyond, who have not yet tried to obtain European funds, this reflecting poor practice in the field of project management. The objective of the investigation conducted is to identify the causes that led to this low level of access of European funding at local government level.

KEYWORDS: *financing, funds, management, projects.*

JEL CLASSIFICATION: *M 10.*

1. INTRODUCTION

Using project management as a tool for attracting European funds is an increasingly debated topic. One of the reasons is negative, i.e. the rate of absorption of structural funds is 23%, of which 12,82% is refund payments, the difference being represented by pre-financing which have not been fully approved by the European Union. These results put a warning on low performance in projects. Contemporary Romanian economy is very strongly affected by political factors and is currently in instability at all levels (economic, financial and political) that affect our country. In this context, attracting European funds has become an objective that is actively reflected in the plans of all public institutions, but that is rarely achieved. The main causes of this problem need to be identified through this research. Thus, far from talking about a culture on projects in our country, our main concern is to remedy certain problems that have led to these results and find solutions to ease the process of accessing funding.

The lack of a conceptual framework suitable for the absorption of European funds, as well as studies to identify better ways to manage these funds were reported by the authors since 2009 (Zaman & Georgescu) from the beginning of the financial period from 2007 to 2013. At the end of each period, particular importance is an analysis of the positive and negative diagnosis that led to

¹ Romanian-German University of Sibiu, Romania, ranfd@yahoo.com

² Lucian Blaga University, Sibiu, Romania, dumitrascud@asconet.ro

results. This analysis is intended to help improve the results that Romania could get in the future in this area.

Therefore, the importance of the study is given both by the timeliness and importance of this issue and by the fact that it seeks to enhance existing theory and practice in these areas are interrelated: European funds, project management, institutional development, convergence, areas where there is need for studies and research that would contribute to raising the level of performance.

According to previously published studies (Ranf & Dumitraşcu, 2012), institutions that have developed projects at public institutions in the Central Region have encountered a number of difficulties in different stages of the project such as project planning (filling out the application form) and implementation (technical – financial reporting) and a range of issues from the partners involved. They have contributed to low absorption of funds.

Under these circumstances, attracting European funds has become an objective that is actively reflected in the plans of all public institutions, but that is rarely achieved. The main causes of this problem need to be identified through research to heaven. Thus, far from talking about a culture projects in our country, our main concern is to remedy certain problems that have led to these results and find solutions to ease the process of accessing funding.

Improving absorption of EU funds – which has become a constant concern and worry for the governors so far - primarily involves identifying the main gaps, insufficiencies or inefficiencies encountered by those responsible for writing projects and their implementation (Ranf & Dumitraşcu, 2012).

The importance of such studies to contribute with solutions for improving performance recorded in the field of funds absorption positive also arises from the positive experience registered by other European Union member states, as the example of Ireland, which succeeded in doubling the growth rate in a period of for ten years during which they have benefited from cohesion funds. (Coman & Coman, 2010). An efficient use of European funds may be subject to quality of governance and the quality of personnel operating in public institutions. (Necula, Snake, Moga & Necula).

This article contains a survey whose target group is the Region 7 Centre social actors who have not accessed funds and aims to identify the causes of the low degree of accessing projects' financing. This paper aims to obtain information as to the degree of influence of environmental factors on the decision of European funds. To prevent and control environmental factors on projects, an analysis of the extent to which they have made their mark on projects undertaken by social actors Central Region should be made.

Identifying ways to control the factors of influence on European projects contributes to increased performance in terms of access and absorption of funds and project management transformation from a simple concept, into a new way of thinking, acting, or communicating.

There are authors (Bârgăoanu, 2009) who consider that, in order to increase the absorption capacity of EU funds, training of specialists who work or will work with European funds is essential but not sufficient. The focus should be equally on creating organizational skills in project management, the implementation of policies to stimulate the adoption, on a large-scale, of project management as a way to design development. The project management can thus become more than a strategic force, an ability that may fundamentally change the ability to lead the organization (Verzuh, 2003).

This view is supported by the authors Kerzner and Saladis (2009), who support the adoption of project management by organizations not only to develop projects but also as an organizational strategy or alternative form of leadership. Recently, globalization has fostered the emergence of international projects, project management going beyond national boundaries.

2. ASPECTS ON THE RESEARCH METHODOLOGY

The research is an original contribution to the existing stock of knowledge with the aim of enriching it; is the search for truth, using survey, observation, comparison and experiment. In short, the search for knowledge through objective and systematic methods to identify a solution to a problem is

research (Rajendra, 2008).

The research has, however, followed a succession of phases and activities that contribute to the research purpose and resolving a particular problem, because, according to Professor Iacob Cătoi, "the achievement of high levels of professionalism in research primarily involves thorough knowledge of the sequence and content of phases of the research process" (Cătoi, 2009).

The main problem identified in the present study is the low access rate of European funds in the Central Region, a problem that is multiplied nationwide. Currently, there are social actors (municipalities, NGOs, etc.) in the Central Region and beyond, who have not yet tried to obtain European funds, this reflecting poor practice in project management. The purpose of the research is to identify the causes that led to this low level of access of European funds at local government level.

The population of interest for the study, namely the population from which the sample was selected, is formed, as in the previous investigation conducted in public institutions (municipalities, county councils, foundations, government, prefectures) or NGOs located in the Central Region (Alba, Brasov, Covasna, Harghita, Mures and Sibiu), most of which have not accessed European funds.

For the present research a questionnaire containing 17 questions was used, which would provide the necessary information to solve the problems and issues investigated.

Using the same methodology as in the first investigation, the questionnaires were administered personally by email for the institutions in Sibiu and institutions in the rest of the counties in the Central Region (Alba, Brasov, Mures, Harghita, Covasna). Respondents were contacted in advance by phone, and questionnaires were sent by mail and returned by the same method. Processing, analysis and interpretation of data was all computerized, resorting to the facilities provided by SPSS 10 for Windows and Microsoft Excel spreadsheet program included in Microsoft Office 7.

3. FREQUENCY ANALYSIS

The research starts from the assumption that the main problems that social actors are confronted with when accessing European funds are certain budgetary restrictions and the lack of staff motivation in this direction. The 65% of the responding institutions which have not accessed funds contributed to the achievement of this goal.

This cause of non-accessing European funds by institutions, namely the low level of knowledge in the field has been a medium factor of influence in the decision taken by the institutions. There are however some respondents to whom the lack of information was an important and very important (28%) influence factor in the decision to access the funds.

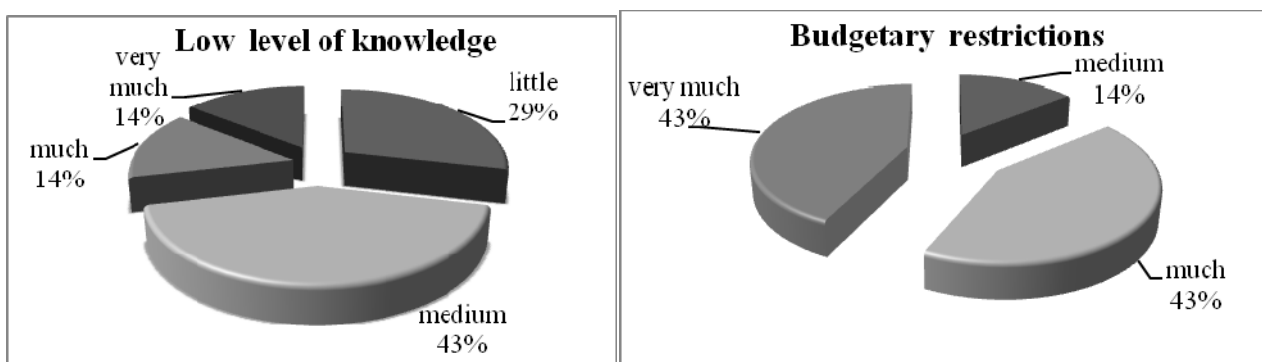


Figure 1. The extent to which certain factors influenced institutions in the decision not to access European funds

Source: made by author

According to respondents, budget restrictions were an important factor influencing the institutions, all grades being above average. Thus, 86% of the respondent institutions said that budget restrictions have greatly and very much influenced their decision not to access European funds.

Budgetary restrictions phrase refers both to difficulties in providing necessary guarantees and the difficulties in ensuring the percentage of co-financing the project. Expenses can be included in writing the grant application form, which are not low, and small institutions often turn to consulting companies, this being confirmed by the institutions in the Central Region that have accessed funds from the previous research conducted.

Figure no. 2 confirms that the responding institutions have quite few information and knowledge on the subject of EU funds and methodology of accessing and project implementation. Even if for the responding institutions writing projects is not an obstacle, because they can receive help from external specialists, the implementation phase of projects, for which the institutions do not have specialists, has influenced them in a large and heavily negative manner in the decision to access European funds.

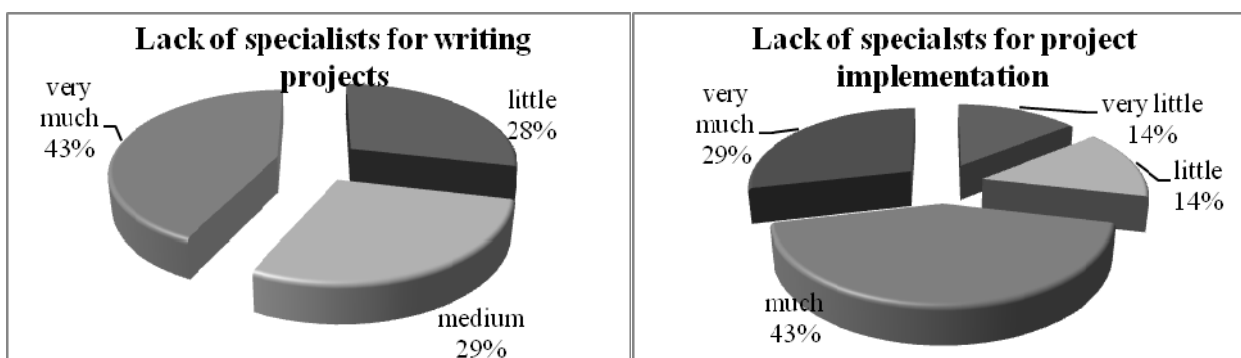


Figure 2. The extent to which the lack of specialists for project writing and implementation influenced institutions in the decision not to access European funds

Source: made by author

About a third of the respondents believe that poor information of potential beneficiaries on funding opportunities that they have and the conditions of application and management of European funds operating mechanisms has influenced them much and greatly in the decision to not access European funds. Another third gives an average mark to this cause. Public institutions, due to the disadvantages identified so far (very low budget, lack of specialists) should be informed about the possibility of accessing funds depending on the type of institution, area, eligibility.

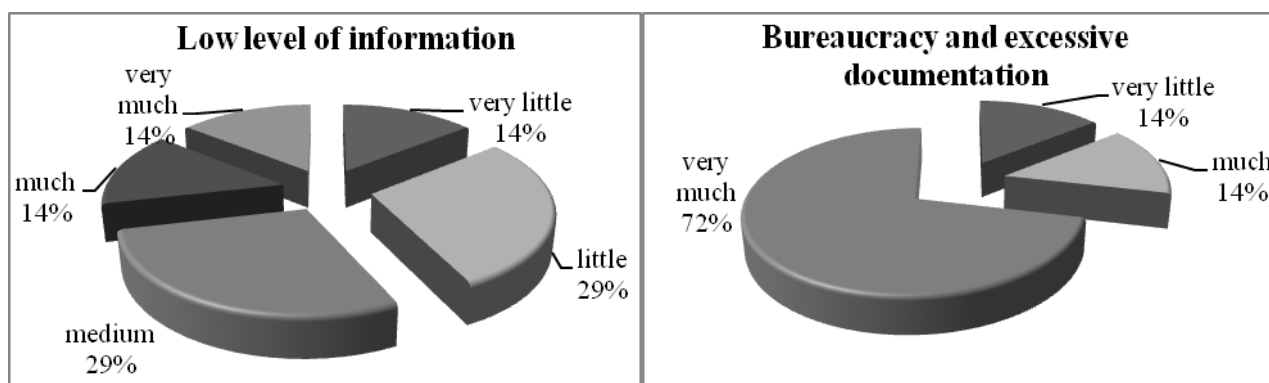


Figure 3. The extent to which certain factors influenced institutions in the decision not to access European funds

Source: made by author

Most institutions have a first reaction of "fear" when they first inform on the methodology of accessing European funds and on the necessary documents. The current bureaucracy in Romanian institutions influences in a proportion of 86% a lot and very much the respondents in the decision to not access European funds for the investment objectives they have.

A high percentage of respondents (72%) believe that institutions have insufficient staff to engage in the process of accessing funds. Respondents confirmed the lack of motivation of staff in public institutions by their answers. So these, 43% considered that low motivation is an important and very important factor for the lack of involvement of human resources towards accessing European funds. Also a percentage of 43% of respondents give an average mark to this factor of influence in the decision to access European funds.

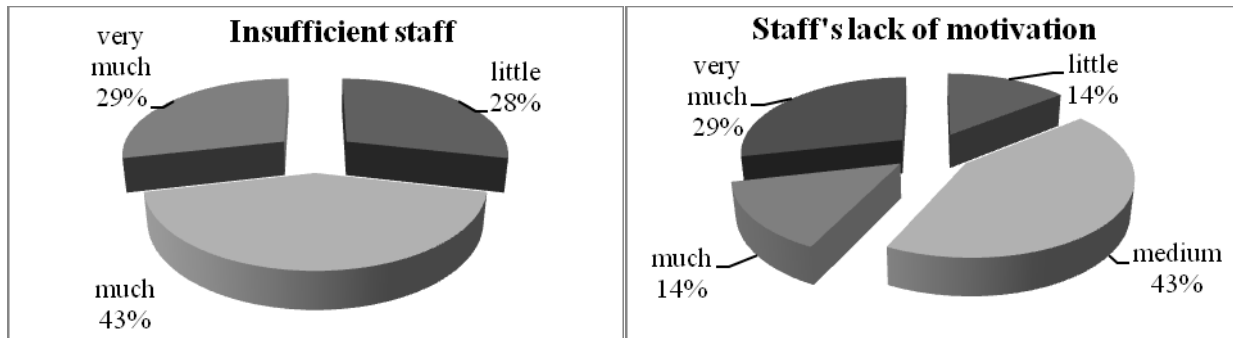


Figure 4. The extent to which the insufficient staff, as well as its lack of motivation influenced institutions in the decision not to access European funds

Source: made by author

Authorities managing EU funds in Romania hold some of the blame for the low degree of absorption of funds in our country and this is not due to poor project evaluation, but because it gives little support to potential beneficiaries on issues they face in the process of accessing and implementing the funds, as confirmed in the previous research. About half (43%) of institutions that have not yet accessed the funds believe they will be affected more and a lot by this problem.

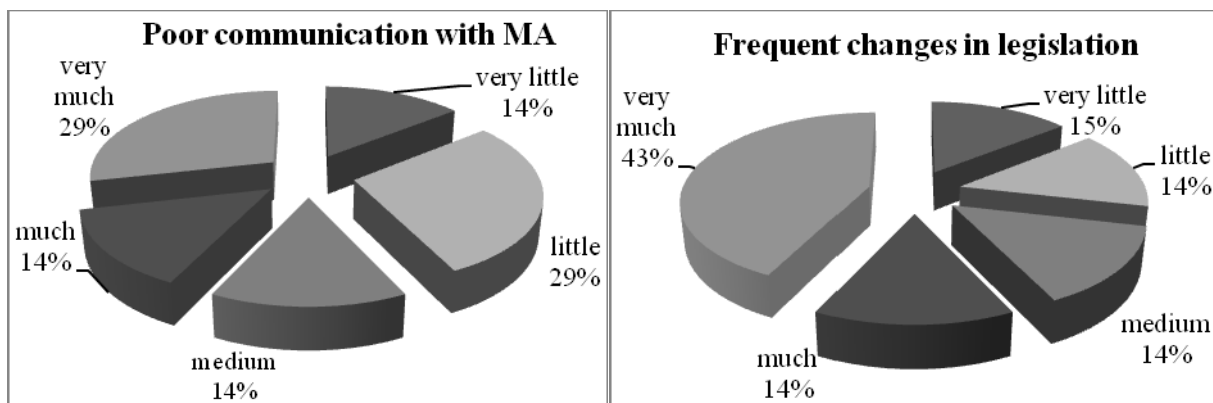


Figure 5. The extent to which certain factors influenced institutions in the decision not to access European funds

Source: made by author

Besides heavy bureaucracy, malfunction of some authorities which is depended on in the chain of procedures to be completed for accessing and implementing EU funds, another problem that can become a cause of not accessing funds is the frequent changes in the legal framework that, from the experience of institutions which have accessed funds, are changing during the running of projects and it influences their proper course. Thus, in the present study, more than half of the responding institutions (57%) said they were very much influenced by this negative factor in the decision of accessing European funds.

The disinterest towards accessing European funds can be a natural consequence of the causes discussed above, such as understaffing, its poor motivation, limited budget for public institutions

often on political grounds, too. The lack of interest may also arise because managers of institutions are occupying a position and are satisfied with low achievements, without any interest to change or improve something in the institutions or in the territories they control, a state which is transmitted to the employees. Thus, a percentage of 43% of the institutions considered disinterest as an important cause for the lack of access of funds.

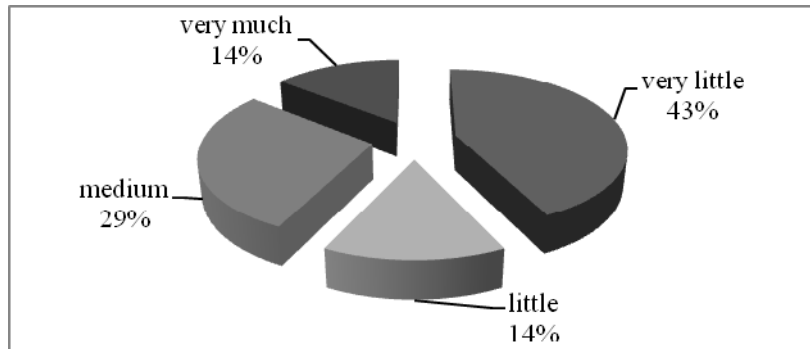


Figure 6. The extent to which the lack of interest in this direction influenced institutions in the decision not to access European funds

Source: made by author

Analyzing Figure 7, it can be stated that financial factors have the greatest influence on the institutions in the decision to not access European funds, followed by heavy bureaucracy in our country and frequent changes in the legal framework, these changes being the result of political instability in our country. Causes of human nature such as insufficient staff, poorly motivated, lack of specialists, are the other factors of negative influence on institutions.

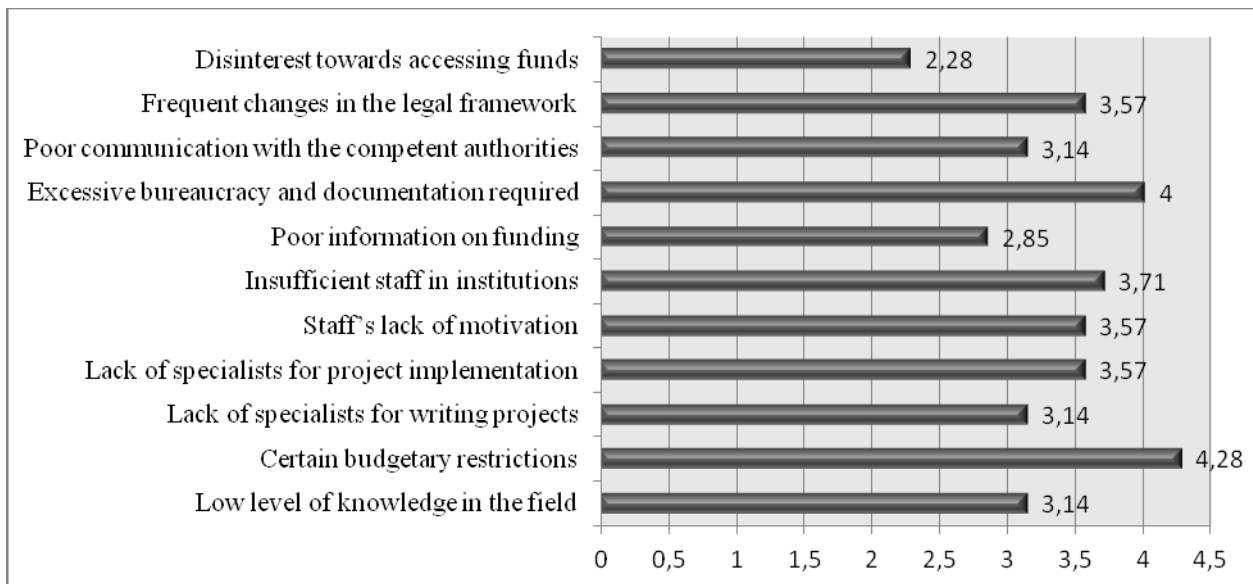


Figure 7. Comparison between the degrees of importance of the causes of not accessing EU funds by the social actors in Central Region

Source: made by author

4. STATISTICAL ANALYSIS

Figure no. 8 analyzes the influence on the decision to accessing European funds depending on the size of the institution. The category of institutions with more than 250 employees is missing from this analysis, because they are part of the percentage of institutions that have accessed European funds. From the category of institutions have not tried accessing funds, institutions that have between 10 and 49 employees give the highest marks to causes such as excessive paperwork and documentation, lack of specialists for project implementation and budgetary restrictions. For smaller institutions and institutions that have over 50 employees, budgetary constraints prevail, followed by bureaucracy, lack of qualified personnel in the projects, and frequent changes in the legal framework

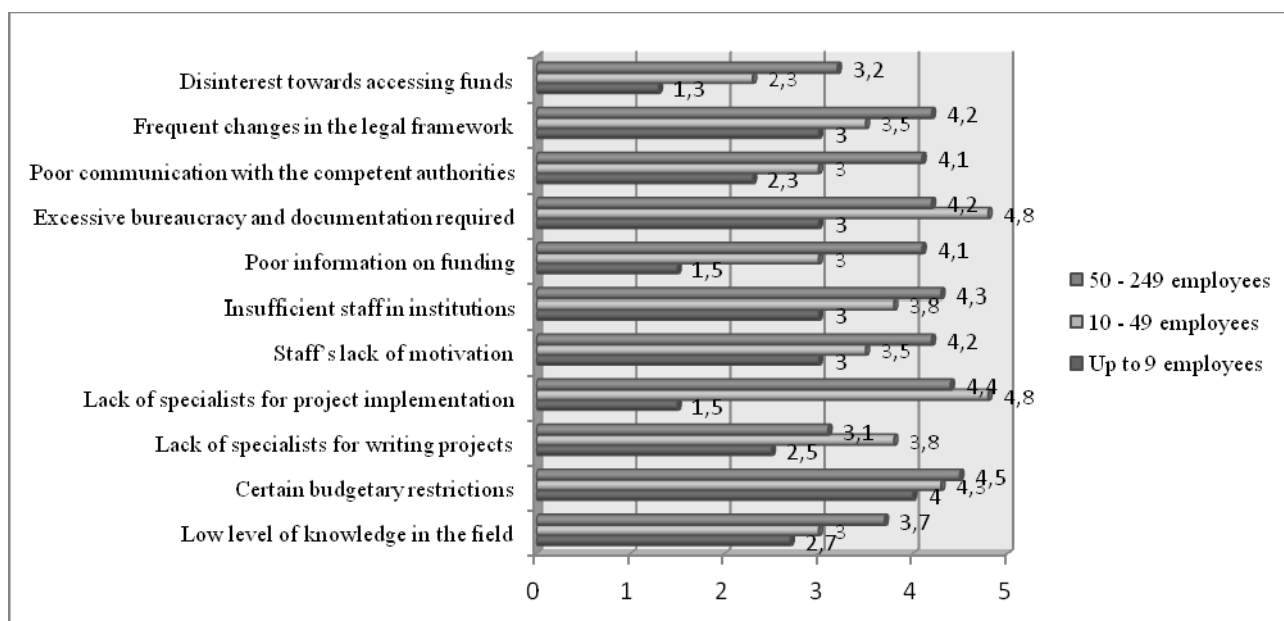


Figure 8. Causes of low access of funds depending on the size of the institution

Source: made by author

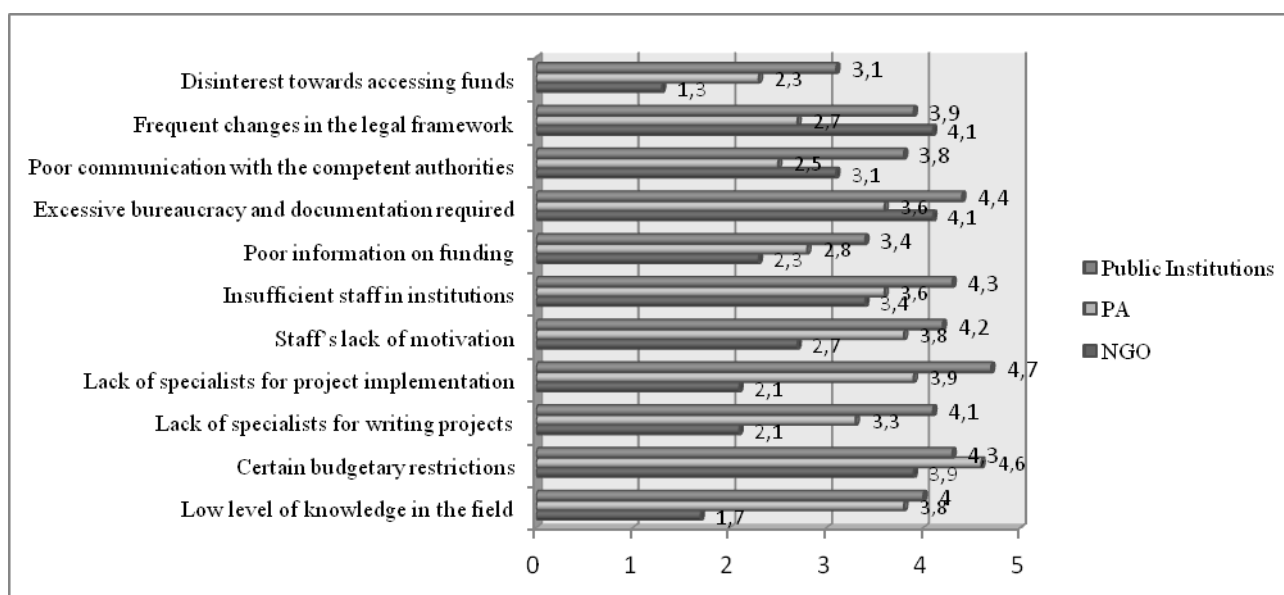


Figure 9. Causes of low access of funds depending on the type of the institution

Source: made by author

Figure no. 9 examines the reasons that led to the decision to abandon accessing European funds depending on the type of institution. According to the answers given, NGOs given the lowest scores to the analyzed causes, except for the frequent changes in the legal framework to which they give the highest grade.

The category of public institutions, which, in a percentage of 65% are represented by institutions holding between 10 and 49 employees, keep the directions from Figure 8, recognizing as important obstacles in running some projects factors such as bureaucracy, excessive documentation, lack of specialists both for writing and the implementation of projects, budgetary constraints and frequent changes in the legal framework.

5. THE PERCENTAGE OF INFLUENCE OF ENVIRONMENTAL FACTORS ON THE DEGREE OF ACCESSING EUROEPAN PROJECTS BY THE SOCIAL ACTORS IN CENTRAL REGION

This chapter supplements the analysis by identifying environmental factors influence percentage on the degree of accessing European funds by the group investigated. Weighting was done from the causes of low level of European funds accessing reported in the research, which were converted into percentages based on coefficients of importance given by respondents in the investigation. Therefore, figure no. 10 contains the percentages of each cause of low level of access that later in figure no. 11 will be converted into shares of factors of influence depending on the nature of each cause.

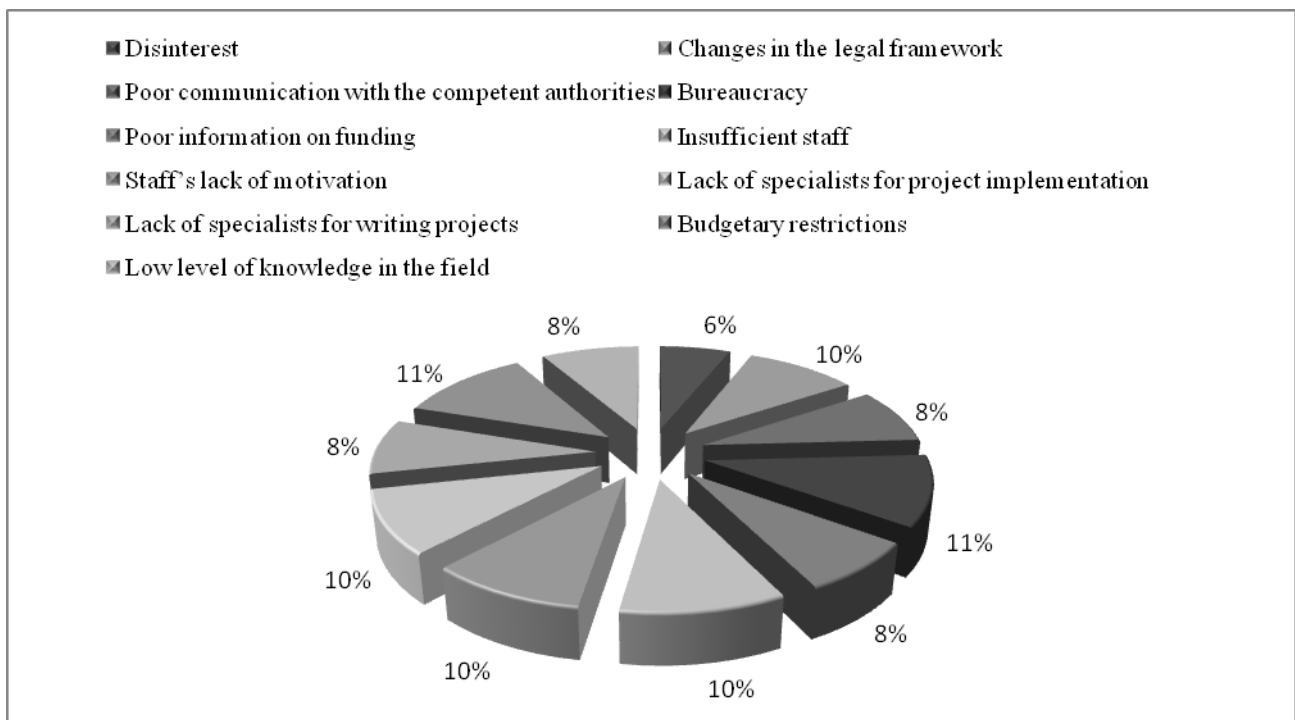


Figure 10. Percentage of causes of low level of access of funds in Central Region

Source: made by author

Table 1 shows how the causes presented were transformed into influencing factors. The table contains only those internal and external environment factors whose influence contributed to the emergence of problems in accessing European projects by social actors from Central Region. To identify the influence factors the origin of each cause was taken into account, i.e. the factor that led

to the emergence of such barriers, namely: the percentage of 6% which is the disinterest was attributed to the following factors of influence:

- (a) 2% - the influence of resources (disinterest of the human resources from the institution);
- (b) 2% - the influence of the management of the institution;
- (c) 2% - the influence of organizational culture.

Table 1. The influence of environmental factors on the causes of the small degree of accessing European funds

Source: made by author

	Resources	Management	Organisational culture	Suppliers	Economic factors	Political-legislative factors	Social-cultural factors	Technological factors
Disinterest	2%	2%	2%					
Changes in the legislative framework						10%		
Poor communication with the competent authorities		2%		4%			2%	
Bureaucracy						11%		
Poor information on funding				4%		4%		
Insufficient staff	4%					6%		
Lack of staff motivation	5%	5%						
Lack of specialists for project implementation	4%	5%	1%					
Lack of specialists for writing projects	3%	4%	1%					
Budget restrictions					11%			
Low level of knowledge in the field	1%	3%	2%					2%
TOTAL	19%	21%	6%	8%	11%	32%	2%	2%

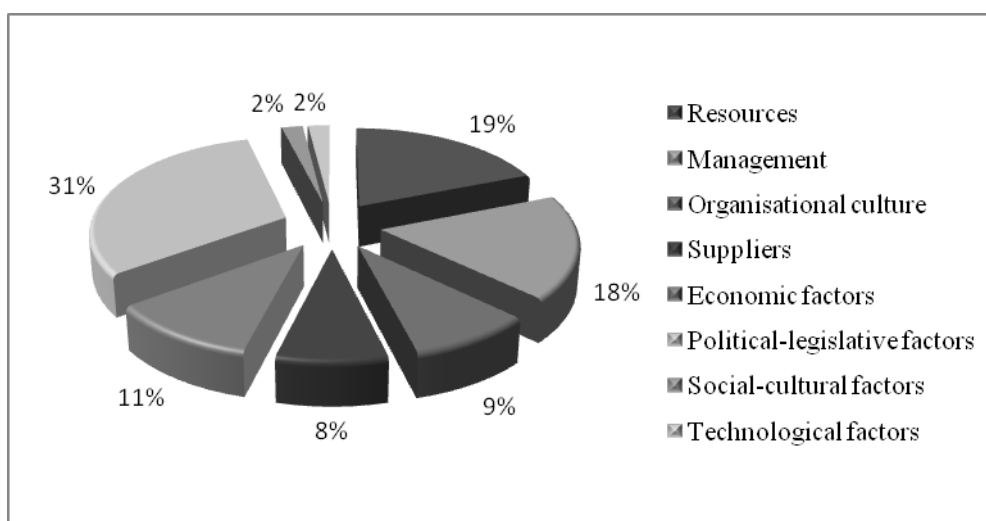


Figure 11. Degree of influence of factors on the low level of access

Source: made by author

Analyzing figure no. 11, one can see that the external environment factors, namely political and legislative factors had the greatest influence on the decision to access projects by social actors in Region 7 Centre. From the external environment, there are resources and institutional management with the highest negative impact on the analyzed institutions.

6. CONCLUSIONS

This article continues the analysis on the issues of project, project management, European funds, concepts that have become very popular in today's Romania, "starved" by any capital injection it could attract. Unfortunately, that does not mean that they are popular and well understood or processed, the results are not as expected and beneficial for stimulating the economic development of the country.

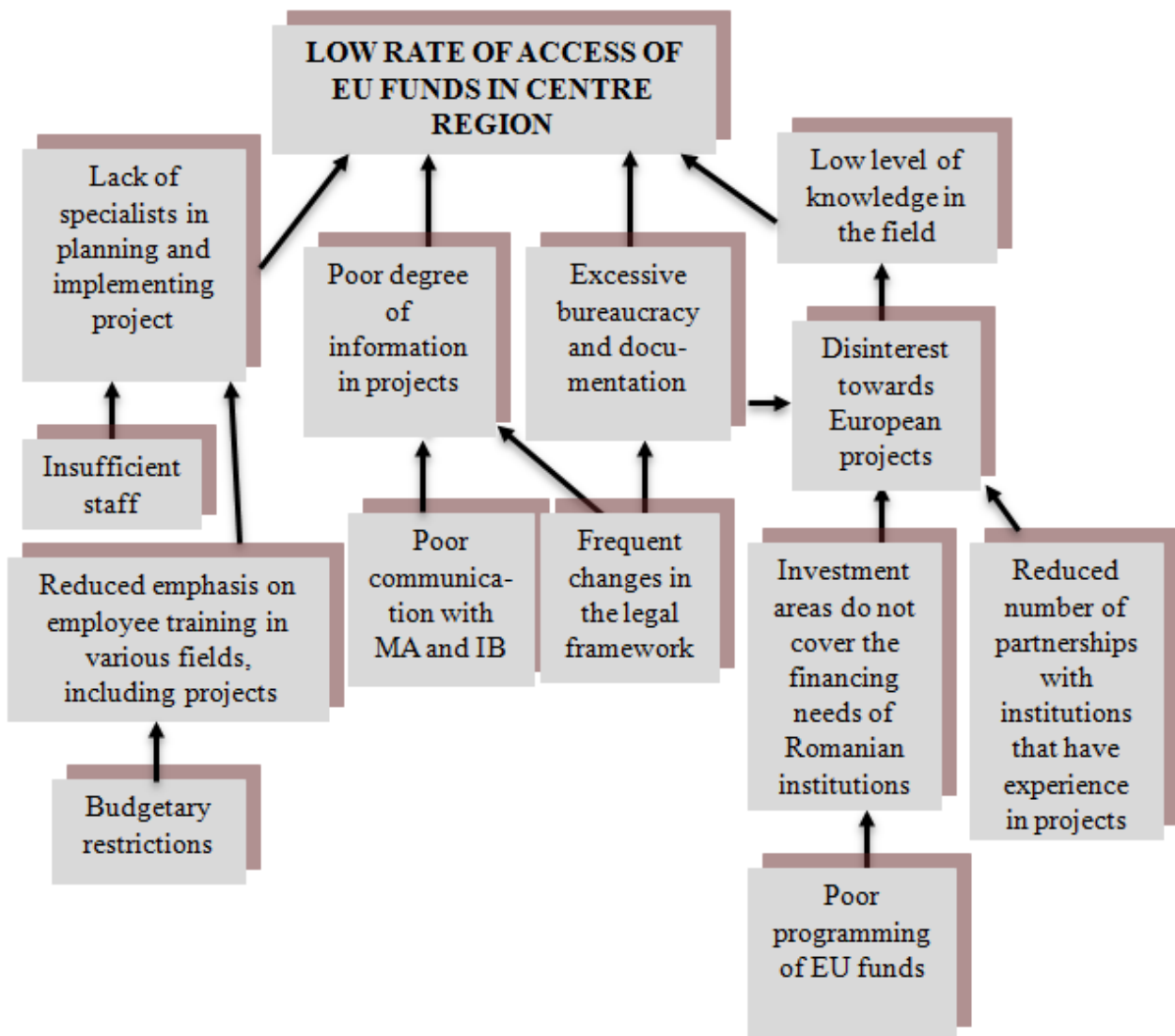


Figure 12. Causes of low level of accessing project financing

Source: made by author

Although the causes of the low level of access on projects are various, as it can be seen in figure no. 12, respondents gave a great importance coefficient to financial causes. But the causes of the problem investigated differ depending on the size of the institutions. Therefore, the institutions that have between 10 and 49 employees say that excessive bureaucracy and documentation (political and legislative factors) is a barrier to accessing funds. Institutions with less than 9 employees and

institutions that have over 50 employees motivated certain financial restrictions (resources) for the lack of access to funds. Also included are very frequent legislative changes and lack of training of the staff in the projects. These confirm the study findings (Ranf & Dumitraşcu) that identified problems in the implementation of projects such as lack of correlation between funding guidelines and legislation in force due to frequent changes occurring, large volume of documents transmitted to the management authorities.

Recommendations for potential beneficiaries of EU funds:

- (a) Continuous improvement of internal set of core values, such as adaptation to the external environment and the creation of values, that focus on performance, efficiency and progress;
- (b) Permanent enrichment of the content of the information system and the process of internal and external communication;
- (c) Separation of the political factor from the public management practiced in state institutions and administrative authorities;
- (d) Identification of project ideas through an analysis of institutional needs through European funds and creating a portfolio of projects;
- (e) Making efforts to transform weaknesses that institutions have towards accessing funds into strengths that can take advantage of development opportunities that funds provide;
- (f) The project manager must have, in addition to knowledge about the processes involved in the company, the ability to work more efficiently by using modern tools and techniques of project management;
- (g) Initiate relations with project developing institutions, both nationally and internationally for exchange of best practices, collaboration and knowledge transfer.

Although the results at the end of the first funding period 2007 - 2013 are far below expectations, however, respondents have not lost confidence in the ability of European funds to further mitigate the effects of the crises that affected Romania in recent years, but they not very confident in their ability to reduce the differences between urban and rural areas.

ACKNOWLEDGMENT

This research is conducted within the project SOPHRD/6/1.5/S/26, cofinanced by the European Social Fund through the Sectoral Operational Programme "Human Resources Development" 2007-2013.

REFERENCES

- Bârgăoanu, A. (2009). *Fondurile europene – strategii de promovare și utilizare*. Bucharest: Editura Tritonic.
- Cătoiu, I. (2009). *Cercetări de marketing*. Bucharest: Editura Uranus.
- Coman, A.N. & Coman, P. (2010) Ireland: An Example of Best Practices in the Utilization of EU Funds, *Amfiteatru Economic*, 12/28/2010, 661-674.
- Kerzner, H. & Saladis, F.P., (2011). *Value-driven project management*. SUA: John Wiley&Sons.
- Neculita, M., Sarpe, D.A., Moga, L.M., Neculita, V. (2013) Economic Growth and European Funds Absorption in Central and Eastern European Countries, *Acta Universitatis Danubius. Oeconomica.*, 9/4/2013, 177-186.
- Rajendra, K. (2008). *Research Methodology*. India: APH Publishing Corporation.
- (a) Ranf, D. & Dumitraşcu, D. (2012) Research on Problems with Projects and Partnerships that Public Institutions in the Centre Region Faced in Accessing European Funds, *Analele Universităţii din Oradea*, 1/156/2012, 769-775.

- (b) Ranf, D. & Dumitraşcu, D. (2012) Study on the Problems in the Stages of Filling Out the Application Form and Technical-Financial Reporting Encountered by the Public Institutions in the Centre Region in Accessing European Funds, *Analele Universităţii din Oradea*, 1/156/2012, 1059-1065.
- (c) Ranf, D. & Dumitraşcu, D. (2012) Case Study on the State of Projects Accessed by Public Institutions in Centre Region. *Studies in Business and Economics*, 64.6/2012, 96-106.
- Verzuh, E. (2003). *The Portable MBA in Project Management*. SUA: John Wiley&Sons.
- Zaman, G. & Georgescu, G. (2009) Structural Fund Absorption: a New Challenge for Romania?, *Romanian Journal of Economic Forecasting*, 6/1/2009, 136-154.