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# PERFORMANCE ANALYSIS OF PROJECTS IMPLEMENTATION IN HEIS

Empirical study

# **Keywords**

Project performance European funds HEIs SOP HRD

JEL Classification I23, J53, O15, P27

#### Abstract

According to the European Commission, Romania is still facing significant mismatch between the skills of graduates of tertiary education and the market needs.

This paper is highly relevant for the future implementation of HEIs, since they have a strong economic role and they can significantly influence long-term national social and economical development.

Romania did not manage to materialize community funds allocated for the 2007-2013 programming period to its full potential.

Accordingly, the proposed thesis intends to analyse how Romanian HEIs were able to manage community resources attracted by grants and how the implemented projects achieved their set objectives.

According to the data collected so far, the results will show that the performance of the projects is directly dependent on the proportion of fully dedicated staff in organizational design of the project.

The originality of the undertaken study is that it starts from a realistic approach, according to which the rules of the game should be adapted, depending on the players (in our case – HEIs).

#### Introduction

According to the European Commission, enhancing the quality of education and improving the connectivity between higher education and the labour market represents important challenges at Romanian level. The country still faces major difficulties in aligning tertiary education to the labour market reality, and in supporting the social dimension of higher education.

Starting in 2012, Romanian Higher Education Institutions (HEIs) are evaluated and ranked according to a national methodology, the publication and dissemination of results (represented by the hierarchical listing of Universities) constituted a historical turning point in Romanian tertiary education, setting the grounds for a transparent quality-based HEIs financing.

On the other hand, tertiary education, seen as means to the development of human capital for the greater purpose of employability, became one of the sectors largely financially assisted by the European Social Fund. In this context, HEIs had to choose between losing their competitive advantage and acquiring skills in the area of EU-funded projects implementation.

This paper analyses the performance of EU-funded projects implemented by HEIs, as well as its relationship to the number of members in the analysed project implementation teams.

# Literature review

## National Context for Human Resources Development in Romania

According to SOP HRD (Ministry of European Funds, 2014), approved by the European Commission in the first quarter of 2015, Romania faces the following main problems in terms of human resources:

1. The low rate of employment among young people

Youth unemployment rate reached 23.6% by 2013, while the youth employment rate in Romania was only 23.5%, with almost 9 percentage points lower than the EU average (32.4%).

A worrying aspect for Romania represents the very large share of young people not in employment, education or training (NEET - Not Employed, in Education or Training). Their share is 17.2%, compared to the EU average of 12.9%. Given the demographic problems of the country, not maximizing the potential of the young generation is one of the main threats to the country on the long-term.

2. Low density business and limited employment opportunities

Romania has significant regional disparities in terms of development of the business sector and the relatively small number of enterprises translates into a low density of SMEs, i.e. only 23 SMEs / 1000 inhabitants, representing

56% of European average of 41 SMEs / 1000 inhabitants (Post-Privatization Foundation, 2013). Thus, our country occupies the penultimate place in the European Union, in terms of density enterprises (SCHIEMANN, 2008).

3. The high degree of employment in agriculture and lack of opportunities in rural areas

Trends in employment and job distribution are closely linked to the economic activity model, focused on low value-added activities and characterized by a high dependence on agriculture, this remaining an activity expanded in all regions (30.5% of the workforce employed in agriculture in 2012, compared with only 5.2% in the EU-27) (Ministry of European Funds, 2014).

4. Disparities related to access and labour market participation of certain disadvantaged groups

The main disadvantaged categories in labour market participation are unemployed and inactive people, especially long-term unemployed, people with low education, older workers, people of Roma minority, disabled people and people in rural areas with a focus on the subsistence and semi-subsistence agriculture.

5. Mismatch between demand and supply of skills and expertise

Romania faces a decreased educational level of the labour force (15 years and over) compared to the EU27 average, with a low level of ICT use by the population and low participation rate in Lifelong Learning programmes (Ministry of Labour, Family and Social Protection, 2013).

Analysis of occupational groups shows the highest odds of unfilled vacancies for skilled workers and similar workers (3%), plant and machine operators and workers who assemble equipment (2.5%) and skilled workers in agriculture and fishing (1.8%). Recruitment difficulties were highlighted in particular occupations which require professional and technical qualifications. However, only 40% of companies in Romania are willing to invest in the competence development of their staff, compared to the European average of 58% (Ministry of European Funds, 2014).

6. Limited capacity of Public Employment Services to provide quality services tailored to the needs of the labour market accessible to all

Providing quality, flexible and adapted to the labour market is essential to successfully implement the planned measures in the field of employment. In the context of reducing by 40% PES staff in 2008-2010, and lower investment and amounts allocated for active employment measures (from 0.16% of GDP in 2003 to 0.02% in 2011),

PES face important issues of capacity (Ministry of European Funds, 2014).

To meet the development needs identified as a result of the socio-economic analysis, the following objectives were established for the 2014-2020 programming period (Ministry of European Funds, 2014):

- Increase the employment rate among young NEETs;
- Improving labour market participation of people looking for work and those inactive, including local employment initiatives work and support for labour mobility;
- Encouraging entrepreneurship and start-ups;
- Increasing the adaptability of enterprises in the priority sectors identified in the National Strategy for Competitiveness and National Strategy for Research, Development and Innovation;
- Support the involvement of employers in the skills of employees;
- Strengthening the PES capacity to provide quality services tailored to the needs of the labour market and accessible to all.

We believe that the involvement of HEIs in high performance strategic projects can bring major benefits in terms of objectives 1), 3) and 5).

## **Romanian HEIs Evaluation and Ranking**

But what are the incentives HEIs have to stimulate the implementation of ESF supported projects?

According to the methodology used for the classification of Higher Education Institutions in Romania, institutional performance of Universities is assessed as a set of criteria to examine institutional capacity.

As shown by the performance indicators used in the calculation of global indicators, and corresponding global indicators normalized for the institutional capacity criterion (MECTS, 2011), 31.4% of the institutional capacity of HEIs depends on two indicators: total revenue and young teachers and researchers. The remaining indicators have relatively similar weights that cannot significantly influence the institutional capacity independently.

Therefore, we understand that managerial performance of HEIs is largely influenced by the extent to which the HEI manages to attract additional sources of funding, namely projects financed by the European Social Fund (ESF), through the SectoralOperational Programme for Human Resources Development (SOP HRD).

As a consequence, analysing the performance of Higher Education Institutions can be conducted, along with the acknowledged practices of benchmarking, ranking and classification (a brief presentation of the three can be seen in Figure 1), through the performance analysis of ESF financed projects implemented by HEIs.

#### **Case-study and Research Results**

The research methodology consisted in conducting telephone guided interviews. Six HEIs answered the questions addressed through this research, covering 12 projects funded by SOP HRD 2007-2013

The relevant questions for this study were the ones regarding the performance of projects implemented by each HEI, as following:

- Achieved level of indicators (percentage) per entire project
- What was the percentage of reimbursed expenditure for the entire project duration aggregate for all project partners?
- Achieved level of indicators (percentage) for your institution?
- What was the overall project budget execution?
- What was the budget execution of your institution for the considered project?
- What was the number of project team members per entire partnership team?
- What was the percentage of reimbursed expenditure for your institution for the entire project duration?
- What was the number of project team members in your institution?
- How many people (%) of your institution's organizational chart had their main tasks in the project?

Table 1 shows the level of performance achieved by the analysed projects for the considered performance indicators, as enumerated above.

As shown in the correlations table (Table 2), there are strong positive correlations between Q1 and Q2, Q3 and Q7, between Q2 and Q3 and Q7, between Q3 and Q7.

There are also strong negative correlations between Q4 and Q6 and between Q5 and Q6.

Mild positive correlations are also between Q1 and Q6, Q3 and Q6, Q4 and Q5, Q6 and Q8 and finally between Q8 and Q9.

Mild negative correlations are present between Q4 and Q1, Q2, Q3, between Q2 and Q9 and between Q7 and Q9.

According to the previous findings, it results that the overall achieved level of indicators is very similar to the achieved level of indicators of each partner as assumed in the partnership agreement. Also, the percentage of reimbursed expenditure for the entire project duration, for the observed HEIs was strictly correlated to the overall achieved level of indicators.

One of the unexpected results of the study is that the overall project budget execution is higher when the implementing teams are smaller. According to this finding, we can conclude that small teams perform better in this type of project, probably because of better communication.

Surprisingly, the percentage of experts from the institution's organizational chart that had their main tasks in the project does not significantly affect the results of the projects.

# Limitations of Current Results and Further Research

Based on the results shown above, we can conclude that EU-funded projects implemented by HEIs perform better when implementation teams have a smaller number of members, thus proving that project efficiency is higher when the project experts can actively work together, which only happens in less numerous teams.

However, we consider that in order for the results to be generalizable the sample of analysed projects should be more vast and varied, as well as the population of HEIs considered for the study. This is intended to be the focus of further research that would provide more relevant results and provide an answer to whether there is a positive correlation between the number of project team members with only project-related tasks and the

overall project performance for the respective HEIs.

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# Biographicalsketch

Sergiu-Vlad Petcu is a 2<sup>nd</sup>yearPh.D. student in thefield of Management, with a professional background mainly in European fundedprojectsaimed at enhancing students' employability. This justifies his interest in the field of structural funds and persons not employed, in education or training.

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# **Tables**

Table 1. *Project performance indicators* 

Question	Q1. Achieve d level of indicator s (percent age) per entire project	Q2. What was the percenta ge of reimbur sed expendi ture for the entire project duration aggrega te for all project partners ?	Q3. Achieve d level of indicator s (percent age) for your institutio n?	Q4. What was the overall project budget executi on?	Q5. What was the budget executi on of your instituti on for the conside red project ?	Q6. What was the number of project team membe rs per entire partners hip team?	Q7. What was the percenta ge of reimbur sed expendi ture for your instituti on for the entire project duration ?	Q8. What was the number of project team membe rs in your instituti on?	Q9. How many people (%) of your institution 's organizati onal chart had their main tasks in the project?
Median answer	92.8	75.8	91.6	90.6	89.8	22.8	75.2	17.2	55.668

Table 2. Correlations between project performance indicators and the human resources assigned to the project

	1.	2. What	3.	4. What	5. What	6. What	7. What	8. What	9. <i>How</i>
	Achieved	was the	Achieved	was the	was the	was the	was the	was the	many
	level of	percenta	level of	overall	budget	number	percenta	number	people
	indicator	ge of	indicator	project	execution	of project	ge of	of project	(%) of
	S	reimburs	S	budget	of your	team	reimburs	team	your
	(percenta	ed	(percenta	execution	institutio	members	ed	members	institutio
	ge) per	expenditu	ge) for	?	n for the	per entire	expenditu	in your	n's
	entire	re for the	your		considere	partnersh	re for	institutio	organizat
	project	entire	institutio		d	ip team?	your	<i>n?</i>	ional
		project	n?		project?		institutio		chart had
		duration					n for the		their
		aggregat					entire		main
		e for all					project		tasks in
		project					duration?		the
		partners?							project?
1.	1.00								
2.	0.99	1.00							
3.	1.00	0.98	1.00						
4.	-0.70	-0.63	-0.70	1.00					
5.	-0.03	0.05	-0.03	0.72	1.00				
6.	0.53	0.43	0.53	-0.96	-0.85	1.00			
7.	0.99	1.00	0.99	-0.63	0.06	0.43	1.00		
8.	0.47	0.35	0.48	-0.46	-0.28	0.55	0.37	1.00	
9.	-0.45	-0.55	-0.43	0.28	-0.09	-0.05	-0.53	0.56	1.00

# Figures



Figure 1. Means to classify and rank Higher Education Institutions (Source: own construction)