



PROJECT MANAGEMENT IN SMALL AND MEDIUM-SIZED ENTERPRISES

A European Perspective

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Project Management in Small and Medium-Sized Enterprises

The growing importance of projects in organizations, combined with difficulties in their implementation, is accompanied by the need for professional knowledge in the field of project management. It results from the complexity of project management problems and the difficulty of knowledge that must be applied. However, surprisingly little is known about this topic, especially in the context of European small and medium-sized enterprises (SMEs). **Project Management in Small and Medium-Sized Enterprises: A European Perspective** attempts to fill this specific research gap.

The book analyses the process of managing projects being implemented by small and medium-sized firms from Europe, identifies organizational processes, and verifies which elements of these processes require improvement. It concentrates on issues around the multifaceted characteristics of project management, with particular emphasis on the process of managing European small and medium enterprises.

The book is the result of many years of empirical research and consists of two main parts:

- A systematization of concepts, terminology, and thus knowledge in the field of project management, with particular emphasis on the phases of planning, organizing, as well as leading and controlling in the project, as well as small and medium-sized enterprises, with particular emphasis on their specificity and role in the modern European economy
- Verification and development of such model procedures in the management of projects so that the SME enterprises' functioning will be efficient and effective

There is a close relationship between the two parts. The theoretical part is the foundation on which practical considerations are later carried out. Integrating theoretical and practical issues, the book introduces new content to the literature and has the practical value of indicating how to manage projects in SMEs in the European Union. It also examines the decision-making processes related to project management in these organizations.

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Introduction

The survival, and even more so, the success of each enterprise depends, among others, on the ability to obtain and ensure durable competitive advantage (Kachniewska, 2009, p. 7). Obtaining it was indicated at the beginning of the science of organization and management studies as a necessary condition for companies developing a strategy for their activities.

As a result of the search for sources of a stronger position in relation to competitors, new models of competitive advantage were created, and ensuring its durability was also considered. Attention was focused mainly to the position of the company in the sector, and it was argued that through proper product positioning¹ and/or achieving a dominant position in terms of costs, the company will be able to achieve greater added value than that achieved by the competition.

Over time, the so far leading concept of creating a competitive advantage by achieving a dominant position in the sector turned out to be insufficient in the new economic and managerial reality.

The erosion of sector boundaries under the influence of innovation, internationalization and globalization of competition, and the fragmentation of markets (resulting from changes in the nature and structure of demand), meant that in the 1990s the position occupied by a company in the sector was no longer perceived as a source of its competitive advantage

(Szymura-Tyc, http://www.zti.com.pl/instytut/pp/referaty/ref4_full.html, reading: 12.10.2022)

Attention was shifted to the resources at the disposal of the company (physical and those that do not have a tangible form) as the basis for building and maintaining an advantage (the so-called resource school).

The fundamental premise of this school was that in order to understand the sources of an organization's success, one must understand the configuration of its unique resources and skills.

(Penc-Pietrzak, 1998, p. 17)

The ability to acquire and use resources was considered in terms of key competences² characteristic of a given company, those that are difficult

to copy or obtain by competitors. Researchers representing the Resource Based View, such as, among others, R. Barney, G. Hamel, C. K. Prahalad, T. Peters, or W. Ouchi, recognized competencies as decisive for the competitive advantage of an enterprise to a much greater extent than the position occupied by it within the sector.

At the same time, it was increasingly emphasized that the ultimate challenge to which companies' resources and competences must be subjected is their ability to generate additional value for potential customers (Szymura-Tyc, http://www.zti.com.pl/instytut/pp/referaty/ref4_full.html, reading: 25.10.2022). Increased pressure from the socio-economic environment (including the impact of stakeholders) and intensified competition, e.g. as a result of globalization, led to a change in the structure and hierarchy of the company's business goals, and above all to treating profit as the basic condition for their implementation, and not the superior goal.

The belief that it is necessary to take actions that will lead to offering the customer an excess of benefits³ becomes universally applicable as a determinant of activities undertaken by theoreticians and practitioners of management. Over the years, researchers have come to the conclusion that the management process should in fact be subordinated to the interests of the groups in the environment.

As before, the need to satisfy the owners (shareholders), i.e. the group of stakeholders that invests in the enterprise, is primarily assumed. It is assumed that profit remains the subject of their interest, but it is possible to earn it only if the company has the ability to sell its products (Kachniewska, 2009, p. 12). At the same time, it is the customers who have the choice, and hence the only possibility of making a profit for the company is the ability to provide buyers with a greater sum of value than it would result from a simple calculation of individual values of the offer.

In management literature there are studies devoted to the issue of the relationship between the value for the customer and the company outcomes. This problem is being approached in a theoretical convention or through quantitative research. Certain paradigms are adopted in this perspective, for example, that value for the customer is created in the process of using the purchased product or service and that it is the basis for the perceived satisfaction in connection with the purchase and the usage of the product. It is also assumed that value for the customer is essentially a subjective assessment of benefits and costs perceived by the customer, made by them after the purchase and use of the product. The customer obtains it if the subjectively achieved benefits are greater than the subjectively perceived costs.⁴

Some researchers are of the opinion that the value for the customer can be written in the form of an equation. This value consists of quality indicator \times quality indicator weight + price indicator \times price indicator weight (Brilman, 2002, p. 95). However, this approach seems insufficient as it describes the value for the customer in terms of a specific relationship resulting from the reference to each other of only two basic categories of variables: price and quality. Meanwhile, it is often not possible to identify all the benefits and costs that make up the value for the customer. Achieving them is usually a long-term process. However, this is how a competitive advantage is built, the image of the company and its place on the market are created.

At the same time, it is a fact that contemporary enterprises, striving to provide customers with surplus value, undertake various types of projects. Projects are complex tools for shaping the future of enterprises. As consumer expectations are changing, quality and affordability, or even added value combined with customer service,⁵ to-date are not sufficient factors these days.

We are currently observing a growing pressure on enterprises, which affects costs and firm performance. Customers demand more and more from companies, also from the small and medium-sized ones, and meeting these requirements is often not possible without proper, diligent and precise project implementation: “the success of the company is increasingly connected with the implementation of projects” (Cron et al., 2010, p. 15). Increasing customer requirements make companies try to improve their practices by implementing projects, whose goal is in fact one – to make the customer feel the surplus of value and, as a consequence, stay loyal with the company for longer. At the same time, the companies need to pay attention to their performance and competitive advantage. There is a certain tension growing between stakeholder needs (value for customers) and shareholder needs (value for organization).

The implementation of projects is a major challenge for most companies. Effective implementation of project, consisting in delivering the desired project result at a certain quality level, on time and within the assumed budget is a difficult task. The project is usually a very complex undertaking, which requires the use of an appropriate management methods, complementary resources, adequately designed structures, correlating technology, technical tools and knowledge, as well as people with necessary skills and competences. The task of contemporary management is to link all of these elements and use its contingency for a given project. Lack of proper combination leads to failures in the implementation of projects

which is still a significant problem, e.g. resource-wise and deadline-wise. It remains a challenge for the future project management.

Practically, any project can fail. And that's what happens in many of the projects in small and medium-sized enterprises. Practically any project can fail. And that's what happens in most projects. For years, there has been a significant share of projects that are finishing with partial success or even failure. If carrying out a project was a simple and predictable task, the project itself would probably become a process, and the project manager would no longer be needed. Meanwhile, over the last several years, the profession of project manager has been steadily gaining in importance, on a scale of individual countries (according to the research of the international personnel consulting company Manpower, the profession of project manager is one of the most sought-after professions in Poland, ahead of trade, engineering, financial and banking professions (Trocki, 2015, p. 10)), Europe, and the whole world. Forbes experts estimate that the project manager will be one of the top ten professions in the world in the forthcoming years.

The growing importance of projects in organizations, combined with challenges in their implementation, is accompanied by the need for professional knowledge in the field of comprehensive project management. It results from the complexity of projects, managerial skills sometimes lacking in times of uncertainty, unexpected problems, as well as the difficulty of know-how that must be applied. Meanwhile, many of the books on project management, which have been published so far are suggestive, interesting and inspiring. Some of them offer conceptual frameworks for project management. However, they usually consist of case studies deriving from business practice, or present universally accepted project management methodologies rather than results of exploratory research supported by a solid theoretical foundation. Increasing use of the term "projects" and reflecting on their management has created a sense of unity and progress in this area.

Although there are numerous and noteworthy publications in the sub-discipline of project management, still surprisingly little is known about this processes and mechanisms present in this area, especially in the European context. Hence, in terms of a specific research gap, one should consider the insufficient number of systematic literature reviews in this field and the absence of extensive analyses. A shortage of sources of knowledge on project management in European context may disturb many entrepreneurs, investors and institutions interested in this field. Some of the target audience can limit their intentions to a large extent on gut feeling, common sense, intuition, or sources that do not offer a comprehensive

image of the project management in the European SMEs. The authors decided to try to somehow fill up the specific, identified gap by preparing this book. At the same time, they focus their attention on small and medium-sized enterprises (SMEs) since they undoubtedly play a very important role in the market economy of the European Union.

Small and medium-sized enterprises (SMEs) play an important role in the economy of every country. One can say that they are the basis of all modern European economies. These enterprises stimulate economic growth by e.g. activating innovative processes and generating new jobs.

(Solinska, Iwaszczuk, 2008, p. 1)

The perspectives presented in this book will allow us not only to analyse the process of managing projects being implemented by small and medium-sized firms in Europe but also to identify organizational processes and verify which elements of these processes require improvement. Therefore, the authors concentrate the topics presented in the book around the multifaceted characteristics of project management, with particular emphasis on the process of managing European small and medium enterprises. It seems that the subject of project management has not yet been widely considered in such a context by other authors dealing with the subject.

The book is the result of many years of empirical research, which the authors intensified between the years 2021 and 2022. The book consists of two main theoretical parts based on in-depth, systematic review of the literature. The first part of the book comprises the following:

- systematization of concepts, terminology, and thus knowledge in the field of project management, with particular emphasis on the phases of planning and organizing, as well as leading and controlling the project, as well as SMEs, with particular emphasis on their specificity and role in the modern European economy as well as empirical, presenting the results of our own research carried out in enterprises.

The second part includes verification and development of such the project management model procedures in the management of projects so that the SME enterprises' functioning will be efficient and effective) oriented towards higher firm performance of SMEs.

There is a close relationship between the two parts. The theoretical part takes a form of foundation on which practical considerations are later

carried out. The structure of the work consists of nine parts that make up a coherent and uniform entirety: introduction, four chapters, conclusion, bibliography, and lists of tables and figures.

The order and content of the chapters correspond to the logic of the carried out research process, which was undertaken to lead to the hypotheses' proving. Among the most important features of this book, the following can be mentioned:

- it integrates theoretical and practical issues;
- it introduces new content to the literature on the subject;
- it discusses to-date publications, addressing some of their conclusions;
- it has a practical value, indicates how to manage European Union (EU) projects in SMEs;
- it describes the views and beliefs of the authors, which are confirmed by the results of the conducted research;
- it helps to understand the dilemmas of decision-making processes in the aspect of project management in organizations; and
- it shows that the relevance of projects' management concept is open to exploration, conceptually and empirically in Europe.

Considering the aforementioned features, the list of recipients of this book is quite extensive. The primary audiences for the book are entrepreneurs of SMEs, scientists, decision-makers, European project contractors, managers in organizations, and expert bodies responsible for realizing and/or evaluating projects.

The book can also serve successfully as a textbook intended for masters students and PhD students in the following fields: management, entrepreneurship, and project management. This position will "enrich" the bibliographic portfolio, primarily of scientific but also academic items in the discipline of management science.

NOTES

- 1 It concerns the perception of the product by buyers. It consists in creating in the minds of the consumer the desired image of the product, distinguishing it from competing products (see more, Kąciak, 2011, p. 31; Falkowski, Tyszka, 2001, p. 86).
- 2 Competencies can be called assets or skills that allow the organization to operate, as well as the actions that the company can take with the appropriate use of its resources. Competences integrate capabilities, ensuring coordinated use of resources,

conditioning the achievement of goals set by the organization. A special type of them are key competences, defined as innovative combinations of knowledge, abilities (skills), and other resources, as a result of which a product of measurable value for the customer is delivered in accordance with his preferences and expectations (compare Flaszewska, Zakrzewska-Bielawska, 2013, p. 223).

- 3 The difference between the profit that he obtains after purchasing the product and the costs he incurs for its purchase (compare Smyczek, 2009, pp. 96–97).
- 4 Therefore, value for the customer is the excess of the benefits subjectively perceived by the customer over the subjectively perceived costs associated with the purchase and use of a given product (Szumilak 2007, p. 26).
- 5 The added value includes extra benefits for the customer related to, for example, having an additional function with which the product is equipped, its attractive design, packaging features (which can, for example, be further used for other purposes), and the possibility of gaining prestige, which relates to the fact of owning a product of a certain brand. On the cost side, this value may, in turn, be reduced by operating costs or non-financial outlays accompanying the possession of the product, e.g. irritation related to its use. In addition to the characteristics of the product, the way of perceiving the value is also influenced by service. Value extended by customer service is created primarily by those elements that precede, accompany, and immediately follow sales, i.e. consultancy, design, delivery, service, financial and commercial services. “Customer service accompanies a product (or service) throughout its entire lifecycle for the customer, providing a source of value by creating additional benefits for the customer and/or reducing the financial and non-financial costs associated with the purchase, use and disposal of the product” (compare Szumilak 2007, p. 27).



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Projects in the Activities of European Enterprises

1.1 EXPLANATION OF THE CONCEPT AND THE ESSENCE OF THE PROJECT

The project is a collection of various partial works. It can be defined as a set of actions undertaken in order to achieve a specific goal and achieve a specific, measurable result. Often the result of the project is called the product of the project. Projects are tools for shaping the future. It is true that due to the implementation of them, progress in civilization has been made: both material (including the development of economic facilities, public goods, infrastructure, new products, etc.) and intangible – including new social and political concepts, new organizational solutions, services, cultural goods, etc. (Trocki, Wyrozębski, 2015, p. 7).

Although the very idea of a project has been known since the earliest times (the construction of Egyptian pyramids or the Chinese wall were, for example, projects), this concept cannot be still treated in terms of a uniform and strictly defined in economics and in the discipline of management sciences (Pietras & Szmit, 2003, p. 7).¹ This fact results mainly from the interdisciplinary nature of research on this issue (Sławińska, 2015, p. 158).

On the one hand, interdisciplinarity is still declaratively mentioned as one of the essential features of the modern way of doing science. On the other hand, however, such an approach is a source of specific problems, including, for example, those related to the unambiguous definition of the concepts introduced by the argument which assumes demarcation of science.

Scholars, however, agree on the etymology of the term “project”. Etymology is the study of the history of words, their origins, and how their

form and meaning have changed over time (Braha, 2022, p. 2). Research on the history of words leads to remarkable insights about language and also, more generally, about the history of human civilization (de Melo, 2014, p. 1148). The origin of the term “project” can be traced back to the Medieval Latin word *projectum*, meaning: “something prominent”. It is the noun use of the neuter of the Latin word *proiectus*, past participle of *proicere*, which means “stretch out or throw forth” (Figure 1.1).

Languages evolve and words undergo changes. In fact, it is nearly impossible to find a word in language that hasn’t undergone any changes at all. Nowadays, the concept of project has evolved towards such definitions as the one proposed by the Project Management Institute (PMI). It says that a project in its fundamental sense should be viewed in terms of a temporary endeavour, undertaken in order to create a unique product or service (Cox, 2009, p. 5).

Expanding this definition a little, it can be said that a project is a sequence of defined in-time activities having a clear beginning and end, structured in terms of available resources and expected results. Such a set of activities or works is separated from the course of daily routine activities, carried out in parallel with it or with the entire delegation of the team to the project implementation (Łada, 2007, p. 37). It can be naturally concluded that activities defined in such a way are a part of the routine activities of almost every organization. However, there is also a very large group of organizations that implement their core operational activities through projects.

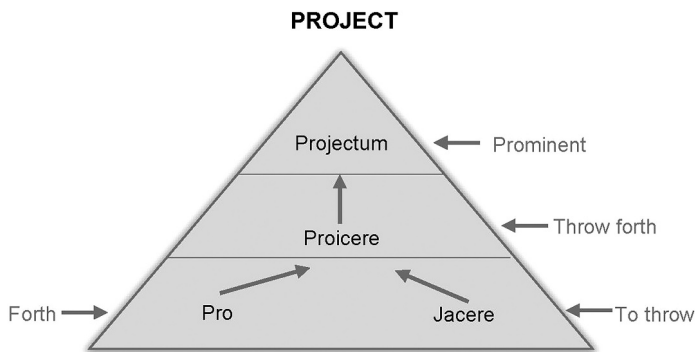


FIGURE 1.1
Etymology of the word “project”.

Source: Own elaboration.

A slightly expanded definition of the term: project is provided by M. Bonikowska. According to the researcher, a project is an organized and timed sequence of many tasks aimed at achieving a measurable result, addressed to selected groups of recipients, requiring the involvement of limited human, material, and financial resources (Bonikowska, 2006, p. 52). Similarly, a project is an effort that involves a series of activities and resources, aimed to achieve a certain output, considering constraints like time, quality, and cost and which often introduces a change (Bahadur, https://www.researchgate.net/publication/340544935_Project_definition_Lifecycle_and_role_of_Project_Managers, reading: 15.05.2022).

J. R. Turner defined project as an endeavour “in which human (or machine), material and financial resources are organised in a novel way, to undertake a unique scope of work, or given specification, within constraints of cost and time, so as to deliver beneficial change by quantitative and qualitative objectives” (Rodney, 1998). In turn, according to the European Union’s (EU) guidelines, a project is the definition of a logical set of activities leading to the achievement of a specific, measurable goal in a given time; defining a management structure with a clear division of responsibilities; planning a schedule and cost estimate; and monitoring and evaluation rules relating to the achievement of planned results (Jaruzalski, 2009, p. 55).

In the aforementioned definitions, the duration of the project is emphasized (defined and limited), as well as the fact that it has a precisely defined goal that serves as the assumed result. “Each project must have a measurable goal, for which a time frame can be defined and for which a specific person is responsible” (Figure 1.2; Ward, 1997, p. 86). The condition for the measurability of the goal is to include it in the quantitative category (e.g. sell several thousand watches in a limited package) or in the type category: yes or no (e.g. we have satisfied the customer/have not met his expectations).

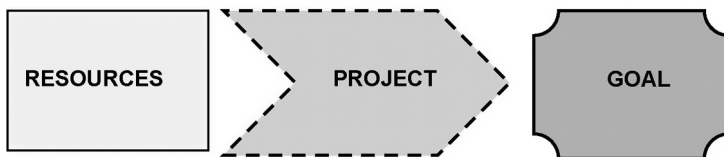


FIGURE 1.2

Project as a means to achieve a goal.

Source: Elaboration based on Samset, 2003.

The definitions also indicate the group of beneficiaries – recipients of the project. The resources that must be allocated to its implementation are also mentioned. Other features of the project include (Marcinek, 2006, p. 16):

- the fact of being realized through human effort;
- singular, individual, and unique character, being a temporary arrangement, and also because the undertaking is more or less unique, uncertainty is often greater than in permanent ventures;
- dissimilarity, i.e. lack of connections with the traditional, routine activity of the enterprise;
- being carried out on a specific schedule and through activities interconnected with each other;
- the need to involve various types of resources; and
- the fact of being burdened with a high degree of difficulty and risk.

These features are an indispensable part of every project, but the presence of people as a group of participants in a specific project is equally important:

[T]he achievement by an organization of any goal is associated with teamwork, not because there is no room for individualists, but because the complexity of most endeavours is often beyond the perception of one employee. Hence, there is a need for team implementation as well as management of projects. (Pietras & Szmit, 2003, p. 8) This perspective will be developed later.

Meanwhile, it can be also stated that some of the definitions include the meaning of project in the so-called narrower sense, others in a broader sense. Taking into account the first criterion, the definitions include project as an analytical and research work, the concept and functioning of the system, documentation,² and as an action plan or programme. On the other hand, in a broader sense, a project is understood as a model that improves a specific object and system. It can also constitute a base solution, which is a product with an innovative form and structure. This creation enables the implementation of the intended undertaking as an investment, operational, public task, etc. In broader terms, the components of the project are (Stabryła, 2006, p. 31):