

# INNOVATIVE STRATEGIES OF HUMAN RESOURCE MANAGEMENT IN THE PROCESS OF INITIATION AND ELABORATION OF EUROPEAN FUNDING PROJECTS

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## **Abstract:**

*In the context of globalization and economic crises at European level, the scale of the activities of contemporary organizations (economic and social entities), determined especially by the increasing flexibility of the environment in which they take place, calls for innovative approaches in the exercise of managerial tasks and strategic examination of issues. At the same time, we must note that today any modern activity is seen as a project with a complex character, which imposes a new vision starting with the analysis of the needs of the project and ending with the efficient reuse of its results.*

*Based on the above, we can mention the significance of project-based management, which is recognized as a managerial approach that allows an optimal organization of human, material and financial resources and is the benchmark in developing and implementing medium and long term sustainability strategies (implicitly forecasting and organization of activities). Being recognized the pressures of the competitive economic and political system of the industrialized world and the competitiveness between the producers, the managers are constantly looking for new project management techniques, able to guarantee optimal results. A successful business means an investment in a successful project, with predictable and planned activities.*

*Therefore, the objective of this scientific approach is "promoting successful strategies for obtaining European non-reimbursable funds to ensure financial resources for sustainable development of entities in Romania", complemented by the analysis of the use of financial instruments and the allocation of European funds by sectors of activity and the essential role of human resources management in achieving the absorption capacity of these European funding funds through its competencies to ensure success in the Process of Initiation and Development of European Funding Projects .*

**Key words:** human resources financing projects, management strategies, analysis of European funds, sustainable development, cohesion.

**JEL classification:** M12; M41.

## **1. INTRODUCTION**

Initiating, developing and managing projects is the science of human resource management so that they fully cover the realization of a project. It could be defined as the set of interdependent activities, meant to ensure the development of a project in accordance with its plan, with the imposed standards and within the established budget. We can say that, without management, achieving all the objectives of the project within the established area and within the limits of the budget, also established in advance, is very unlikely, if not impossible.

As the business environment has become increasingly complex, both globally and in our country, the use of interdisciplinary work teams has become a necessity, which has radically changed the work environment [1]. These changes have fuelled the need for complex projects, thus defending the need for a more sophisticated, comprehensive project management. In fact, today's organizations recognize that in order to have as many competitive advantages as possible and to generate the appropriate competitive responses, they must know and use modern project management techniques. Accessing European funds, in addition to the obvious development opportunities offered, also involves a number of challenges that specialists face in the process of implementing funding projects. These can become real threats if they are not properly identified, prepared and managed. The implementation and management procedures of these types of projects are complex and require multidisciplinary knowledge, as well as a special rigor, which for a professional consultant in the field, have already become a compromise.

The development strategies developed by the EU emphasize the Union's focus in this direction, by stating its desire to become the most competitive knowledge-based economy. One tool that seeks to achieve this goal is cohesion policy, which provides Member States with non-reimbursable funds to reduce disparities between regions, invest in the pillars of this new economy and strengthen economic and social cohesion. The aim is to achieve a balanced and sustainable development in all EU regions.

To this end, project management, as part of a modern concept of organizational management, can be a key step towards asserting employees in the spirit of cooperation and openness to the new. If we refer to the Romanian realities and, especially, to the context in which the state institutions operate, it is obvious that the current structures fail to meet the requirements imposed by a dynamic market and its economic and social effects, due to the multitude of bureaucratic regulations and rigid hierarchies. Therefore, flexible organizational structures are needed to enable rapid response to the environment, market orientation, assimilate and process new information in a timely manner, be innovative and find new solutions. In other words, managerial concepts must be developed that allow the personal involvement of employees and the assumption of personal, individual responsibility. The definition and explanation of the term project management has been in the attention of many specialists, so the literature has tried to clarify its content.

The concept of project management has many meanings and is widely used in theory and practice, there are many definitions in the literature, of which we will present, in the following, only a few:

**Table 1. Definitions regarding the concept of project management**

<i>Author</i>	<i>Project management can be defined as:</i>
Harold Kerzner 2009 [2]	"the planning, organization, management and control of a company's resources in the short term to achieve predetermined goals and objectives"
Dennis Lock 2000 [3]	"a tool for planning, coordinating and controlling complex activities in modern industrial and commercial projects"
Murch 2001 [4]	"a continuous set of processes to improve initiatives"
Lary Richman 2002 [5]	"a set of principles, methods and techniques that people use in order to effectively plan and control work on a project"
Newton 2006 [6]	"a formal methodology specifically developed for project management"
Young 2007 [7]	"a dynamic process in which the appropriate resources of the organization are used in a controlled and structured manner in order to achieve clearly defined objectives identified as strategic needs. It always takes place within the limits of a set of defined constraints."

Source: own processing

As a brief conclusion to the definitions stated above, we can say that project management is seen, on the one hand, as a dynamic management process, subordinated to well-defined goals and carried out in conditions of constraints on staff, information, communications, activities and

resources and, on the other hand, as a set of methods, techniques and tools that help to effectively achieve the proposed goals and objectives.

Usually, the primary organizational structures in traditional organizations (public / private institutions / organizations) are rigid systems, designed to solve routine problems, which in practice register a series of failures every time there is a need to solve new problems in a short period of time. But, in order to solve the tasks with the character of uniqueness, so project tasks, it is necessary to extend the primary organizational structure in an organization with concepts of secondary organizational structure, namely with project management.

It should be mentioned that project management, as an independent organizational unit or integrated in the primary organizational structure of an institution, is only one of the possible forms of the secondary organizational structure [8].

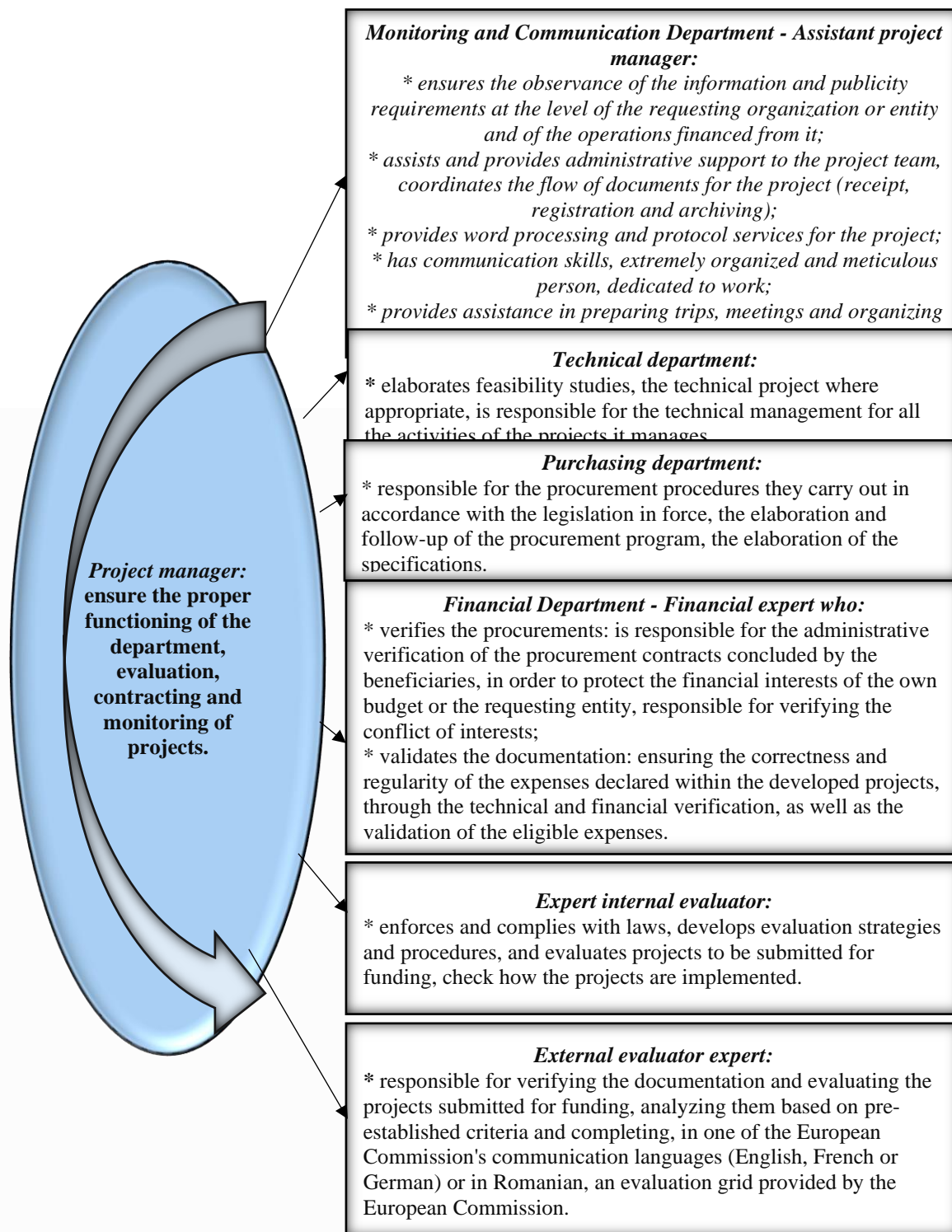
The use of project management is an important step in the development of organizations, regardless of the field in which they operate and has led to the crystallization and development of the concept as an independent discipline. Project management is a recent field and its importance has seen a major increase due to the fact that, on an international scale, more and more actions are carried out within some projects. Therefore, the resources used by these projects (especially the financial ones) have an increasing role in the economic development, their area of applicability continuously increasing [9].

Project management is at the same time an integrated management concept. It is about the processes of planning, organizing and controlling the resources of an organization. These processes, which take place in the different phases of the project, must be correlated in order to obtain optimal results[10]. Carrying out a project requires specific working methods, a systematic approach and appropriate principles. In order to be easier to manage and allow the exercise of the management process, most projects go through a series of stages that make up the life cycle of the project. The number of stages that make up the life cycle of projects varies and many authors in the field of project management identify both different numbers and different levels of detail. Thus, some specialists consider that these stages, also called project life cycles, are six in number, namely: design, planning/ development of the project idea, project start-up/ team formation (staff / human resources), implementation, monitoring and completion of the project. In addition, some more complex projects require the division of these stages into even more detailed sub-stages. Other specialists, on the other hand, approach the issue of projects from the perspective of four stages, namely, the conception, planning, implementation and conclusion / evaluation of the project [2].

## **2. THE ROLE AND IMPORTANCE OF HUMAN RESOURCES MANAGEMENT IN DRAWING UP EUROPEAN FUNDING REPORTS**

The basis of a project financed from non-reimbursable European funds is the investment, which results in the accumulation of human, financial and material capital. In order to establish the market parameters related to the project, the beneficiary of a project financed from European funds must establish from the beginning, the coordinates of a management plan to determine the key elements and coordination of communication and promotion activities, taking into account the possibilities and resources of the organization, the obligations imposed in this regard, the relevant legislation and the authorities able to supervise these projects.

The activity of the human resources management department generally follows the implementation, monitoring and evaluation of internationally funded projects, the beneficiary of which is the applicant / entity, according to the procedures established on a contractual basis. The staff of this department ensures the general, technical and financial management of the funded projects, through project teams whose composition is approved once the grant agreement is signed. In order to carry out the attributions of the Project Management Department, qualified personnel are needed, hired through a competition, thus constituting a team of specialists with a certified expertise of the results obtained in carrying out the complex management activities of the funded programs.



**Figure 1. Strategic structure of the project team, human resources management department**

Source: own processing

The management of human resources within any entity is the determining factor in obtaining the efficiency and effectiveness of the activities carried out by it, but also the impact at community level. This is a key factor in economic and social progress at local, regional and EU level. As can be seen in Figure 1, the human resource has the mission to contribute to the achievement of strategic objectives (in our case the main objective being the initiation and development of European funding

projects) of entities, by promoting and implementing effective human resources management within the entity.

### **3. INNOVATIVE HUMAN RESOURCES MANAGEMENT STRATEGIES FOR EUROPEAN FUNDING**

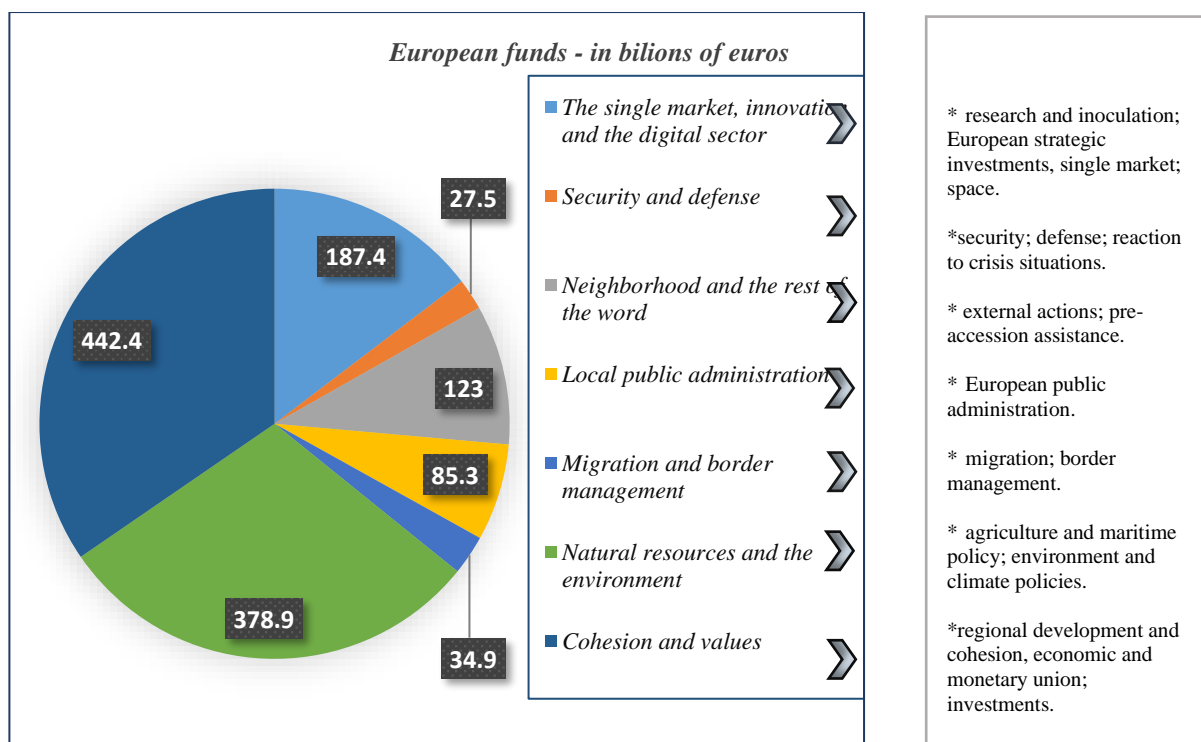
In order to facilitate the exchange of good practice and to develop partnerships between actions taken at national and European Union level, it is necessary to seek to maximize the added value due to the support provided by various instruments. Thus, in order to promote associations, to coordinate effectively and to identify and promote the most appropriate means of using European funds to support local, regional and national investment, the following measures are needed: i) promoting European funding initiatives managed directly by the European Commission among potential beneficiaries in Romania; ii) capitalizing on the opportunities from the European Economic Area grants; iii) stimulating through information, training, co-financing and technical assistance packages the increase of the participation of Romanian entities in programs and projects managed directly by the European Commission; iv) creation of a portfolio of strategic national projects with which eligible beneficiaries to participate in major projects funded directly by the European Commission; v) streamlining the management of non-reimbursable external funds for the period 2021-2030 by increasing coordination capacity; vi) mobilization of funds for studies, technical-economic documentation and other technical assistance services useful for financing projects in the operational programs 2021-2030; vii) exchange of experience with management and control bodies from other EU countries, in order to facilitate the transfer of good practices and innovation among beneficiaries; viii) development of complementary financing programs from the national budget.

At European level, the New Industrial Policy Strategy is being adopted, which expresses the EU's ambition to be globally competitive. The strategy focuses on 14 industrial ecosystems in all European countries and on the idea of investing heavily in consolidating and developing key value chains. These will make it possible to reduce dependence on raw materials imported from outside the European Union. At the same time, two key priorities have already been set at European level, green and digital transformation, which is aimed at cross-cutting the entire EU industry. The Ecological Pact and the New Digital Agenda [11] become an integral part of the recovery plan that the EU is betting on for the future.

For Romania, the European context offers an excellent opportunity for industrial and local development, with the real possibility of mobilizing significant investments in the new key areas that are looming. The European Union's ambitious program to reduce greenhouse gas emissions by 2030, as well as forecasts of rising electricity demand in Europe, will lead to a growing demand for goods and services for environmental protection and resource management.

### **4. ANALYSIS OF THE USE OF FINANCIAL INSTRUMENTS AND ALLOCATION OF EUROPEAN FUNDS ON SECTORS OF ACTIVITY**

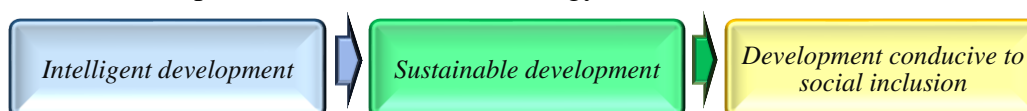
According to the European Commission, grants can be effectively complemented by financial instruments, which have a leverage effect and are closer to the market. Voluntarily, Member States will be able to transfer part of their cohesion policy resources to the new centrally managed Invest EU fund, in order to access the guarantee provided by the EU budget. It will be easier to combine grants and financial instruments. The new framework also includes special provisions to attract more private capital. In the European Commission's proposal for the 2021-2027 budgets, Romania has allocated 27 billion euros through cohesion policy, which means 8% more than the current period. On the other hand, for the period 2016-2020, Romania's absorption of European funds is low, only 28% of the total amounts allocated, which shows us that we must pay special attention to the right management practices and strategies for which we consider it imperative it is necessary to increase performance in this area.



**Figure 2. Multiannual financial framework 2021-2027 - A budget for a union that protects, empowers and defends**

Source: adaptation according to "Romania's National Strategy for Sustainable Development 2030"

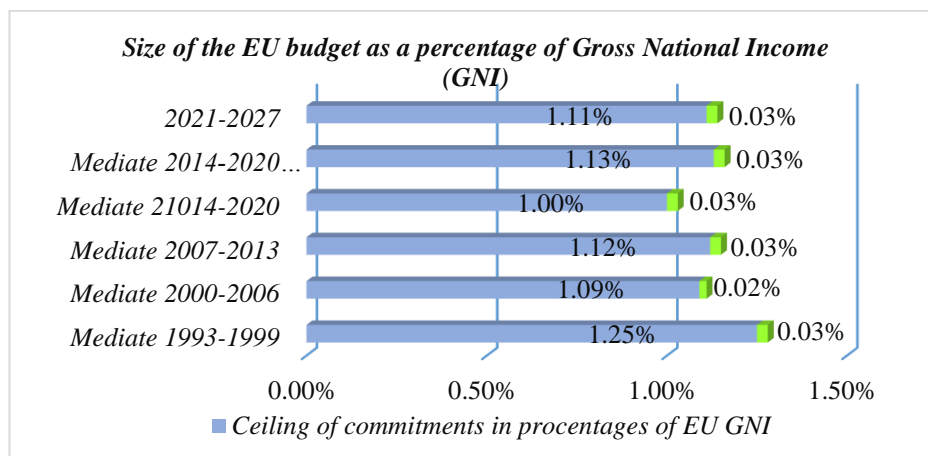
The overall objective of transforming the EU into a smart, green and inclusive economy, to provide a high level of employment, productivity and to ensure economic, social and territorial cohesion is the three priorities set out in this strategy are:



The new framework brings together the stability needed for investment planning with the appropriate level of budgetary flexibility to deal with unforeseen events. An interim evaluation will determine whether the programs need to be modified for the last two years of the funding period, based on emerging priorities, program implementation and the most recent country-specific recommendations. Within certain limits, transfers of resources under the programs will be allowed without the need for formal Commission approval.

A specific provision facilitates the mobilization of EU funds from day one in the event of a natural disaster (floods, earthquakes).

Cohesion policy supports reforms to create an investment-friendly environment in which entities can thrive. Full complementarity and coordination with the Reform Support Program, in its new and strengthened form, will be ensured.



**Figure 3. Size of the EU budget as a percentage of gross national income (GNI)**

Source: own processing, adaptation according to “Romania's National Strategy for Sustainable Development 2030”.

In order to establish the conditions conducive to economic development and job creation, the new favourable conditions will help to remove obstacles to investment. Their application will be monitored throughout the financial period.

Given the data presented in Charts 1 and 2, on the EU budget for non-reimbursable European development funds, the concern of human resources management is a key one in achieving the absorption capacity of these European funding funds. The main role in performing this operation belongs to the Project Manager, who has the role of ensuring the proper functioning of the department, evaluation, contracting and monitoring of projects (with the main role in the financial management and control phase, as well as in the implementation phase).

The preparation for the management of structural instruments is the approval of the strategic objectives to be achieved in identifying management solutions to meet these objectives. In the case of European funds, management optimization is done under the constraints imposed by the European Union, within the Cohesion Policy [13, 14].

In conclusion, quality in the availability of human resources are key factors in building a truly efficient management system. The professionalism of the people involved in the management of structural instruments decisively influences the absorption capacity of European funds. Building on the existing acquis, which is also in fact a mobile target: establishing the structure, the establishment plan and the systems, processes and instruments for managing non-reimbursable funds is an important step towards ensuring effective, high-impact absorption on economic and social development.

## 5. CONCLUSIONS

The theme chosen in this case is a topical one, in the context of the use of European funds in order to develop an economy based on knowledge, performance, sustainable development and to reduce disparities between Member States. Romania has benefited from these European funds since 2007, with its inclusion as a member state of the Union. Attracting funding from EU Member States is based on a strict European and national legislative framework and is based on the development of specific projects, in a pre-established format, that achieve specific objectives of development directions identified as imperative to achieve the goal set in development strategies (both at European and national level) context in which human resources management plays a major role in initiating, developing European funding projects and attracting non-reimbursable funds to increase the performance of entities.

Thus, our scientific approach aimed at achieving a clarifying and original theoretical approach able to expand the scope of approaches to human resources management and its correlation with the performance of entities. In the current context, the challenges facing entities are well known: the



rapid development of global markets, explosive competition, demographic change and an ever-increasing pace of change. Entities, whether national or multinational, strive to adapt to the future based on new operating strategies and techniques and a new way of thinking.

This article is based on the human resources management practices regarding European funding projects, necessary and relevant to complement existing knowledge and to identify new specific directions and actions leading to a better implementation of these projects, a better management of the structural funds at European level, offered to our country, as well as for the increase of the absorption rate at national level. The need for research in the field can be seen from the low rate of absorption achieved by Romania on March 15, 2019 is 28% of the amount allocated for the period 2016-2020, a period in which many mistakes were made in all this effort to attract of funds, implementation of projects, which made it a topical issue, and research on management practices and strategies we consider imperative to increase performance in this area.

After an analysis of the literature and articles published in international databases and published publications aimed at this complex field (project management, human resources management based on solid knowledge), we can establish certain reasons why it is important to consider this knowledge management in projects (in general) and in projects financed by the Structural and Cohesion Funds (in particular). Thus, we identified the following beneficial effects that knowledge management within a project could produce: i) knowledge, experience gained in previous projects can be used in other projects, which leads to high work efficiency and also to risk reduction, hence the need to store or transfer the knowledge gained; ii) by transferring knowledge within the project team and between different projects, the mistakes that other project teams have already faced are avoided; iii) communication (within the project team and between different projects) is the premise through which new knowledge can be created, innovative ideas can be born, based on collaboration; iv) if we do not use knowledge-based human resources management processes, thanks to teams created for a certain period, with experts from outside the entity, we risk losing knowledge, experience, important beliefs generated in the development of projects with the departure of their owners; v) the use of advanced technology and means of communication helps to store, create, organize, transfer knowledge in projects (databases can be used to store the knowledge held by project team members, communication platforms, intranets, forums, for to be able to debate different topics, problems that may occur in the life cycle of a project).

Finally, we consider that human resource management practices, and the knowledge held by the people who are part of the strategic team on each project, represent an important role in the management of European funds, by sharing knowledge expertise in project teams, presenting successful examples, practical ways of overcoming problems and open meetings between beneficiaries.

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