

MANAGING LARGE INVESTMENT PROJECTS IN GORJ

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Abstract

Currently, the concept of project management is considered to be the best concept for efficient management of a project, so it is used all over the world, and most recently in our country. This concept is designed with all the general characteristics of project management, but adapted to the large investment projects. This paper presents the project management concept and project management organization for capital projects. This concept is conceived with all general characteristics of project management, but adopted to the condition of large investment projects. The concept also includes the project team and the project manager, the person authorized and responsible for achieving the objectives planned in the project. For efficient managing by project, it is necessary to insure a good composition of project team, as a team of people who, in collaboration with project manager, work directly on managing the project. To effectively manage the project, it is necessary to ensure a proper composition of the project team, a team of people who, in collaboration with the project manager to work directly for project management. It is a particularly good method of achieving the objectives planned projects, which means a project with a certain level of performance required in a planned time, with planned costs.

Keywords: capital projects, network diagram, project management, project team, matrix organization.

JEL Classification: M48, M10, M11

1. Preface

Today the concept of project management is developed widely and used all over in the world. It is irreplaceable in managing various kinds of programs and projects, particularly complex, lengthy and costly and capital projects.[2]

The concept of project management is based on creating an efficient organization to enable the best possible use of available planning and control methods for the efficient completion of a project, to enable the most efficient use of available methods, material financial and human resources in the process of carrying out a given project. Project management is a scientifically based and practically tested concept used to rationally conform the essential resources and coordinate necessary activities in order to carry out a certain project in the best way, applying methods of organization, planning, directing and control.

The basic aim of managing every project is to achieve required technical performance and project quality in the shortest possible time and with least cost. If it is not possible to achieve planned time and cost, then the aim is to reduce price overruns as much as possible.

Gorj County stands as a social and economic deprived region, being officially declared by a governmental decree as an underdeveloped area. It comes mostly from a typical profile as a mono-industrial region based on the mining sector. Therefore, the situation is rather critical for the affected mining cities and their neighboring rural communities, being given the high rate of unemployment due to the closing of the mining industry, critical environmental issues that affect the entire eco-system of the surroundings, and lack of citizens' participation in local affairs due to a low level of education and an aging population.

Most people in their mid 20's are leaving these mono-industrial areas in search of jobs in the European Union's member states. Thus, the population has decreased tragically posing worries of the entire local governance process as a whole. There are villages with more than half of the population left, and relying entirely on the economies of the closest mining city. Apart from that, due to the economic and social status quo, Gorj County is among the districts with the greatest potential to receive EU Structural Funds, as instruments to assist cohesion and convergence of lagging regions. Therefore, as there are no instruments or programs yet to promote youths' participation in the making of the local development agenda, there is a high likelihood that diffused and uncoordinated spending of finances will occur.

The approach of the socio-economic development at the district level aims at consolidating the vertical connection between national, on the one hand, and local, on the other hand, planning processes, granting special attention to the identification of major problems at the level of the communities. The development strategy is also intended to integrate and correlate the solutions for the priority sectors: infrastructure; human resources and business environment; agriculture; environment and natural resources; social field.

The development strategy pursues the coordination of the sectorial programs and policies (social services, education, health) according to the territorial problems, with the view to eliminate the development differences in the urban and poor rural areas and to integrate the underprivileged groups. In the attempt to define the core problems, it is very important to consider and analyze the existence of discriminatory situations and the promotion of equal chances for men and women, youngster and elders, ethnic majority and minorities, while at the same time paying attention to the needs of the disabled persons and their social and economic integration.

2. Gorj - economic and social development priorities

Gorj District, as well as all the districts in the South-West Region, focuses on some priority axes. The balanced development of all the regions will be achieved through an integrated approach, based on a combination of public investments in the local infrastructure, active policies to stimulate business activities and support for the valorization of the local resources, by the following priority axes:

- Support to sustainable development of urban growth poles

This priority axis aims to increase the quality of life and to create new jobs in cities, by rehabilitating the urban infrastructure, improving services, including social services, as well as by developing business support structures and entrepreneurship.

- Improvement of regional and local transport infrastructure

This priority axis aims to increase the accessibility of the Regions and the mobility of population, goods and services, in order to foster sustainable economic development.

- Improvement of social infrastructure

This priority axis aims to create the premises for better access of the population to essential services, contributing to the achievement of the European objective of economic and social cohesion, by improving infrastructure for health, education, social and public safety in emergency situations.

- Strengthening the regional and local business environment

This priority axis aims to set up and develop business support structures of regional and local importance, rehabilitate industrial sites and support regional and local entrepreneurial initiatives, in order to facilitate job creation and sustainable economic growth.

- Sustainable development and promotion of tourism

This priority axis aims mainly to sustainable valorization and promotion of the cultural heritage and natural resources with tourism potential, as well as to improve the quality of accommodation and leisure tourist infrastructure, in order to increase the regions' attractiveness, develop the local economies and create new jobs.

- Technical assistance

The objective of this priority axis is to provide support for the transparent and efficient implementation of the program.

The economic and social development priorities of Gorj District, based on the fields enumerated above and drawn in the development strategy, are the following:

I. Agriculture

- Increase in the competitiveness of agricultural farms and undertakings in the rural area;
- Diversification of rural economy;
- Sustainable development of the forest exploitations and mountain areas;
- Sustainable development of fishing activities.

II. Infrastructure

- Modernization of regional, district and local infrastructure for transportation;
- Improvement of the water supply infrastructure;
- Improvement of the health, education and social infrastructure;
- Rehabilitation of the historic, cultural and touristic areas;
- Creation of infrastructure for technological development and communication

III. Environment and natural resources

- Extension in the usage of waste water treatment systems;
- Extension and modernization of management waste systems;
- Reduction in the negative impact over the environment due to economic activities and obsolete technologies;
- Sustainable development of the natural resources (gas, coal, marble)

IV. Human resources and business environment

- Business development and attracting investment;
- Use of modern and innovative technologies;
- Development of the basic education system;

- Development of human resources in the public institutions and in the structures involved in community assistance.
- V. Social field
- Developing professional staff to provide social services and stimulating volunteering;
 - Promoting employment opportunities for groups and persons with high exclusion risks.

3. Scientific foundation of project management

Project management is a scientifically founded and tested concept used to harmonize most important resources and coordinate necessary activities in order to carry out a certain project in the best possible way, using methods of organization, planning and control. Capital projects by their nature require a correct management in order to be carried out efficiently. That is why the project management concept is particularly well applied in carrying out these capital projects where the effects of the application of that concept are very clearly expressed and are significantly extensive. In that reason, one project management concept has been defined and elaborated which is based on the fundamental principles of the general project management concept, and also on the general approach to management of business systems and processes.[3]

Project management is regarded as directing and coordinating human and material resources in order to carry out a project within the planned time, with a planned quality and planned costs. This is accomplished by systematic processes in eight basic functional areas of project management.[7] They are the following areas:

1. Scope Management – is a functional area of project management that includes directing the project toward its goals, beginning with the concept and defining of a project, all the way to its completion and termination.
2. Cost Management – is an important function that enables good control over project functions through the processes of cost estimating, budgeting, monitoring, analyzing, forecasting and reporting.
3. Time Management – is a function that enables the maintaining of a time scale for the overall project management through the phases of a project's life-cycle, with the aid of time planning, time evaluation, time operation plan and time operation plan control.
4. Quality Management – has two sub-functions: ensuring quality and quality control.

Ensuring Quality includes all management processes that ensure performance standards and efficiency. Quality control is the process of setting basic project requirements and investigating the degree of coordination between project completion and required standards.

5. Human Resources Management – is a function of directing and coordinating human resources during a project's life cycle, in order to achieve the planned goals within the scope of activities, costs, time and project quality.

6. Communications Management – is a function of information management for the needs of a project through the processes of receiving, transferring, filtering, interpreting and exchange of information.

7. Contract Management - is a function that ensures all necessary resources (manpower, machines, equipment and materials) in order to complete a project.

Risk Management – is a function which gives the identification, analysis, and solution to risk factors during a project's life-cycle, in the interest of its ultimate goals.[5]

4. Project organization

In theory there are two basic approaches used for planning a project management organization. First, the classic approach, which proposes three forms of organization: functional, project and matrix. The second is the contingency approach and is more contemporary and more modern and proposes five possible forms of organization. In practice some modifications to these approaches are also proposed, but they bring no significant improvement.[6]

The contingency approach proposes four basic types of project management organizations. They are: project expeditor, project coordinator, matrix organization style, the project organization style.[4]

Functional organization in project management essentially means using the existing functional organization structure of a company in managing a project. Coordination of tasks in managing the project is handled by the project manager who is responsible for the efficient management of the given project.

In a functional organization it is possible to appoint a special person as project manager, one who is specialized for project management. It is also possible to appoint as project manager one of the existing heads of the functional units who would be able to carry out this job during the time it takes to complete the project.

In a project organization, a special project team is formed to carry out a given project effort, and includes all the necessary functions and units, in other words, includes all the necessary specialists needed to carry out work on a project. This project team can operate independently from the other organizational units in the company and can independently carry out a certain project effort.

The project manager is therefore the head of the project team, and he/she has full authority, but also full responsibility for the efficient completion of the project. We could say that in a purely project organization the project manager has the broadest authority, but also full responsibility for the project. There is no mixing of competencies and

the project manager is fully authorized to do whatever is necessary to ensure that the project is carried out in the most efficient way.[6]

The selection of the project team is a very complex task, just as complex as selecting the project manager. It is usually resolved in two phases. In the first phase, it is determined which kinds of specialist are needed to form a project team, on this basis of the project characteristics, concept and project management organization. In the second Phase it is necessary to find the required project team specialists, either from the parent organization, or from elsewhere.

The organization and size of the project team depend, primarily, on the type and scope of the project. It is also depends on who is managing the project – the team investor, contractor or hired consulting firm.

Before the project team begins work, the project manager should make preparations for the work of the project team. He has to give the project team a clear and detailed explanation of their basic tasks and goals concerning the project. He has to point out to them clearly and in detail the methods and procedures with which they can do their work, communicate among themselves and with the other project participants. From such a briefing with the members of the project team, the project manager can get an insight into the possibilities of each individual project team member, and decide whether they need additional training or whether it is necessary to hire new people to work in the project team.

Generally, the project manager has to have broader knowledge in all areas of the project and in project management. He has to have technical and financial knowledge, he has to have a broad background in management, organization, planning, information science and other related specialized fields. However, he does not have to be a specialist, but rather a generalist. This means that he does not have to be an expert specializing in a certain discipline, no matter how important it might be. He has to have a certain amount of expertise in all the necessary specialized discipline.[10]

5. Conclusions

The concept of project management is extensively developed in the world today and irreplaceable, especially in complex and costly development and capital projects.

The general project management concept given above is especially applicable in carrying out capital projects. In these projects, planning the time necessary to carry out a project mostly depends on the standard planning techniques used in project management, and they are bar charts and network diagrams.

Different kinds of time plans are made, primarily the global network diagram, and also detailed and operational network diagrams, which will be explained in more detail in the text below. Resource planning in this approach is mainly reduced to planning materials and allocating manpower, while cost planning is carried out in accordance with the work schedule of the different factors in the construction of a capital project, and also with defined project plans, activities and phases of work on the project.

Project management has evolved to plan, coordinate and control activities of commercial, industrial and management change and IT projects, so that projects are completed successfully in spite of all the risks.

The economic efficiency of a company is a trait of it, expressed by its causal relationship between the total effects, equivalent to time and nature and total resources, equated as nature and time involved in activities of the firm.

The Gorj County is a region that shelters a lot of beauties of Romania, thus great opportunities for sustainable development. The issue that this research has debated is whether the actual state of this region allows it to well integrate aside the other countries of the country.

Although the analysis of the variables revealed great difficulties for the inhabitants of this region, especially those living in the rural areas, the development strategies of the national authorities struggle to reveal the opportunities with high potential and coordinate the available resources with the view to obtain the expected growth and progress.

Being aware of the current situation, the development program for the following years should focus on three major priorities:

- Significant public investment in public infrastructure;
- Increase in the absorption of European funds;
- Support for the underprivileged categories;

For Gorj County, the years to come have to consist in the irreversible continuity of the actions for administrative and territorial modernization, supporting the increase in the general competitiveness of the Romanian economy by maintaining the steady development pace of the district, the institutional modernization, the decrease of the institutional bureaucracy, while at the same time promoting local traditional values and actively protecting the interests of the region.

We could conclude by saying that the government and local authorities should consider the identified problems and act in consequence, because changes usually need a lot of time to be successfully implemented, and Romania needs to catch up with the other South-Eastern countries in the European Union. People's lives have to be improved in order for our society to progress.

The Gorj County represents and has to continue to represent an important participant in the development region South-West Oltenia, due to its industrial force, its significance, as well as due to its natural resources, touristic and human diversity.

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