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Project management and the importance of crises in the sectors of the national economy

Ing. Jaroslav Vrchota, Ph.D., doc. Ing. Petr Řehoř, Ph.D.*,

*Department of Management, Faculty of Economics, University of South Bohemia in Č. Budějovice, Studentská 15, České Budějovice, 370 05,
Czech Republic*

Abstract

Project management is one of the most important management tool in many companies. In the past decade, the word project has become widely known and used, and its importance has greatly expanded. Most often, it is used to name a sequence of related activities with a given beginning and an end, the purpose of which is the realization of a certain objective. All projects contain a part of uncertainty and they are exposed to unidentified or poorly predictable phenomena. Organizations that are not managed by projects deal with crises reactively. They will address the crisis when it occurs. Companies with project management use a proactive approach. They prepare in advance and they are able to handle a greater number and variety of urgency negative situations than they encountered in the past. The text deals with individual research of management of small and medium enterprises in the Czech Republic according to the sectors of the national economy. The aim of the paper is also to assess the project management and the importance of crisis in the sector of economy. As reported by the results of different sectors, it depends on the business in terms of project management and the importance of the crisis.

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* Corresponding author. Tel.: +420 387 772 698.

E-mail address: vrchota@ef.jcu.cz, rehor@ef.jcu.cz

1. Introduction

Organizations of national economy need project management to manage their innovativeness in a focused manner, and to achieve growth and satisfy their strategic objectives in a way that minimizes the high-inherent risk (Owens, 2006). There is a growing need for the management of projects in various business organizations (Hyvari, 2006).

Project management can be defined as the process of controlling the achievement of the project objectives (Mohammadjafari et al., 2011). Project management theoreticians need to recognize that different versions of project management are required in different circumstances (Thomas and Mullaly, 2008). Some of the tools of project management, such as earned value management and agile methods, while very powerful, are presented in ways that are very bureaucratic (Turner et al., 2010).

Project management is a well-established discipline defining in considerable detail the tools and techniques that are required to define, plan and implement any project. However, while many researchers have to address the issues surrounding the management of projects within large firms (White and Fortune, 2002; Bryde, 2003). Tidd et al. (2001) support the importance of organisational project management competencies and view them as highly correlated with an organisation's ability to innovate their systems successfully.

The methodologies and components of project management are well documented (Meredith and Mantel, 2002, Turner, 2009, Kerzner, 2013), and so we do not plan to repeat them here. In Czech Republic has not been a lot published to date about the management of projects in organizations.

However, as nowadays there is the time of turbulent changes of the environment, the organizations need to deal with the crisis management as well (Rolínek et al., 2016). Generally speaking, the crisis is described as a decisive moment. This is the time when the organization develops adverse performance and unless the situation is resolved in time, its existence is at risk (Řehoř, 2016; Kurschus, Sarapovas, Cvilikas, 2015).

Rais (2007) defines a crisis as such stage the company life when after a long period of time there is a negative development of its productive potential and decline in sales. Spillan and Hough (2003) found that SMEs focus predominantly on those types of crises they have experienced before, underestimating the risk of events they have no prior experience of. One of the greatest deterrents to more effective crisis management is denial (Pollard and Hotho 2006).

2. Aim and methodology

The objective is to evaluate the effect of the use of project management and evaluation of crises in the sectors of the national economy. In the interviews, the managers evaluated and discussed the crisis in their organizations in past years, and consequently, their rating was summarized under the five-point rating scale, where 1 represented the crisis, that was not seen as an important in terms of the business and 5 represented the crisis seen as very important. The research questions were: whether companies, that use project management, perceive less the crisis than companies without project management. This hypothesis was subsequently asked for each area of business according to the OECD (OECD, 2014) Partial objective of this paper is to description of the occurrence of project management in SMEs, divided by number of employees and ownership.

The data were collected from 183 companies in the Czech Republic in 2014. Research sample was selected using non-probable random selection, with regard to circumstances of the data collection. The data necessary for conducting the research were collected by a questionnaire survey and they were supplemented by qualitative data, obtained through in-depth interviews as well as case studies, which are described in detail in a monograph on SMEs (Rolínek, 2016).

Representatives of different companies responded to questions concerning mainly crises that they had to solve during their operation on the market. Each of the selected companies identified at least 3 crises they had to deal with trying to minimize the impact on their business activities. Crises that were defined this way were consequently divided into 19 categories. The total number of crisis occurrence was 753.

Data were tested using two-sample Wilcoxon test and his asymptotic variant. This test is a non-parametrical two-sample test, which is most frequently used, when the condition of data normality is not met.

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