

THE INFLUENCE OF RISK MANAGEMENT ON PROJECT PERFORMANCE

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Abstract:

Through the project, an idea is implemented, based on several interconnected steps. The project is composed of several elements, without it cannot exist, mandatory elements that complete the project, by means of a well-developed project management. Thus, a link is created, positive or negative, between the elements of the project, which are interdependent and cannot exist one without the other. The present research is part of a broad analysis of the elements of project management, however, for the present research only two elements of the project were considered, namely risk management and performance, in order to discover the relationship created between them, the influences and effects on a project. It will also aim to outline some solutions to maintain, strengthen or improve, if necessary, the relationship between the elements of the project subject to the current research: risk management and project performance.

Keywords: project, elements, performance, risk management, influences.

1. Introduction

Life, as we know it, is closely determined by each person's standard of living, a standard of living sustained through the economy, which, worldwide, has undergone various changes in the sense that it has been as fruitful as it has defective. Humanity has had different periods when the economy was on the ground, bringing an entire population to the brink of despair, poverty, being called an economic crisis, and when the population faces such a phenomenon, it is difficult to develop a business, which, most of the time, it starts from an idea, capitalizing on a larger ensemble, i.e. project.

There are not a few who believed in their ideas, who made every effort to carry out their projects and we can say that they took risks for what they wanted because any successful business encountered many barriers, obstacles both in the initial phase, respectively of the idea, as well as in the development phase, respectively of the developing project.

The project is a solution for implementing ideas and obtaining products, services, results that increase or improve a field of activity. Through a project, significant contributions can be made in countless fields, that brings benefits to the whole society.

Project management supports the planning, organization and management of available and necessary resources to successfully complete the specific goals and objectives of projects, through a methodical approach to planning and guiding the project processes from its inception to completion. (Ilie, 2012, p. 12)

One of the important activities of project management is the measurement and evaluation of project performance, which demonstrates how well the project has progressed towards its goals, as realistically as possible, taking into account proper project planning.

In general, no matter how many safety measures anyone takes to carry out a project, having the best team, the best idea, the most resources, the inevitable and the unsuspected strikes, appearing the so-called risks.

2. Literature Review

Project management includes, among other things, risk management, which is one of the most important elements of project completion. It goes without saying that any idea that takes shape will involve risks determined by the route that idea is intended to take.

The notion of risk was analyzed in the specialized literature, specific to this field, receiving very pertinent definitions and, although most of them are similar, they manage to differentiate at the same time. Risk is thus seen as representing "the probability of an event occurring and the impact of that event" (Ciocoiu, 2014, p. 15). It follows from this that the risk is seen as an event that can occur and can lead to certain consequences, so a plan must be made to combat this, a plan foreseen in the first phase because, no matter how many plans are made in general, some events succeed to find you unprepared.

A project risk management includes a series of specific processes, such as:

- risk management planning;
- risk identification;
- qualitative and quantitative risk analysis;
- risk response planning;
- risk monitoring and control. (Popa, 2014, p. 142)

The way the risk manifests can be influenced by several actions, among which we mention:

- changing the design and execution of the project according to new influencing factors;
- resizing the need and the structure of the resources involved in the project;
- identifying and controlling the causes of risk and uncertainty. (Vasilescu, 2013, p. 42).

Project performance and risk management have been widely discussed in the literature from various perspectives. The main objective of performing project risk management is the timely delivery of a good product or service within the specific budget. However, the failure of many projects to meet deadlines, cost and quality objectives is on the rise, resulting in significant financial losses. Therefore, empirical evidence is needed to explain the relationship between risk management and project performance. (Alsaadi et al., 2021, p. 1)

Traditionally, project success is associated with meeting time, cost, and quality objectives. Therefore, the success of the project is measured by its

efficiency in the short term and its effectiveness in achieving the expected results in the medium and long term. (Ghanbaripour et al., 2015, p. 2)

In the international context and, especially, in the European space, a high level of competitiveness is required, determined by the complexity of the competitive environment in which the various institutions that initiate projects operate. This diversity is generated by the abundance of changes - local or global, tangible or diffuse, by the chaotic interaction of variables - economic, legal, sociological, emphasizing the activity within projects at the international level, thus propagating certain effects that they also feel.

3. Research objectives

The present research is part of a larger research that includes several elements of the project, from which only two elements were selected, namely risk management and project performance. As the first objective, the identification of the relationship between these two elements was considered, followed by, as secondary objectives, the type of influence resulting between the two elements of the project, as well as the outline of solutions to strengthen, maintain or improve the relationship created between them.

3.1 Methodology of research

The sample concerned a number of 150 people, who participated in the projects, both project managers and members of the project teams, without discrimination of gender, age or level of studies. The types of projects were of a wide variety, from European, international, volunteer programs, etc.

The data under analysis were collected through an online questionnaire, through which respondents were asked to answer, individually and voluntarily, predetermined questions related to risk management and project performance, using a Likert scale (with values from 1 = in to a very small extent, 2 = to a small extent, 3 = neutral, 4 = to a large extent, 5 = to a very large extent).

The questionnaire consisted of several distinct parts. In the first part of the questionnaire, there were the demographic questions of the respondent's positioning (position in the project, gender, age, level of education, type of project/projects in which they were involved) and questions specific to each element of the project under research, such as:

- the identification of solutions to remedy the identified barriers proved necessary;
- risk management had effects on project performance;
- the identified risks were resolved in a professional manner;
- performance objectives were well defined and reasonable;
- communication was carried out efficiently and effectively;
- the project was implemented effectively.

3.2 Research question.

The present research aims at the following:

- what is the relationship between risk management and project performance?
- what influences are created between the two elements?
- what are the solutions to maintain, strengthen or improve the relationship created between risk management and project performance?

4. Results and discussion

Of the 150 questionnaires sent, 130 responses were received, with a balanced demographic breakdown as follows.

Table 1. Answers to demographic questions

Questions	Answer/Percent
Gender	Women / 60%
	Men / 40%
Age	18-34 / 23,8%
	35-44 / 24,6%
	45-54 / 36,2%
	over 55 / 15,4%
Level of education	secondary education / 3,8%
	higher education with a bachelor's degree / 13,1%
	higher education with a master's degree / 29,2%
	higher education with doctorate / 53,8%
The position in the project	Project Manager / 10,8%
	Team member / 72,3%
	Both positions / 16,9%

Source: Adapted by the author

For the questions specific to each element of the project subject to the current research, namely risk management and project performance, the respondents' answers were as follows:

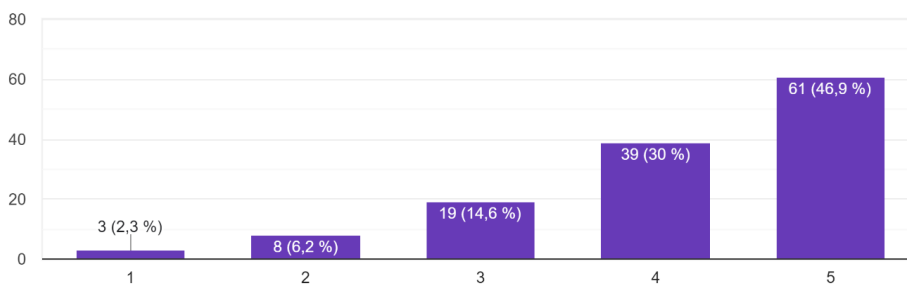


Figure 1. The identification of solutions to remedy the identified barriers has proved necessary

Source: Adapted by the author

As can be seen, 46.9% of respondents believe, to a very large extent, that it was necessary to identify solutions for the identified barriers, 30% to a large extent, 14.6% neutral, 6.2% to a small extent and 2.3% to a very small extent

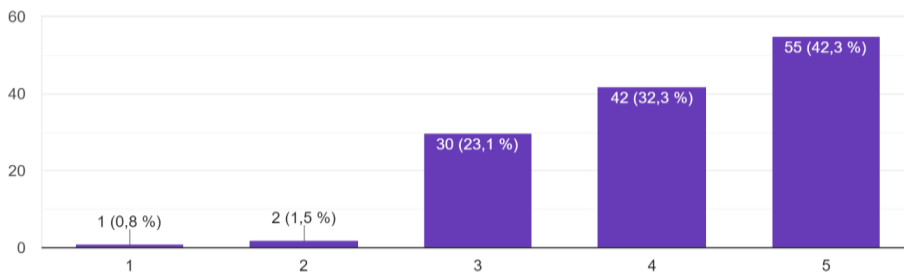


Figure 2. Risk management had effects on project performance

Source: Adapted by the author

As it is observed, 42.3% of the respondents believe, to a very large extent, that risk management had effects on the performance of the project, 32.3% to a large extent, 23.1% neutral, 1.5% to a small extent and 0.8% to a very small extent.

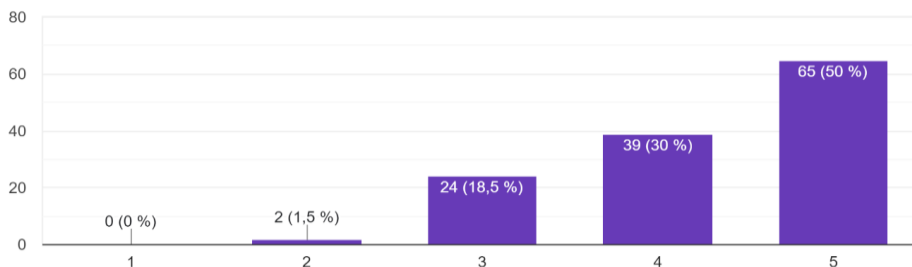


Figure 3. Identified risks were resolved in a professional manner

Source: Adapted by the author

As can be seen, 50% of the respondents believe, to a very large extent, that the identified risks were solved in a professional manner, 30% to a great extent, 18.5% neutral and 1.5% to a small extent.

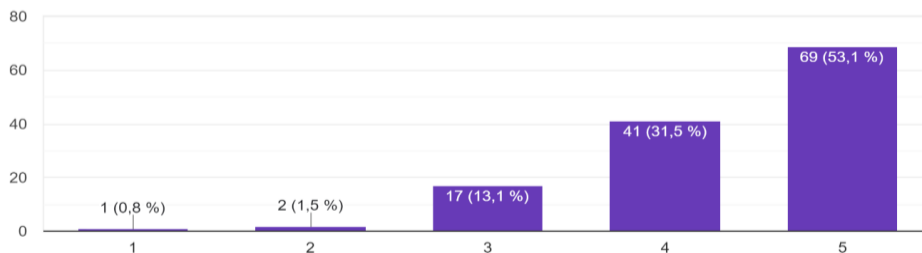


Figure 4. Performance targets were well defined and reasonable

Source: Adapted by the author

As can be seen, 53.1% of respondents believe, to a very large extent, that the project's performance objectives were well defined and reasonable, 31.5% to a large extent, 13.1% neutral, 1.5% in to a small extent and 0.8% to a very small extent.

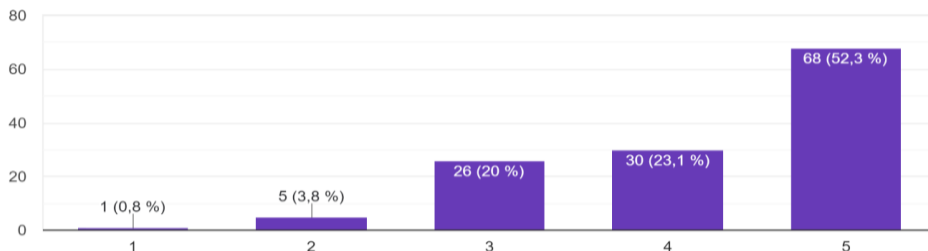


Figure 5. Communication was done efficiently and effectively

Source: Adapted by the author

As can be seen, 52.3% of respondents believe, to a very large extent, that, within the project, communication was carried out efficiently and effectively, 23.1% to a large extent, 20% neutral, 3.8% in to a small extent and 0.8% to a very small extent.

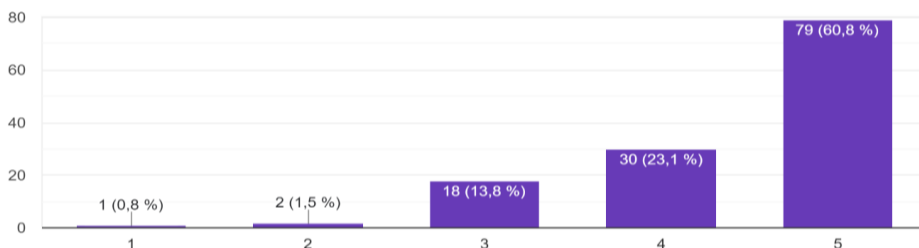


Figure 6. The project was implemented efficiently

Source: Adapted by the author

As can be seen, 60.8% of the respondents strongly believe that the project was implemented effectively, 23.1% to a great extent, 13.8% neutral, 1.5% to a small extent and 0, 8% to a very small extent.

5. Conclusions

The project has been used since ancient times to implement an idea and achieve the desired results, by means of a well-developed project management, composed of several defining elements, among which only two of them were subjected to the present research, respectively risk management and project performance. All the elements of a project are important, each of them has a specific role in the development of a project, bringing advantages as well as disadvantages, when they are not used correctly.

Following the research carried out, it emerges that both elements, risk management and performance, are basic elements of the project and have a close relationship, with certain influences between them.

A direct relationship is created between risk management and project performance, for which certain solutions can be suggested to maintain, strengthen and improve the relationship created between them, such as:

- maintaining an efficient and effective communication, inside and outside the project;

- selection of a performing team;
- the use of specific project management methods;
- purchase of efficient equipment;
- leveraging the skills of the project team;
- the inclusion of performance-specific measures in the risk management plan;
- compliance with social, safety and health norms at work.

Risk management and project performance are two of the basic elements of a project, which support its implementation in the best conditions, when its elements are managed correctly. Each of the elements has a specific set of characteristics, which, put together, lead to a successful project, whose activities were carried out efficiently and effectively, and the barriers encountered were solved in a professional manner.

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