



The Value of Consulting Services for Achieving High Levels of Performance within European Funded Projects

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ABSTRACT

Consulting services play a crucial role in enhancing the performance of European funded projects. These projects often require specialized knowledge, multidisciplinary skills, and adherence to complex guidelines. This paper attempts to explore the role of consulting services in achieving the expected levels of performance in the case of EU funded projects. The correlations among five latent variables (the level of knowledge of the consulting team, the level of involvement of the consulting team, effective communication with project beneficiaries, confidence in the quality of consulting services and the performance within the projects with European funding) are analyzed using a structural model. The findings reveal interesting insights related to the interplay between the enablers of successful EU projects' implementation. Consulting firms offer project management tools and expertise to ensure projects are executed in line with EU guidelines.

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1. Theoretical background

The level of knowledge and involvement of the consulting team have significant impact on the performance within projects that receive European funding. European funding programs, such as those managed by the European Commission, have intricate rules and guidelines. A consulting team with a deep understanding of these rules ensures that the project is in compliance, which is crucial to secure and maintain the funding.

The process of obtaining European funding is competitive. A knowledgeable consulting team helps to the writing of a compelling proposal that highlights the project's alignment with the funding program's objectives, increasing the likelihood of securing the grant (Anand et al., 2007). Valuable consultants adapt best practices in project management to ensure the project is in line with requirements and meets its objectives. They foresee potential challenges and address them proactively (Thorgren and Williams, 2020).

European funding often comes with strict financial guidelines. Properly trained consultants will know how to allocate and report expenses to ensure compliance, thus minimizing the risk of funds being withdrawn or not being reimbursed (Ceptureanu et al., 2017). Projects with European funding often involve multiple stakeholders across different countries and sectors and the role of an experienced consulting team is to facilitate effective communication, collaboration, and coordination among these diverse groups (Mas-Machuca and Martínez Costa, 2012).

European-funded projects require regular reporting to show progress and results. Consultants with the right knowledge can establish the right metrics, gather relevant data, and generate reports that demonstrate the project's success and impact. The consultants proactively identify potential risks associated with the project, from regulatory compliance to logistical challenges, and develop strategies to mitigate them (Rupprecht et al., 2011). They are able to transfer their knowledge to the project team and other stakeholders, enhancing the overall capability of the project team and ensuring sustainability even after the project ends.

Experienced consultants usually have a network of contacts and know the landscape of European funding. They can use this network for additional partnerships, collaborations, or even additional funding opportunities. Furthermore, European projects often involve multiple countries with diverse cultures. A knowledgeable consulting team will be capable to understand these cultural differences, which can be crucial for effective collaboration and the successful execution of the project (Haas and Hansen, 2005).

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The landscape of European funding and associated projects is rapidly evolving. Consulting teams that prioritize continuous learning are adaptive to changes, ensuring that projects remain relevant and effective. Effective communication with project beneficiaries is paramount in projects with European funding (Zoltan and Vancea, 2020).

Transparent and regular communication fosters trust between the consulting project team and the beneficiaries. This trust is crucial for ensuring cooperation, gathering honest feedback, and facilitating successful project implementation. Effective communication allows the consulting project team to understand the true needs and expectations of the beneficiaries, ensuring that the project remains aligned with its intended goals and delivers meaningful impact (Germain, 2019).

Continuous feedback from beneficiaries helps in refining project strategies, identifying potential issues early on, and ensuring that the project remains on track. It also helps in measuring the actual impact of the project. When beneficiaries feel that they are genuinely heard and their inputs are valued, they are more likely to actively participate in the project activities. Consultants' active participation enhance project outcomes and ensure more sustainable results (Klarner et al., 2013).

Confidence in the quality of consulting services, especially in projects with European funding, have a profound influence on the performance and success of such projects. When beneficiaries have confidence in the quality of the counseling services, they are more likely to trust the overall project management (Kim and You, 2022). Valuable consulting services provide accurate and timely information, insights, and recommendations, enabling project managers to make better-informed decisions, leading to more effective project strategies and outcomes. With high confidence in the consulting services, resources (time, money, human resources) can be allocated more effectively, without risks of overallocation.

European-funded projects often have stringent compliance and reporting requirements. Quality counseling ensures that these requirements are understood and adhered to, reducing the risk of non-compliance and potential financial penalties.

2. Research method

To analyze the performance within the projects with European funding (PPEF) we can track different predictors:

- ✧ The level of knowledge of the consulting team (LKCT);
- ✧ The level of involvement of the consulting team (LICT);
- ✧ Effective communication with project beneficiaries (ECPB);
- ✧ Confidence in the quality of consulting services (CQCS).

We chose the structural equation modeling research method, using the partial least squares method (SEM-PLS), because for each previously mentioned variable, with the role of predictor of the performance of projects with European funding, we identified specific indicators that contribute to its relevancy.

The developed structural model is highlighted in Figure 1, highlighting the relationships between the variables through seven hypotheses.

Regarding the study carried out, a total of 100 questionnaires were collected from decision makers, project managers or members of the project management team. The people who answered the questionnaire are part of different types of public organizations, such as: local public authorities, public institutions subordinate to ministries or local councils, which have implemented projects financed by the European Union.

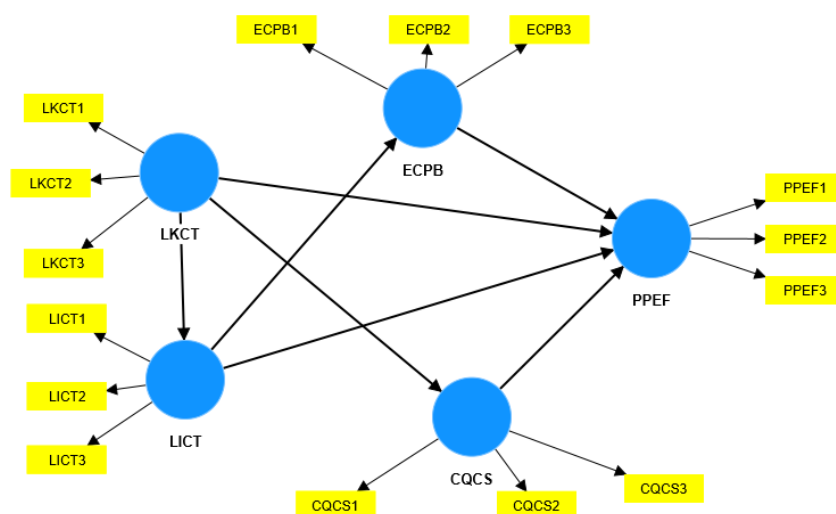


Figure 1. The conceptual model of the research

Source: output Smart PLS 4 software

- Hypothesis 1. The level of knowledge of the consulting team (LKCT) significantly influences the level of involvement of the consulting team in projects (LICT).
- Hypothesis 2. The level of knowledge of the consulting team (LKCT) significantly influences the confidence in the quality of the consulting services provided (CQCS).
- Hypothesis 3. The level of knowledge of the consulting team (LKCT) significantly influences the performance of the advised projects (PPEF).
- Hypothesis 4. The level of involvement of the consultant team (LICT) significantly influences effective communication with beneficiaries (ECPB).
- Hypothesis 5. The level of involvement of the consulting team (LICT) significantly influences the performance of the advised projects (PPEF).
- Hypothesis 6. Effective communication with beneficiaries (ECPB) significantly influences the performance of advised projects (PPEF).
- Hypothesis 7. Confidence in the quality of consulting services (CQCS) significantly influences the performance of advised projects (PPEF).

3. Analysis of research results based on structural equation modeling

A questionnaire containing 20 questions was applied, 17 of which are measured on the Likert scale. The questionnaire was published online on Google Forms and 100 responses were received between November 2022 and April 2023.

Each latent variable (construct) was created using its related items from the questionnaire (Table 1).

Table 1. Latent variables and their corresponding items from the structural model

Item	Latent variable (construct)
LKCT1. The level of training of the consultants, certified through various courses, training programs, qualifications, etc. recommend them as a competent team.	The level of knowledge of the consulting team (LKCT)
LKCT2. The experience gained by the consultants in previous projects was a key element in their choice.	
LKCT3. The complementarity of project team members' skills is a critical success factor in collaborating with them.	
LICT1. We appreciate in collaboration with the team of consultants the ability to actively listen to our needs in achieving the investment objective.	The level of involvement of the consulting team (LICT)
LICT2. We appreciate the involvement of the team of consultants in all stages of the investment objective implementation project, respecting the imposed deadlines.	
LICT3. We appreciate the assistance provided by the consulting team during the sustainability period of the project.	
ECPB1. The communication relationship with the members of the consulting team is characterized by a high level of transparency in solving problems in project implementation.	Effective communication with project beneficiaries (ECPB)
ECPB2. The consultant team's feedback to our requests as beneficiaries is relevant and prompt.	
ECPB3. We appreciate the honesty of the members of the consulting team in providing relevant solutions to the problems we face in the implementation of the project.	
CQCS1. We appreciate the flexibility shown by the members of the consulting team to some changes in the implementation plan that we did not anticipate.	Confidence in the quality of consulting services (CQCS)
CQCS2. We value consulting services by validating progress reports/reimbursement requests	
CQCS3. We appreciate the advice provided by members of the consulting team in procurement procedures.	
PPEF1. Following the project implemented with the help of the consulting team, we managed to increase the quality of the services offered.	Performance of EU funded projects (PPEF)
PPEF2. Following the project implemented with the help of the consulting team, we managed to develop the infrastructure of the investment objective.	
PPEF3. Following the project implemented with the help of the consulting team, we managed to create better working conditions for the employees who benefit from the investment made.	

Source: authors' contribution

All path coefficients associated to the structural model are presented in Figure 2. The confidence in the quality of consulting services (CQCS) has the strongest effect on Performance of EU funded projects (PPEF) (path coefficient = 0.815), followed by the effect of the level of involvement of the consulting team (LICT) on the effective communication with project beneficiaries (ECPB) (path coefficient = 0.762). The weakest effect

can be observed between the experience in international business (LICT) and the interest for international expansion (PPEF) (path coefficient = -0.041). LKCT has also a negative impact on PPEF (path coefficient = -0.003).

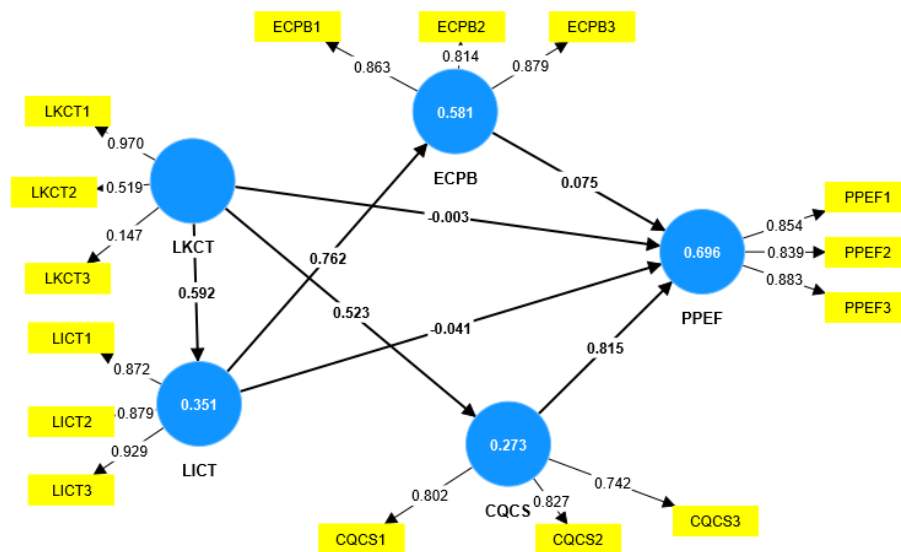


Figure 2. Path coefficients in the structural model

Source: Smart PLS 4 software output

The level of training of the consultants, certified through various courses, training programs, qualifications, etc. recommend them as a competent team (LKCT1 – outer loading = 0.970) has the highest contribution to the level of knowledge of the consulting team (LKCT). The appreciation of the assistance provided by the consulting team during the sustainability period of the project (LICT3 – outer loading = 0.929) has the highest contribution to the level of involvement of the consulting team (LICT). The appreciation of the honesty of the members of the consulting team in providing relevant solutions to the problems they face in the implementation of the project (ECPB3 – outer loading = 0.879) has the highest contribution to the effective communication with project beneficiaries (ECPB). The value of consulting services by validating progress reports/reimbursement requests (CQCS2 – outer loading = 0.827) has the highest contribution to the confidence in the quality of consulting services (CQCS). The creation of better working conditions for the employees who benefit from the investment made (PPEF3 – outer loading = 0.883) has the highest contribution to the performance of EU funded projects (PPEF).

Cronbach Alpha is a measurement indicator of the internal consistency or reliability related to a latent variable, reflecting how correlated the variables within the structural model are. The minimum accepted threshold for this indicator is 0.7. In this research, all Cronbach Alpha values overcome this threshold. Average Variance Extracted (AVE) is a statistical parameter used to evaluate the measurement model's convergent validity. High levels of composite reliability is a statistical proof that all your items constantly measure the same construct. All composite reliability values are higher than the 0.70 threshold, while all AVE values in this structural model (Table 2) are higher than the 0.50 threshold, considered acceptable for convergent validity.

Table 2. Assessment of the structural model's convergent validity

Variable	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CQCS	0.702	0.711	0.834	0.626
ECPB	0.811	0.814	0.888	0.726
LICT	0.874	0.881	0.923	0.799
LKCT	0.761	0.742	0.802	0.614
PPEF	0.823	0.829	0.894	0.738

Source: Smart PLS 4 software output

The Fornell-Larcker criterion makes a comparison between the correlation of the latent variables with the square root of the average variance extracted (AVE) to reveal discriminant validity. Since the AVE values for the reflective variables mentioned on the main diagonal of Table 3 are higher than the correlations with the other latent variables (illustrated below the main diagonal in the same table), discriminant validity is validated.

Table 3. Fornell-Larcker criterion within discriminant validity assessment

Variable	CQCS	ECPB	LICT	LKCT	PPEF
CQCS	0.791				
ECPB	0.701	0.852			
LICT	0.802	0.762	0.894		
LKCT	0.523	0.659	0.592	0.641	
PPEF	0.833	0.613	0.668	0.448	0.859

Source: Smart PLS 4 software output

The Heterotrait Monotrait (HTMT) correlation ratio is also used for discriminant validity analysis. Compared to the Fornell-Lacker criterion, the HTMT is able to provide higher peculiarities. Discriminant validity between two reflective constructs is validated if the HTMT value is less than 0.90 (Hair et al., 2022). In some correlations from this structural model, the values are below the threshold, while other HTMT values are higher than recommended threshold – Table 4.

Table 4. HTMT criterion used for discriminant validity assessment

Variable	CQCS	ECPB	LICT	LKCT	PPEF
CQCS					
ECPB	0.916				
LICT	1.009	0.904			
LKCT	0.794	0.901	0.709		
PPEF	1.083	0.745	0.777	0.699	

Source: Smart PLS 4 software output

PLS-SEM works on a non-parametric bootstrap procedure to test the significance of relationship coefficients estimated in the model. In the bootstrapping procedure, subsamples are created with observations generated randomly from the original data set. This process is repeated until a large number of random data samples, approximately 5,000, have been created. Parameter estimates (weights, outlier loadings, and relationship coefficients estimated from subsamples) are used to obtain standard errors for the estimates. T-test values and asymptotic significances (p-values) are determined to assess the acceptance or rejection of each research hypothesis (Table 5).

Table 5. Determination of the p-values associated with the relationships between the variables of the structural model

Hypothesis	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
CQCS -> PPEF	0.815	0.812	0.099	8.227	0
ECPB -> PPEF	0.075	0.087	0.112	0.671	0.503
LICT -> ECPB	0.762	0.761	0.058	13.166	0
LICT -> PPEF	0.016	0.033	0.128	0.123	0.902
LKCT -> CQCS	0.523	0.536	0.078	6.743	0
LKCT -> ECPB	0.451	0.461	0.084	5.391	0
LKCT -> LICT	0.592	0.603	0.078	7.565	0
LKCT -> PPEF	0.432	0.438	0.091	4.769	0

Source: Smart PLS 4 software output

Five out from the seven hypotheses are supported, since the p values do not exceed the maximum significance level allowed of 0.05. In addition, the T-test shows us the magnitude of the correlation between the latent variables in this structural model. Thus, the level of involvement of the consulting team (LICT) has the highest impact on the effective communication with project beneficiaries (ECPB).

4. Conclusions

The correlation between the trust in the quality of the advisory services and the performance of the advised projects is important considering the long duration of a project involving construction activities (between 3-5 years) as well as the sustainability period of the projects which is between 3 and 7 years therefore the relationships that are formed are long-lasting (6-12 years). Therefore, the performance of a project is directly related to the quality of consulting services.

The level of training of the consultants, certified through various courses, training programs, qualifications, etc. recommend them as a competent team. Therefore, it can be seen that, at the time of requesting offers for consulting services, the beneficiary monitors the qualification level of the proposed personnel (courses, years of experience, certifications obtained by them and the company) and the level of involvement of the consultants in the offer projects (fact proven by recommendations obtained from other beneficiaries, appointment decisions, lists of signatures in the minutes, etc.). Another important factor to mention is that in the case of the simplified procedures launched by the town halls, the selection method is that of quality-price considering the fact that the services to be provided present a complex degree of knowledge, therefore a percentage is given of% to the price factor while 60% is given to the technical factor (the experience of the proposed specialists, the number of projects in which they were involved, the value of the previous projects, the qualification level of the proposed experts, the methodology for carrying out the activities within the offer, the schedule with certain stages, etc.)

The honesty of the members of the consulting team in offering pertinent solutions to the problems and confronting them in the implementation of the project is highlighted. Therefore, we can mention the fact that the existence of a relationship as transparent as possible with the beneficiaries can lead to easier implementation of the projects in managerial, financial, legal, social, etc. Considering the fact that project management requires the involvement of several people (managers, accountants, lawyers, marketing personnel, etc.) it is important that the company providing consulting services proves a management system (e.g. ISO 9001) that certifies the fact that the company's employees respect the same standards and values in the relationship with the beneficiaries.

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