

Performance management – a strategic and integrated approach to ensuring the success of organizations

G G L Mitrea- Curpanaru

Department of Engineering and Management, FDIMA, Gheorghe Asachi Technical University, 29 Dimitrie Mangeron Bd., Iași, 700050, Romania

gabriela-livia.curpanaru@student.tuiasi.ro

Abstract. The performance of an organization is determined by: its level of coherence and stability; its ability to procure and use resources; of his reputation and image; the synergy of multiplying determinants such as employee relations, communication, mission, philosophy and leadership style, recognition, quality of organizational processes. Performance is defined by behaviors, but especially by results. A mixed performance management model is concerned with both inputs and outputs. The selection of the best model to improve performance is based on a self-assessment process. The complexity of managing an organization today requires that managers be able to measure performance and analyze the impact of different dimensions of performance on organizational excellence. Many experts in the field have started talking about the importance of measurement as a means of communication. The institution's performance is analyzed on the basis of key internal and external performance indicators, established targets and existing trends, judged constructively, with the establishment of improvement targets. Any performance measurement indicator is also used as a tool to control it, effectively for the implementation of continuous performance improvement actions.

1. Introduction

Performance management [1] is a system that includes:

- Methodology for setting objectives,
- A performance measurement process,
- A differentiated payment system,
- Career management.

Performance management is a strategic and integrated approach to ensuring lasting success in the work of organizations, by improving the performance of the organization, teams and individuals [2] [3]. Performance management should be understood as a continuous process, reflecting normal management practices, not "special techniques" imposed on managers. Its conceptual framework includes terms such as: "performance management", "performance", "performing organization". The major contribution of performance management is the focus on achieving results, for example products and services for customers inside and outside the organization. The focus is shifted from effort and time to results and effectiveness.

Performance management encompasses the processes of measuring results and evaluating staff [4]. Modern approaches to performance management combine all the aspects mentioned in an integrated framework, unlike past approaches, which limited performance management to the stage of personnel management or to the collection and reporting of organizational performance indicators [5].

The first performance measurement tool was developed by Kaplan and Northon [6] in the 1990's as the Balanced Scorecard, highlighting the relationship between professional performance and the organization's strategy, each evaluation criterion is correlated with each element of the strategy.

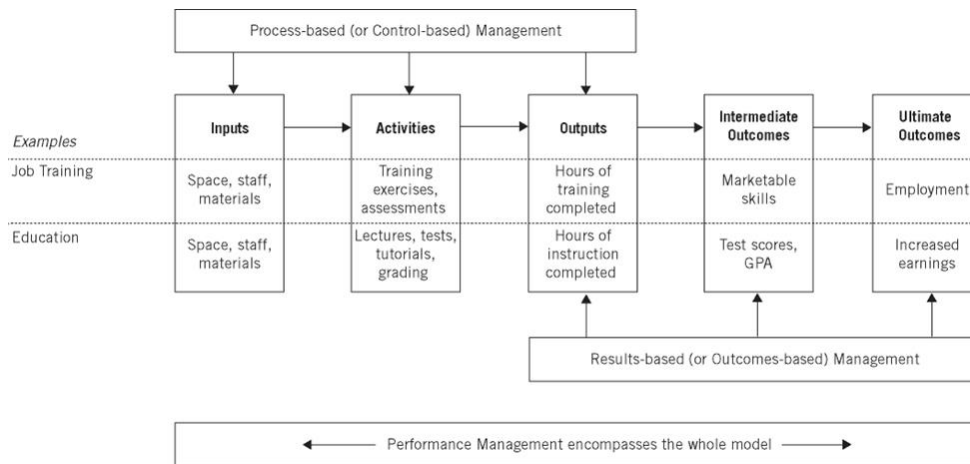


Figure 1. Types of performance management as applied to the elements a logic model. [18]

Performance management was also approached as a “regulation loop,” linking organizational strategies and objectives, performance measurement, performance training, performance guidance and leadership, and performance reward. The performance of an organization is determined by:

- its level of continuity and stability;
- its ability to procure and use resources;
- its reputation and image;
- the synergy of multiplying some determinants such as employee relations, communication, mission, philosophy and leadership style, recognition, quality of organizational processes.

Performance management highlights two fundamental aspects [7]:

- *How do we measure and evaluate the real level of performance?*
- *How do we make the level of performance have a weight and how do we ensure the increase of performance?*

According to some authors [8] [9], organizational performance refers to:

- Technical performance, which involves the efficient use of all resources in the organization;
- Economic performance, which involves obtaining a superior quality with low costs;
- Social performance, which involves ensuring an optimal climate, favorable to the development of activities in the organization; adaptability and flexibility to customer needs;
- Managerial performance, which requires adaptability and flexibility to the needs of the organization, the needs of the community, the specifics of the organization's activity.

2. The characteristics of the performing organization

Performance is defined by behaviors, but especially by results.

Kane (1996) [10] shows that performance is "something that a person leaves behind".

Bernadin et al. (1995) [11] emphasize that "performance must be defined as the sum of the effects of labor".

According to Kaplan, "without tools, no improvement can be made", it is essential to measure the right things at the right time, so that the action can be decided in a timely manner [12].

Performance measurement tools and indicators do not just measure performance, they are often integrated with policy, strategy and many other behavioral issues.

Campbell (1990) [13] considers that "performance is a behavior and should be distinguished from results or effects". In his view, the results may be affected by contextual factors and, for this reason, do not correctly reflect individual or team performance.

"Performance means both behavior and results. Behavior emanates from the performer and transforms performance from the abstract notion into concrete action. Not only are they tools for achieving results, behaviors are, in and of themselves, results - the product of the physical and cerebral effort made to perform tasks - and can be judged separately from the results. "[14]

Thus, we can evaluate and measure performance both with reference to results (exits from the task performance process) and to behaviors (inputs to the work process).

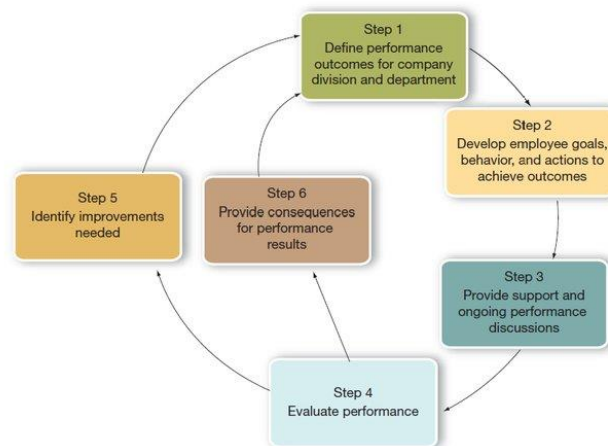


Figure 2. Steps in the Performance Management Process (Noe et al., 2016) [15]

The purpose of measuring organizational performance is to:

- identify the results, respectively the success or failure;
- identify if the client's needs are met;
- help the organization to understand its processes and confirm what is known, or to reveal what is not known;
- identify where there are problems, blockages, losses, etc. and where improvements are needed; ensure that decisions are based on facts, not assumptions, emotion, faith or intuition;
- show whether the planned improvements actually took place [16].

The characteristics of the performing organization, there are also various concepts and approaches:

- *The performance of the organization is expressed by its effectiveness and, in this sense, an effective enterprise is a successful one;*
- *The performance of the organization is determined by four key organizational features, called the "capabilities" of the company:*
 - Adaptive capacity: the ability of the organization to constantly monitor the external environment, responding to its requirements and pressures (for example, by meeting customer requirements) and, at the same time, to constantly change internally in order to respond to these pressures;
 - Leadership capacity: the ability to set directions for action in the future, to provide the necessary resources and to guide people's actions in those directions;
 - Managerial capacity: the ability to use efficiently and effectively the company's resources;
 - Technical capacity: the ability to design and produce goods and services that enhance the services provided to customers and consumers.

To these basic capabilities can be added another, regarding the ability to positively change the external environment through actions of information, education, persuasion of the company's partners.

The company's performance is ensured by improvements in several key areas [17]:

- Organizational stability, reflected in ensuring the continuity of delivery of products and services;
- Financial stability, given by the solvency of the company, which is able to pay its short-term financial obligations;
- The quality of managerial programs;
- Organizational growth, based on attracting resources and providing more goods and services.

3. Conclusion

Performance management involves a systematic approach, at the level of the entire organization, of human resources management and, implicitly, of performance evaluation, based on the objectives and internal needs of the organization, aiming to motivate employees and encourage creative potential.

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