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Conceptualization concerning performance management

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Abstract

The current world affairs, competitive strength of the firm result from creation or identification of a management system suitable for carrying out raised performance.

By design, formation and manifestation, performance management is constitute like an essential set and completely theoretic, put in service directly solving the problems encountered in practice complex fight for conquest and customers development.

Nowadays the knowledge of management performance have become indispensable in running any business, whatever it is developing into a small company or a large transnational company. The requirement to dispose of knowledge in the field management performance is all the more stringently in countries with economies resource primary development, and managers must act as senior catalyts.

JEL classification: M1, L1

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Introduction

Performance management represents a new concept in the field of business management even if most of the items were known and practice for a long time. For example, as regards the employee's performance of an enterprise, they all have been followed training professional courses. Performance management focuses on getting results. Performance management represents a continuous process, including a series of terms such as: "performance management", "performance", "and performance organization".

Performance management represents a strategic approach and integrated ensuring success during the enterprises activity, by improving performance enterprise, teams and individuals. [1]

Performance is the most spread concept in the business management; all the enterprises are trying to reach a maximum's. However, there is no interpretation unanimously accepted this period; there are different points of view on what they mean and what makes an enterprise to be performance.

An enterprise may be performance both in the results, and by behavior. Results are important because they ensure that its strategic objectives of the

enterprise will be fulfilled, they ensure the customer satisfaction and they ensure the reach to economical – financial indicators. Performance can be seen also as a behavior - the manner in which the enterprises, the teams and individuals are acting.

A vision to reconcile these two perspectives is expressed by Brumbach (1988), who writes:

"Performance means both attitudes, and results. Behavior issue from the performer and transform performance by an abstract concept in a concrete action. Not only instruments of obtaining the results, in reality they are, by themselves, also results – the product of physical and cerebral effort deposited for carrying out tasks and they may be judged by special results."[6]

Performance management can be defined as a continuous evaluation process of the performances in the organizations, the teams and individually by the performance indicators and the use of the results of the evaluation in order to achieve constant objectives.

By modern meaning, performance evaluation became a part of an extremely complex system, called performance management. Performance management is the sum of strategic interventions that influence on a long-term the business organization, leading to improved economic results. As element of this management system, performance evaluation represents a periodic review of results that would result by conducting proposed strategies.

Measurement is an important concept in performance management, constituting the basis for identifying places where things go well for ensure the bases for building next success or where things doesn't go well for take corrective action.

If employees are better informed of the performance levels and also of the factors contributing to these results, they will be more trust in their own forces and confident in action and they will take better decisions.

The system of measuring the performance must be devised taking into account the nature of enterprise system open, dynamic and complex, the action of assessment will be mandatory accompanied by organizational improving. Significant increases of operation by measuring the enterprise performance, was carried out by R. Kaplan and D. R. Norton, who proposed a complex system of measuring in four prospects: [2]

- the company owner (financial);
- the customer (foreign)
- the firm members (domestic);
- learning, professional development and organizational innovation (long-term).

The system proposed by the two authors should be improved so as to point out the enterprise relations with the environment in which acts, and also the potential of development and growth in terms of performance.

Armstrong notes three looked about measuring results:

- what are measured is made;
- everything can be measured, can be improved;
- if we can measure something, he can manage.

Implementation of an effective system of evaluation/measuring the performance is a useful instrument for small and medium-sized enterprises managers, combining formal and informal evaluation in annual session. Performance evaluation proposes objective measuring of individual results and of the achieving enterprise aims level.

At the enterprise levels there is a series of benefits of the performance evaluation system, both for employee and employer:

- the possibility of talks directly with supervisor about the professional development;
- the supervisor can identify good and the weak parties and he can suggest ways to improve their performance;
- it is an objective point of starting the discussion/adjustment package of compensation;
- employees motivation, so increasing their stability;
- internal staff development and individual pursuit evolution.

Implementation of an effective system of evaluating the performance is a long process, as it may take between 1 and 2 years, depending on the ranges of evaluation established and adjustments to the time.

Evaluations take into account the general the evaluation performance and the level of reaching the objectives set out together with employee and may wear the following form:

- directly the manager evaluation;
- evaluation of their own;
- subordinates evaluation;
- colleagues or the team evaluation;
- customers evaluation;
- the evaluation of the quality of products and services offered by company;
- the evaluation of customer's satisfaction.

Performance evaluation is based on models of excellence allowing organizations identify countries points, the opportunities to improve, and systematic monitoring of the progress TQM programs.

Model Deming (prize national for quality Deming) set up by EU scientists and engineers from Japan (Union of Japanese Scientists and Engineer-JUSE) , in year 1951 is aimed at recognizing excellence in implementing quality control the whole organization. [3]

Model Baldrige is associated with the national Nobel quality Malcolm Baldrige (Malcolm Baldrige National Quality Award), established in 1987 by the US government in order to encourage companies in the United States to adopt TQM competitive advantage in the party. The model assessing performance firms after 7 criteria, like: at the strategic planning, the focus on customers and market information and analysis, and the focus on human resources, management processes and business results.

The model of the European Foundation for quality management (European Foundation for quality management-EFQM) was developed in the year 1988. The main purpose of this prize is to consolidate its position of European industry on the world market, with improving the quality of products, services and process through implementation of the principles and methods and techniques TQM. [3]

Improving the system of evaluating the performance in enterprises must include an assessment of personnel undertaking. Evaluating employees can ensure a groundless objective for several important decisions about their fate, the quality of people employed in work, but also for the organization. So, decisions can be documented and related to any aspect of performance, action to improve, increase salaries and promotion.

In the context of performance management activities evaluation is a collection of information about a trial/system (in this case through the system it can be understood organizations, groups, lawsuits or individuals) In order to take decisions in connection with that process/system. On the same website specified that the assessment is closely tied to performance management (whatever that refers to organizations, groups, lawsuits or individuals), which includes activities for the identification of "measures" for the results.

Performance evaluation is defined by its goals, i.e.: the collection and dissemination of information on the aspects of performance and to promote the flow of information between researchers and various specialists.

Conclusion

In conclusion all the aspects presented, we can define performance from the following items: achieving a target set (the creation of value), the result (expressed in different manners),The potential for achieving (creative ability, faithfulness customers), comparing with the outcome of reference (internal or external, chosen or imposed) competition (through the implementation of the requirements progress continuously).Also, should not be overlooked that

performance, regarded as a result, cannot be separated from action (way of obtaining the outcome), which puts the obvious fact that the performance management exceeds the importance measuring performance.

The models for representation of value, companies are represented as a complex network of resources and strategies, connected by relationships and interactions of causality measurable. One of these models, known and long agreed, is: a model of excellence EFQM (European Foundation forum quality management). It is essential that performance evaluation to propose objective measurement of individual results and the level of achieving the enterprise objectives.

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