

THE CONCEPT AND PRINCIPLES OF PERFORMANCE MANAGEMENT IN ROMANIAN COMPANIES

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Abstract

In the beginning, it is important to underline the fact that, for Romanian companies, performance management represents a major area, both theoretically, and practically. This significance is illustrated by the substantial progress that has been noticed so far, as well as future progress. It is this progress alone that can support the economical, technical, technological, psychological and juridical changes that have occurred these past few years. Management is the most crucial factor in obtaining economical and social performance. This fact has been acknowledged by managers, economists, engineers, jurists, political scientists, sociologists, who study and improve the concept and the practice, as well as the national bond between firms and the international economical relations, deeply influenced by their internal structures, which multiply and give them depth.

Key words: management, companies, market, business

INTRODUCTION

Based in the reality of the business environment, we recognize that a company's strength comes from its management force, which is involved in improving performance. Performance management is a purely theoretical concept that is responsible for solving problems, and broadening a firm's client base. It studies all categories and fundamental structures, as well as managerial operations through which company objectives can be attained. These objectives can be internal or external in nature, and they're defined by the economical, social and cultural values of the market. They can be described by listing their components.

MATERIAL AND METHOD

The used methods are diverse: they can be juridical, historical, comparative, sociologic, logical and analytical. They systematize information and allow the elaboration of ways to achieve objectives.

RESULTS AND DISCUSSIONS

Since the beginning, performance management was influenced by a number of important factors. These become more and more as the company develops, which complicates following their effects, so that a company can distribute responsibilities according to a specific field.

As time goes on, the traditional concept of performance management is associated with factors or distinctive services which provide a status to the manager or the beneficiary. The standards can be reached only with great expense, so they're not accessible to the majority.

Performance management analyzes the link between costs, efficiency, and the risks of alternative ways to reach an objective. The analysis is completed when there are a number of admissible solutions.

It's necessary to bring some interpretations here. As such, the efficient attribute found in performance management must be looked upon as a nuanced concept, by considering indirect effects, available time and "social costs". One of the fundamental questions is how to achieve an objective with minimal effort. We can say that performance management is as objective as the system needs it to be.

Generally speaking, performance management is found in both areas of human activity - productive and unproductive - as well as in a social economic medium, its purpose being low cost time management with minimum effort.

The final consequences of performance management is achieving social and physical objectives, as well as certain values. As a result, it's importance is both theoretical and practical. During any management process, the resources used are economical and work force to obtain the expected results, which will be analyzed by performance criteria.

Performance management is determined by its own standard and specifications. These standards describe the characteristics of the offered products and services. The specifications of a product is given by its standards. Therefore, a product's performance will be evaluated by its standard, and performance control will test the product to clarify and correct its flaws.

This kind of approach has both advantages and disadvantages: the opportunity for managers to improve, according to the different standards of various activities; however, there's not sufficient information to establish all the standards. It must be noted that this is a static approach, which must be reviewed periodically, so that it reflects current conditions.

It's crucial to apply a "standard" appropriately, because only this way can we reach the desired quality and performance.

As such, this is a complex issue. Realistically, companies have a serious problem with establishing objectives, because consumers have different opinions regarding these objectives.

The final aim of a company is to reach a consensus about their performance objectives. This is the essence of performance management.

Considering what has been already said, and agreeing with certain Romanian specialists, we can define performance management as a process of achieving performance objectives, by using and coordinating human, technical and financial resources in a given medium. Performance management studies all the processes and management relationships, elaborating new methods, techniques, and systems required for enhancing performance. To reach performance objectives, we must set step-by-step goals, methods, and techniques, as well as assign personnel to accomplish objectives.

Management is about planning, organizing, revising and control. Performance management is a system that connects and evaluates these four concepts.

In order to complete objectives, there are a criteria of achievements:

- managers have to analyze the company's objectives
- human, technological, financial, economical resources have to be handled with creativity
- surveying the market(for competition, political restrictions, client demands) is required because its results can improve, promote or cancel objectives, so that the managers can adapt to the needs of the market

Nowadays, it is very important that managers are familiar with performance management so that they can manage their companies, even if they international, national, or just local. Performance management is even more important in countries with a market

economy because it's the main source of development and managers are the ones that apply the concept.

Performance management is about: motivating employees in reaching higher standards, so that they can be given more responsibilities; knowing and using the market components; taking decisions; encouraging and trusting your teams; appreciating initiative; rewarding performance.

From all the components of performance management, the most critical are: using the most efficient methods to reach an objective, training personnel, client service, improving employee productivity, detecting and following profitable business opportunities, assigning appropriate responsibilities to all personnel, reaching the highest level of performance, and organizing, supervising and controlling performance.

At the beginning of a new century, performance management has to face a new challenge because of drastic changes: economical, social, educational and political. Performance management is the determinant of success or failure of economical environment. Managers involved intellectually in the process. Therefore, performance management becomes an object of study which can researched and improved according to the market. Managers have to use the main resources of their company(people, utilities, materials, money and time) in a proper way.

According to what's already been said, a manager's responsibilities are:

- guiding the company to achieve performance management objectives
- creating a proper environment for human relations
- directing main activities according to performance management

Performance management differs from one company to another. Manager responsibilities change according to a lot of factors. In order to improve performance, managers have to:

- have knowledge of their products, improve the technological process, update their information
- make strategies, take decisions, and elaborate a performance control plan
- motivate personnel
- stimulate cooperation and competition
- offer bonuses

In order to get results through these methods, it's recommended to:

- identify clients and their needs
- create a performance rating system
- set performance objectives

General managers have an important role in their employee's performance, they themselves having to continuously improve, and assess the progress of their personnel.

Both external and internal working environments have a crucial role in performance management:

- The company's profile:
 - the product is the main resource of the company's power, as well as employee strength; this product has to satisfy client needs and assure profitability
 - the product is also the main income of a national company; in order for the company to expand, it has to diversify its products, and create new markets for what they're selling
 - sometimes, it's necessary to hire or fire people
 - the client and his needs are the most important asset of a company; according to this, they have to adjust according to their clients
- Organizational culture is the core of: vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. General attitude towards change and management styles are defining for organizational culture. Blake and Monton, the creators of the managerial grid model identified five different leadership styles based on the concern for people and the concern for production. Being aware of the various approaches is the first step in understanding and improving how well you perform as a manager. It is important to understand how you currently operate, so that you can then identify ways of becoming effective in both areas.

The market is defined by existing and future clients, suppliers, employees, unions, competition. One of the main management process is marketing, because it focuses on clients: it identifies them, satisfies their needs, offers client service, so that sales can go up.

It's very important to note that sales focus on the needs of the salesman, while the market focuses on client's needs.

- The external context of the management process has infinite boundaries: technology, geography, politics, legislation, international affairs, economy, social pressure, the environment
- All these components influence the performance of the company
- The most crucial role in establishing economic and social objectives is the manager. In order to accomplish performance objectives, the manager stipulates strategic and tactical objectives, chooses the optimal actions, manages resources, improves structures, methods, information gathering. The actions required for achieving all these goals are:
 - prospecting and developing existing and new markets
 - finding and improving suppliers and beneficiaries
 - organizing the company and its managing system
 - generating and implementing progress which has applicability in performance management
- Another important area is updating and shaping the management process:
 - the power of the company is given by research, scenarios and techniques
 - creating methods to lead
- Improve performance management systems:
 - avoiding unfavorable evolutions and balancing performance management systems
 - the evolution of the market determines the evolution of performance management
 - avoiding risk factors that damage the structure of performance management
 - implementing human resources in performance management

The whole management process is involved in developing performance management methods. The current situation demands the evolution and implication of management factors. In this process, the managers have the methods to prepare and improve performance management.

CONCLUSION

The management process is defined by political, economical and social changes. In order to advance, optimal solutions have to be found, so that companies can find strategic and operational methods that allow them to exist, and improve, in a business environment. The environment determines the methods and actions of companies as well as the flexibility of the company structure and the way employees are motivated so that all the objectives can be reached.

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