

## PERFORMANCE MANAGEMENT COMPANIES IN ROMANIAN

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### **Abstract**

*The increasing complexity of leadership activities and the current rate of changes in the economy make it necessary that we analyze companies from the point of view of management in all its aspects. Where there is no clearly established managerial foundation, the solution is transferring foreign managerial skills whose effect in the economy has already been verified. This transfer cannot be achieved by means of the reworking or the 100% imitation of what others do. Success in such a context is represented by the adapting of managerial techniques to national particularities.*

**Key words:** company, economy, management, success.

### **INTRODUCTION**

In the last decade, the business environment of Romania was characterized by the wide-scale emergence of privately-owned companies. However, success and survival in the business world involve more than entering the market, as one needs to also understand the market, its governing mechanisms, essentially to understand the clients via their role and importance in business life.

Keeping the company on the market requires a complex mechanism of efficient management and coordination of its activities. As such, having the manager see things from the client's perspective entails profound modifications to the manager's thinking and acting, closely correlated to the client's concept of starting and carrying out businesses, and the client's behavior and aspirations.

The only one to come out of the maze of interests and conflicts specific to the business world is the manager able to put himself in each client's shoes, who has shaped his psychological potential as a business winner and who successfully puts his own principles and rules into business practice.

## **MATERIAL AND METHODS**

The methods used in this study were diverse: the historical method, the comparative method, the sociological method, the logical method and the analytical one, their aim was the systematic analysis of the information selected from the sources studied in order to develop personal points of view and conclusions about the stated objectives.

## **RESULTS AND DISCUSSIONS**

In the contemporary world of business, the competitiveness strength of a company comes from the creation or identification of a managerial system suitable for achieving great performance. Through its conception, assembly and manifestation, performance management is an essential and fully theoretical set, employed towards solving complex problems encountered in the practical aspects of earning and developing one's client base. It studies the fundamental categories and structures of the company, the managers' functions of combining the ways in which the organization's goals can be attained. Some of those goals are intrinsic, others are imposed by the environment in which the company operates, as the company deals with the interactive complexities – economic, social, and cultural – of the market. Defining them begins with enumerating its basics and its conceptual components.

At the very beginning, we ought to underscore the fact that, for Romanian companies, performance management is a major field not just in theory but in practice as well. This high significance is demonstrated by the important progress made this far and those anticipated in the future, the only ones able to sustain the economic, technical, technological, psychosocial and legal changes occurred over the last few years. Directly related to achieving economic and social performance, management is the paramount factor. Managers, economists, engineers, legal counselors, politologists, psychologists, and sociologists are all profoundly aware of this, as they penetrate and capitalize on the significance of the concept and practice of performance management in the complex process of connecting companies on a national level and that of economic international relations, all profoundly influenced by the strong environment that multiplies and complicates them.

From the beginning, creating performance management was influenced by a significant number of factors. It grows with the company's

development, which complicates tracking their effects in order to delineate the responsibilities specific to this field.

Gradually, the traditional concept of performance management is associated with the existence of distinctive and particular factors or services which grant a certain status to the provider or the user. Standards are set, such that they can only be reached at high costs and are, thus, inaccessible to the general public.

Objectively, performance management analytically deals with the connections between costs, performance, and the risks posed by the alternative ways for action suggested to reach the goals in the field. Performance management analysis is completed by setting several criteria for distinguishing and ranking the solutions declared inadmissible.

A few interpretations and nuances are in order here. The attribute of efficiency, as part of performance management, must be given a nuanced acceptance, by considering its indirect effects, of the time factor and of “social costs”. The minimum action principle, “desired goal at minimum effort”, points to one of the fundamental questions that help define performance management. From a systemic viewpoint, there are degrees of objectivity in performance management, according to the extent to which the goal reflects the system’s objective functional necessities.

Regarding action scope and in a general approach, performance management refers to both the productive and the non-productive sphere of human activity, and thus to the entirety of socio-economic life, and it aims to obtain maximum effects at a minimum of effort, expenses, and time.

Concerning consequences, performance management looks at the socially useful, physical, value-oriented, and social effects obtained as part of the activity. Consequently, the systemic approach of performance management is a matter of not only theoretical but also practical importance. In fact, all managerial activities and processes expend work, material and monetary resources and, in consequence, to obtain the expected results they must be analyzed from the point of view of performance.

Meanwhile, performance management must be approached compliant to specifications or standards. Such an approach is based on the concept of activity performance control, and the term of “standard” describes the characteristics of the provided products or services. Specifications for a certain product or service entail a certain number of standards. Thus, the performance of the provided product or service is defined in terms of conforming to the specifications, and performance control checks the product or service to assess whether it satisfies the set standards, so that the ones that do not should be rejected as not complying to the said standards.

Such an approach holds both advantages and disadvantages. Among the former we must specifically mention that companies and their managers have the opportunity of aspiring to performance, simply because various standards can be set for various types of activities.

In contrast, among the disadvantages of approaching performance management as complying to specifications or standards, firstly we must note that no information is given on the way to set standards. Also, the static nature of this approach must be noted, out of concordance with the necessity of periodically reviewing the products and services provided by the company, so that they may reflect any new circumstances. Even indebted to so many factors, this means of defining and applying of the term “standard” in performance management is vital from the viewpoint of approaching and defining the quality and efficiency involved by performance.

Given this major concern, the issue is anything but simple. In actuality, companies are faced with numerous difficulties in determining their goals, which are triggered by the fact that the beneficiaries of the products or services usually have distinct points of view on those products or services. The problem then concerns the possibility of reaching a consensus on the goals of the performance. Reaching one such is in fact an essential trait of performance management.

Starting from the above, and in full agreement with the viewpoint of valuable Romanian experts<sup>1</sup>, performance management may be defined as a process of reaching performance goals by the use and coordination of human, technical, and financial resources in the given environment context. Performance management studies management processes and relationships with a view to discovering their governing legislation and principles, to conceiving new systems, methods, techniques, and means of ensuring the rise of performance. In concrete terms, the performance management process consists of the totality of stages and phases through which their goals and those of their incorporated subsystems are determined, as well as the resources and work processes necessary to their achieving and their operators, through all of which the work of the staff is integrated and controlled by using a complex of methods and techniques ensuring the most efficient realization of the reasons that caused the respective companies to have been set up. On the other hand, the performance management relationships may be defined as the relationships established between the components of a system, and between them and the components of other systems, as part of the processes of previewing, organizing, coordinating, training, and controlling, in order to evaluate the performance-generating activities of the company.

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<sup>1</sup> Nicolescu , O., Verboncu , I. , *Management* , Ed. Economică, București , 1995 , p. 136

Related to goals, as previously shown, performance management is a process of establishing and attaining performance goals by using and coordinating human, technical, and financial resources in the given environment context<sup>2</sup>. Hence, a series of requirements towards the plan of producing the definition components detailed below:

- To reach their performance goals, managers must analyze the goals of the company they are running;
- The human-technological components and the financial resources coordinated to reach the performance goals must be used creatively;
- As performance management operates in the context of its environment (competitors, client circles, restrictions by governing bodies, by the state, and sometimes by the actions of foreign governments), in which each environment factor may influence (stimulate or hinder) the company, it is necessary that managers learn to adapt and that their framework should generate performances.

Consequently, performance management knowledge has nowadays become indispensable to running any business, whether in a small company or a vast transnational conglomerate. The need to have such knowledge is even more stringent in countries based on the market economy. Performance management knowledge may represent the fundamental resource for development, and managers must act as its main catalysts.

## CONCLUSION

The major political, economic, and social changes that have shaped the business world have also triggered significant changes to approaching managerial theory and practice. In this framework, business survival and success require finding optimal solutions through which companies must adapt their strategic and operational behavior to the specifics of the competition environment, also taking into consideration the competitive potential available to those companies.

Business ethics generates a certain personal image of the manager in the eyes of the employees and an image of the company in its environment. On a managerial level, preparation to evaluate the consequences of actions is necessary, as the standing of that company in its environment actually reflects the ethics of its manager. As a member of a community, the

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<sup>2</sup> Cf. Baird , L.S., Post , E.J., Mahon , F.J., *Management – Functions ans Responasilities* , Ed. Harpe and Row , 1990 , p. 23

manager is simultaneously related to several value systems, of which he internalizes those most compatible to his experience, education, and motivation. To the extent that he accepts and promotes certain values, he must reject the non-values associated with outdated mentalities, or those generating conflicts and degrading business relationships. This must happen even more so as the environment may produce conflicting requirements, whose solving needs that messages and leadership be adequate, genuine, and non-manipulative.

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