

Managerial Performance –Factors of Influence

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Abstract

In any social and economic system, performance is, in recent times, a term of reference for managers and workers, performance being a way of highlighting the objectives and the obtained results of the activity. An organization that is performance-based can take better advantage of the opportunities of the environment it is activating in, can easily overpass the difficulties that the environment puts forth, can quantitatively and qualitatively satisfy a segment of the social need in an superior way and can obtain the competitive advantage in the market in which it operates.

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JEL classification: M10, M14.

1. Introduction

In fact, an organization that is managerially and economically performance-based is capable of fully satisfying the economic interests of its main stakeholders – employees, managers, shareholders, state, local public institutions, banks, suppliers, customers and other stakeholders – while optimizing the two major tendencies that mark its functionality – generating value for the client and generating value for the shareholder. These two acts are oriented at operational excellence (Coates, 1997), a fundamental coordinate of strategic management, that is obtained by reconsidering the roles of department managers.

Generally, obtaining management performances at the level of the firm is influenced and conditioned by the competence of managers and workers, by the cultural context in which they work and, of course, by the contextual influences of the national and international business environment. We consider that a series of remarks on these factors is required, this act being realised in the following pages.

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2. The competence of managers and workers

The first factor that influences the level of managerial performance is, undoubtedly, the competence of those that realize management processes. Through this we refer especially to the competence of managers, but also to the one of workers, that assure the implementation of decisions (Russu, 1998). Evidently, the decisive role is the one of managers, no matter what their position within the organizational structure is. Managers have a great influence on the managerial, economical and commercial behaviour of the organization they act in.

The concept of competence can be assessed through two different approaches. The first side of competence refers to the assigned or offered competence (also called official competence), while the second side refers to the basic competence of an individual (personal competence).

In the first approach, the official competence can be defined as the decisional freedom that a position holder (manager or worker) enjoys and is, from our perspective, the most important dimension the whole concept of competence. Regardless of the professional and managerial ability of an individual that is working within an organization, if that certain individual does not have the right or the freedom to decide on a certain management situations, performance cannot be attained within the organization.

In the second approach, the personal competence is highlighted through the professional and managerial knowledge, qualities and abilities that a position holder must have in order to take advantage of the official competence that certain position has. A job that is correctly developed (from the perspective of tasks, competence and responsibilities implied) can only generate performance if the person that handles it is competent enough. Based on this, the need for a permanent synchronization between the official competence and the personal one is highlighted, this symbiosis being the support of realizing individual objectives and of generating management, economic and social performance.

In terms of official competence, we can state that this side of competence is more relevant and intensive within management positions, while the professional side of the personal competence must be found, on different levels, within all the job holders of an organization. The management knowledge, qualities and abilities are only needed, evidently, for managers.

The links between competence and performance are, from our perspective, evident. A competent and professional manager substantiates and takes qualitative decisions (decisions that scientifically substantiated, well-timed, empowered, integrated in the sum of decisions and in a complete form), using modern management tools, that are more and more sophisticated, in a permissive cultural context, that allows him to promote a series of generally participative management styles. Managerial performance can be, thus, numerous and can be easily attained within the management practices of the organization. Through this, we refer to: the quality of decisions, the quality of the decisional mechanisms, the quality of management tools and methodologies, and others.

3. Organizational culture

Organizational culture, the second factor of influence, can be defined as “the sum of values, beliefs, aspirations, expectation and behaviours built over time in each organization, that are predominant within it and that directly and indirectly influence its functionality and performance” (Nicolescu, Verboncu, 2008). This factor is one most important determinants of generating managerial and economical performance within an organization.

The organizational culture can be highlighted, generally speaking, through:

- ❖ symbols;
- ❖ organizational values;
- ❖ behavioural norms;
- ❖ rituals and ceremonies;
- ❖ stories and myths.

Each component of the ones presented above has a different influence on the level and the structure of organizational and individual performance, based on the role and the place they have within the organizational culture (Verboncu et al, 2008). Furthermore, stating these elements cannot be done without a proper definition of the functions that it has on an organizational level, materialized in:

- ❖ the contribution to the development of the relations between the organization and its stakeholders;
- ❖ assuring the interface between the national and the individual culture;
- ❖ modelling the individual and the group identity;
- ❖ determining in a decisive way the behaviours of the members of the organization;
- ❖ assuring the feel of being part of a specific collective;
- ❖ offering protection to the members of the organization.

We must mention the fact that generating performance, efficiency and effectiveness within an organization is dependent on the manner in which all of these activities are realized.

In the context of the organizational culture, an important component lies within the managerial culture, that aims at the same forms of manifestation as the organizational one, approach the managers' point of view. Their managerial styles, decisions and actions are profoundly influenced by it.

This form of culture has multiple influences on managerial, economical and social performance, among which the most important are the following ones:

- ❖ it assures the focalization of efforts on an objective or a set of objectives;
- ❖ it develops a strong motivation for employees in attaining the expected results;
- ❖ it offers a structure and a system of mechanisms that coordinates the efforts of employees, without the use of formal procedures and systems.

Such means are the evident consequence of the functions that the managerial culture must fulfil:

- ❖ decisively motivating the managers and the workers in attaining performance;
- ❖ offering a vision and being part of a special social class for managers;
- ❖ being an important factor in promoting and helping changes within the organization;
- ❖ favouring the process of organizational learning;
- ❖ assuring an coordination of values within the organization;
- ❖ realizing a “cultural control” of the organizations’ evolution;
- ❖ contributes to attaining the synergy effect within the organization;
- ❖ allows obtaining a competitive advantage.

It is evident that, for the operating these functions, an active involvement of managers is required, especially of the ones from the superior levels of management. This can be done through managerial styles that are suited for performance and through a form of leadership that is also a generator of efficiency and effectiveness (Verboncu et al, 2011).

Passing through these theoretical and methodological issues – the manifestation forms of the culture and the functions of the organizational and of the managerial cultures – allows us to highlight the impact that these elements have on organizational and individual performance. The synthesis of these influences is reflected in the following figure:

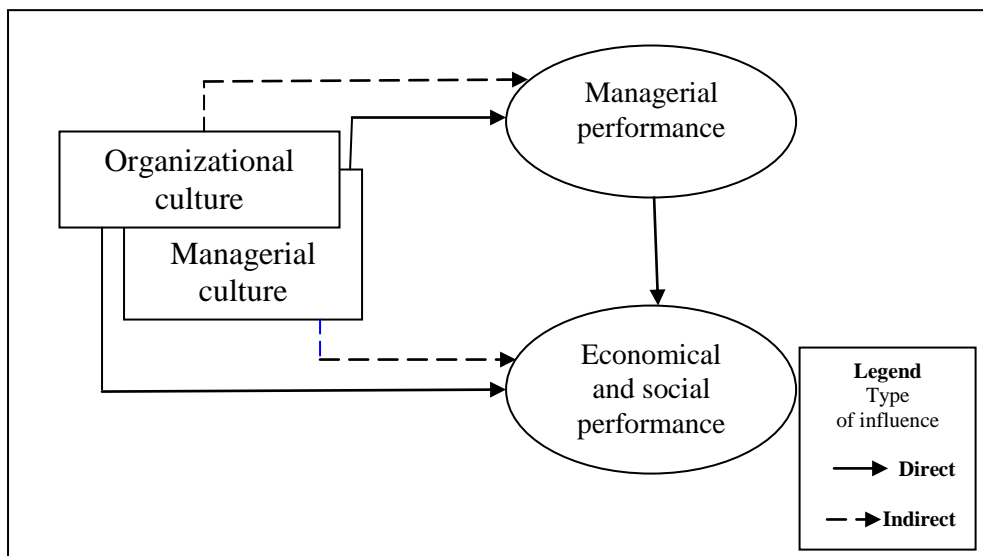


Figure 1. The links between culture and performance

In terms of the different forms of manifestation for the organizational culture and for the managerial one, we can highlight the following major influences on the performance of the organization:

- **Symbols**, that define a series of organizational phenomenon and their manifestations – actions, verbal symbols and material symbols – have a low impact on performance, this impact being, in general, indirect. Through them, order and strictness are assured and the functionality of culture is determined. Frequent changes in the management teams of organizations (we mainly refer to organizations that have a state capital – majority or integral) can lead to the destruction of symbols to which employees synchronized. This can have a negative impact on their activity in terms of realizing the set objectives. Furthermore, some new symbols might appear, under the form of slogans (like “one-term managers”), that generate inefficiency, lack of involvement in running work processes and even defiance of common sense. For example, the slogan mentioned above (one-term manager) gains cultural, managerial and economical significance, due to the fact that these managers are politically appointed in their position within state-owned organizations. They know the fact that their tenure is only four years long, a period in which, in many situations, the focus is put on personal interests and not on assuring the premises for obtaining performance and satisfying the economical interests of the main stakeholders. If we associate this situation with the questionable managerial and professional competence of such managers, we can highlight the image of some inefficiency-generating scenarios, that are opposed to obtaining performance.

- **Organizational values** – the beliefs and the values of the organizations that are found in the ideology, the philosophy of the organization. In the view of some US specialists (Cushner, K., Cherrie, C., Young, M., Richard, W., Francis, D., Woodcock, M.), a value is a form of belief that states that a specific way of managing or of attaining a result is preferred, at a personal and social level, to another way, that is opposite to the first one.

Values, expressed in the most simple way, have to meet a series of conditions:

- ❖ they are chosen from a series of options;
- ❖ they must be harmonized with each other;
- ❖ they must be clearly defined;
- ❖ they must be numerically limited;
- ❖ they must be realistic;
- ❖ they must stimulate performance;
- ❖ they must attractive and must generate a feel of pride;
- ❖ they need to be communicable;
- ❖ they need to be written.

The system of values that is generally promoted by the top management must be known, understood and assumed by the majority of the employees. Through this, an active and responsive involvement is assured, in terms of realizing objectives and, thus, of attaining performance.

- **Behavioural norms** – these norms of conduit can be formal (set through official rulings of the management) and informal (set in an unofficial manner by the members of the organization or by a group within it). The impact of these elements on performance is profound. Formal groups, found in an organization as departments, as well as the informal ones must have convergent activities in order to attain the set

objectives. Based on a certain mentality and supported by an adequate motivation, the behaviours of employees aim at obtaining results (performance), while maintaining the lowest level of resource consumption.

- **Rituals and ceremonies**

Rituals are a set of planned actions, with an emotional content, that combine different ways of expressing the organizational culture (Năstase, 2004). These rituals can be: personal, focused on tasks/objectives, social, organizational.

Ceremonies are collective manifestations, of a formal and solemn manner, that express a knowledge of the firms' traditions and history.

Both of these components serve generating performance, as long as the focus is on organizational rituals.

- **Stories and myths**

Stories are "an important mean of understanding organizational culture, of getting a feel and deciphering the meanings that the members of an organization allocate to the different events happening within the organization".

Myths, the organizational metaphors, are an expression form, that sends symbolic messages within the organization.

The stories refers to success or failure stories of the members of the organization, while myths are unique for it, making a reference to past periods and to persons that can be considered "historic" figures.

Both can be significant challenges for the staff of an organization in terms of starting major changes in functionality and in the management area of the activity, while maintaining a performance-oriented approach for the results.

It is obvious that through both the forms of manifestation and the functions that were already stated, the organizational and managerial cultures are very important factors of influence for performance. All of the big organizational changes, of the major changes in social and micro-economical management are a result of the changes implemented at a cultural level.

The organizational reengineering and the managerial one, promoting knowledge-based management and other such methods highlight the organizational and the managerial culture as a cause for which an organization can remain outdated.

The passing to strong cultures is, by far, an important premise of obtaining efficiency, effectiveness and performance at decisional and operational levels. Regardless of the "culture – efficiency/effectiveness" models (the model referring to the level of objective completion, the "natural systems" or "open systems" model, the "internal decision process" model, the "strategic behaviours" model), it is unanimously felt that organizations with a strong culture obtain superior performance, in comparison to the ones obtained by their competitors.

The functions of the managerial and organizational cultures allow us to identify other means of influencing managerial, economical and social performance. Professor Ph.D. Ovidiu Nicolescu (2004, p. 371) has presented them in a very relevant figure, that has been further developed by us – by adding different elements, based especially on the first type of performance.

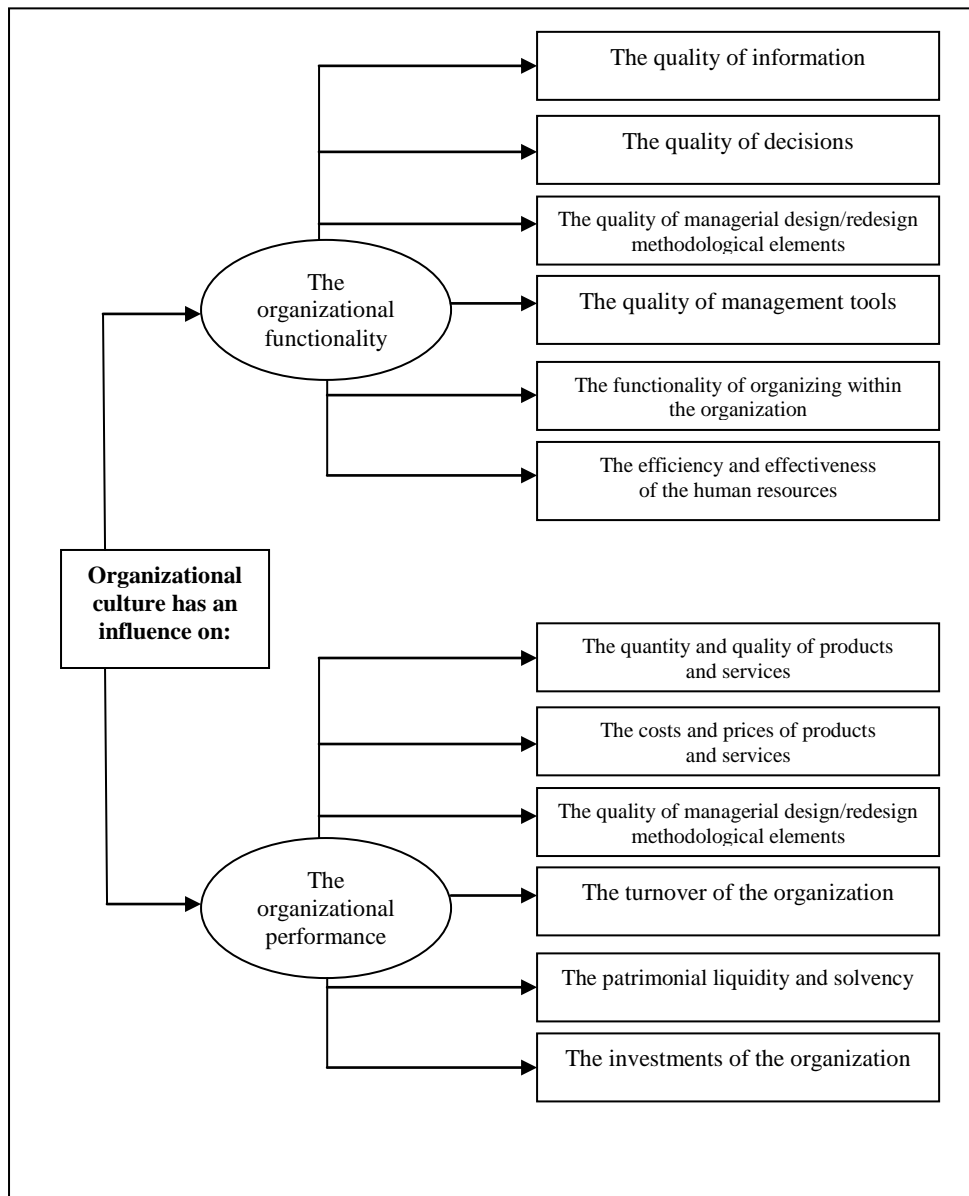


Figure 2. The influence of culture on performance

4. National and international environment

It is defined as the set of exogenous elements of the firm, of a economical, technical, political, demographic, cultural, scientific, organizational, legal, psiho-sociologic, educational and ecological nature, that marks the setting of an organizations' objectives, obtaining the resources needed, adopting and applying the decisions for their realization (Nicolescu et al., 2011, p. 366).

The environment has a range of influences on the organization, through a set of factors, that are presented in the following figure.

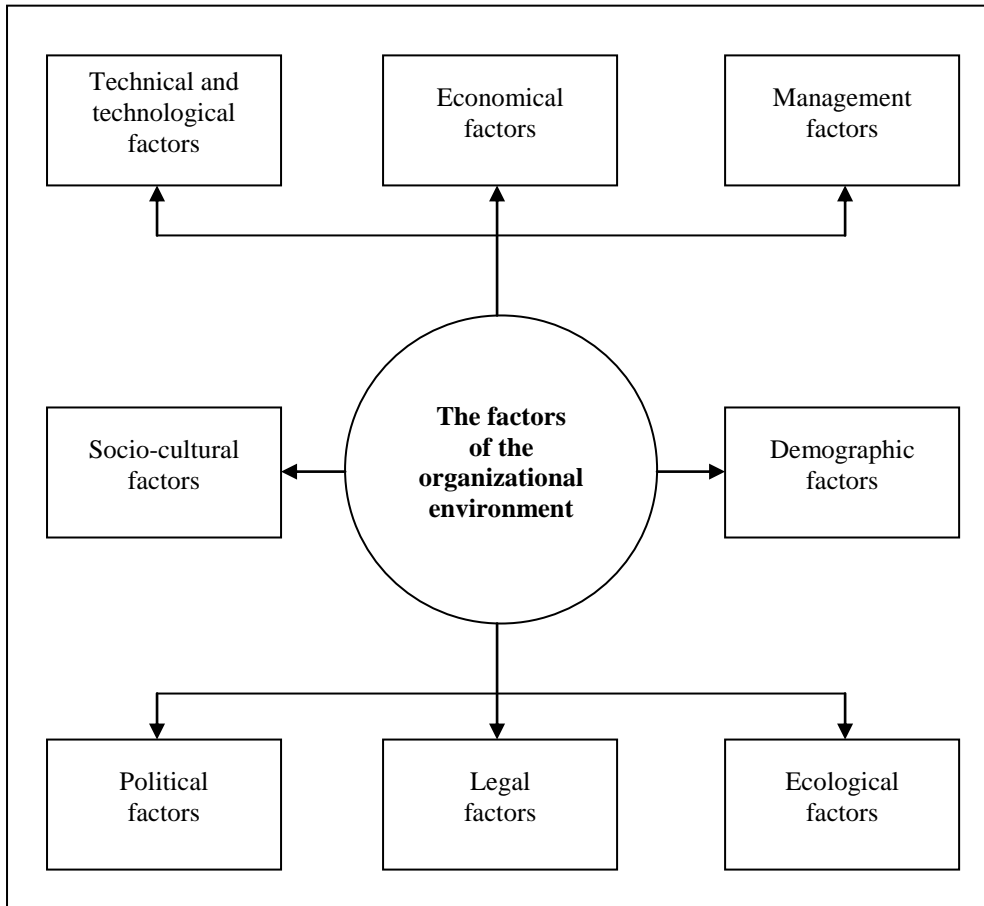


Figure 3. The factors of the organizational environment

Some of the types of factors stated above have a decisive influence on the functionally and on the management of the organization, on the managerial, economical and social performance attained at the level of the organization (Burduş, 2013).

The economical factors, found mainly within the internal and external markets, the economic-financial leverages, the banking system, the capital markets, have a major influence on the formation, the functioning and the development of the firm, but also on the management of it. This last part can be motivated through the fact that, directly or indirectly, these factors have an influence on the sources for obtaining resources needed for running organizational work processes, on the effective realization of its mission, on the level of obtained results that might be performance. A single example is relevant in this situation, an example that is presented in the following rows.

The economic and financial leverages (the taxation system, the interest rates, the material incentives, etc.) can act as administrative instruments (nowadays, these fact is obvious) or as management tools (a desired state, from our perspective). Quantitatively (the number of taxes, etc.) and qualitatively (the way in which the firm is influenced, the level of taxation, the level of the interest rates, etc.), these leverages can facilitate or aggravate the following elements:

- sales and, based on this, realizing a certain level of the turnover;
- ways of obtaining competitive advantage on a market;
- costs;
- profits and profit rates;
- labour productivity, in terms of promoting a series of extensive means of realizing the objective (cuts or increases of prices/tariffs);
- the quality of the human factor (managers and workers), in terms of allocating or not allocating the needed sums of money for the professional and managerial training of it. Through this, the managerial performance or counter performance that influences the economical and social ones are also highlighted.

The management factors – the national economic strategy, the organization system of the economy, the ways of coordinating it, the quality of the recommended management tools – influence both the functionality of the firm and its management. For example, the system in which the economy is organised assures a certain process-based and structural organization of it.

The lower level of decentralization, the politically-based hiring of certain managers within publicly-held organizations – just to mention the two most important issues within this type of factors – will most certainly lead to the usage of an empirical management, one that is unable to attain management performance and to satisfy the economic interests of the main stakeholders.

In a similar mode, the influence of the other types of national and international environmental factors can be highlighted.

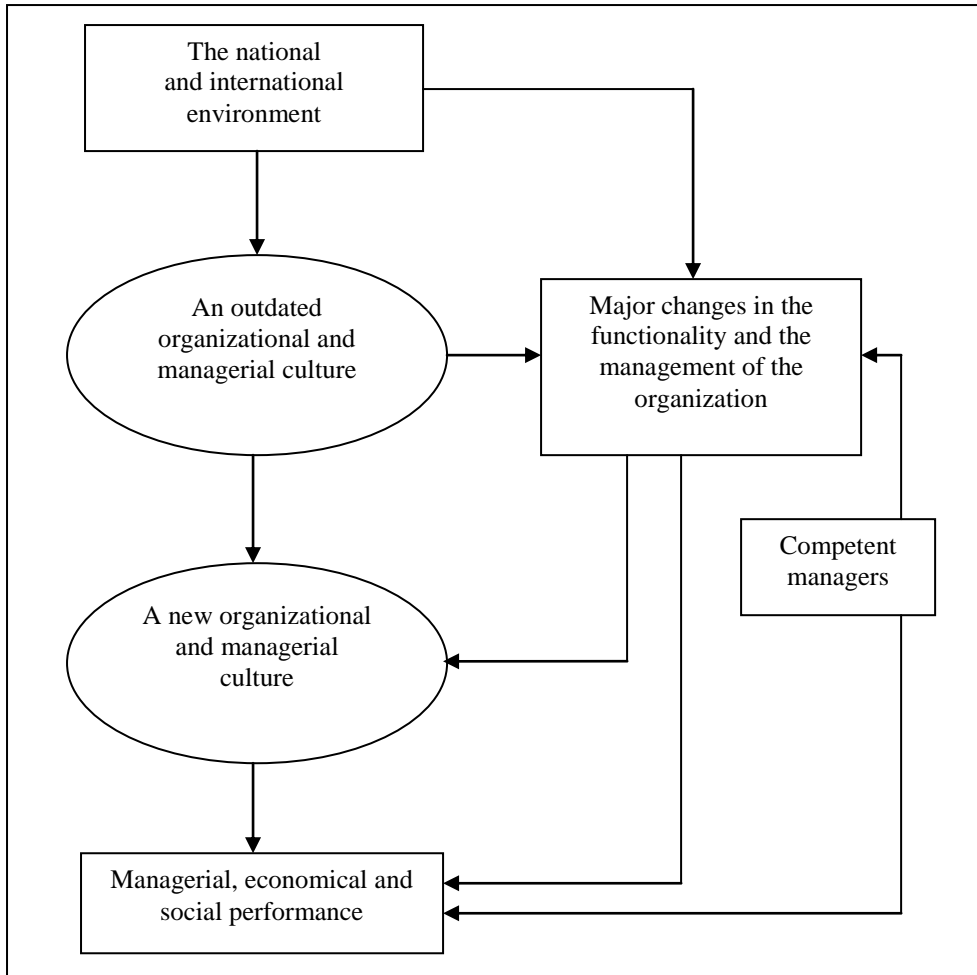


Figure 4. The environment – culture – competence – performance links

5. Conclusions

As stated within this paper, the main factors of influence for the management performance of an organization are considered to be the following ones: the competence of managers and workers; the organizational culture; the national and international environment of the organization. Each of these three factors has a specific influence on the level and the structure of the performance that a certain organization attains within the management area of its activity.

The competence of the members of an organization is decisive for any organization. A competent and professional manager takes qualitative decisions, using modern management tools. He or she also promotes a series of generally

participative management styles, which help the organization develop and attain better results, in the form of performance.

The organizational culture and its subsidiary, the managerial one, have a profound impact on the level of the organizational performance, highly dependent on the exact component that is analyzed (symbols, organizational values, behavioural norms, rituals and ceremonies, stories and myths).

Finally, the national and international environment in which an organization activates has a significant influence, in terms of the factors that are active within it. Each of the eight types of factors that were presented within this paper has a certain effect on the level and the structure of the organizations' performance. Thus, their analysis and understanding is vital for the organizations that aim at realizing their objectives and attaining performance in their activity.

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