ON MANAGERIAL PERFORMANCE

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ABSTRACT

The value of a manger – and inherently of the management system he implements – is given by the level of performance that his team can achieve in his absence. At the same time, a good manager must know that, in order to increase performance level, he needs not only good workers, but also people whose experience and qualifications are valued. The manager must get involved in the decision-making process, such that the employees should be allowed to take responsibility and gradually develop their coordination skills. To sum it up, a business company (*organization*) *is highly efficient mainly if production indicators and economic / financial indicators are high as well.*

KEYWORDS: *managerial performance, manager, management, economic effectiveness, social effectiveness, managerial skills.*

The media abound with articles, comments, points of view, analyses, debates, etc on managerial performance in the most varied areas: public administration, education, public finance, business companies, public organizations, state departments, a.s.o. Everybody aims at high managerial efficiency and poor managerial performance is criticized especially when it comes to political opponents.

When we try to establish exactly what managerial performance stands for, we find many voices which consider that in many fields, managerial performance should be taken for granted, particularly in areas like public administration, education, army, etc, and also in the economic field, where it is directly determined by the achievement of some well-established quantifiable parameters.

This ambivalent view generates a fuzzy conception about management, which suggests that there is a type of management that is assessed according to ambiguous general criteria, as well as a type of management that generates short-term, medium and long-term solutions, according to its specific purpose and which can be assessed by quantifiable results. In other words, one may consider both a concealed responsibility management and a target-oriented type of management.

In our opinion [1], management represents a coherent collection of knowledge on the processes and leadership relations within the company (organization), which generate the stability of the system, principles, methods and techniques, whose use ensure the optimum exploitation of the available human, material and financial resources. The manager is the person who performs the leadership function, according to the targets, competences and responsibilities specific to the position he fills.

As a process, organizational management must basically account for the following:

- the objectives to be achieved (knowing and clearly defining the targets to be reached, the results to be obtained as well as their priority);
- managing the means to achieve the objective (knowing if the target can be reached, the available means and the processes by which the available means can be used in order to reach the targets);
- the analysis of effective results (rightly determining the way in which the target was reached);
- comparing the final result with the targeted (forecast) one and drawing the final conclusion, which shows the conditions under which the objectives (targets) were reached.

Unfortunately, social practice shows that there are may organizations that do not observe these four stages of the managerial process, meaning that they do not possess a well-defined strategy for action, a realistic planning, they do not care for an economical administration of resources and do not encourage a well-developed control system. Although management should make judgment and action sensible, coherent, efficient, effective and innovative, these are too often not clearly specified and not assessed by means of costs and incomes; targets are overestimated and means are underestimated, especially within public organizations and institutions.

The purpose of management basically consists of economic efficiency, in the sense that any organization should achieve its targets, but at the lowest costs and time-efficiently. It also consists of social efficiency, which is the very reason of any organization. This is why modern management is confronted by two major incongruities, namely the widening gap between the novelty of issues that organizations are faced with and the persistence of traditional ways of thinking and decision-making and managing company assets. The result is a distortion between the new methods of managerial approach and their still limited use in practice.

The management of any organization should of course be assessed by means of the competent analysis of quantifiable results. From this perspective, we frequently encounter such confusing remarks as: "The situation in our country cannot be positively assessed because of (poor) *performances* in agriculture, health and agriculture" or "The *performances* of the company did not rise to expectations." [2]

Normally, by "*performance*" we understand "a (positive) result obtained in a sports competition; by extension, a special achievement in a field of activity; the best result achieved by a technical system, a machine, a piece of equipment, etc." [3] Strictly speaking, "performance" cannot be understood as "any result, any kind of achievement, irrespective of the field of activity." In management terms, "performance" actually means "high performance, efficiency", i.e. it refers strictly to positive results.

Obviously, with respect to company / organizational management, performance refers to the achievement of objectives when quantifiable indicators are superior to all the other similar companies (organizations). In a market economy, a business company can be considered efficient if it yields profit, especially if the profit is the result of a favorable dynamics, such as an increase in productivity and a cut of expenses. To simplify things, we will consider that a business company (organization) is efficient basically if production indicators, as well as economic and financial indicators are efficient (indicate *high performance*).

The manufacturing activity, focused on physical factors, is efficient only if the firm (organization) obtains and exploits the planned products or services, in the agreed volumes, structure and quality, within the agreed period of time and by observing the requirements and norms of labor safety, environmental protection and consumers' health. Production indicators show what is produced, in what quantity and with what labor productivity (working efficiency). These indicators show high performance inasmuch as they are superior to the other manufacturing units under similar conditions.

The economic and financial component should basically reflect the company (organization) profitability and the evolution of the liquidity ratio, thus expressing a numerical value of the company's financial efforts. Profitability indicators signal high performance (efficiency) when the requirements on profit and rate of return have been met and even surpassed, not only at company level, but also at the level of each type of activity and product. The liquidity ratio is made up of the indicators that show the structure of assets and liabilities, the relation between economic means (the assets in the balance sheet) and the financial resources used to obtain them (as reflected by the liabilities in the balance sheet). Upon the whole, a business company is efficient from the point of view of its cash ratio, inasmuch as it can easily pay off its short-term debts, especially from its own profits, while maintaining a high level of trust from its business partners and the state institutions with respect to its ability to keep its market position.

Of course all these indicators reflect the economic and financial situation of the business company (organization), but this situation also signals the managerial capacity to adjust the organization to environmental changes. Management is chiefly prized as a collection of systems, methods and working techniques used to establish objectives and achieve them. But these instruments are only valuable inasmuch as people are willing to use them. That is why management may be considered a true state of mind (an attitude), made up of abilities, attitudes, intellectual components and skills that play a catalyzing role in triggering and keeping up the process of applying the right methods in order to achieve the objectives.

The characteristics of the attitude underlying high performance management are:

- a prospective mentality – a permanent adjustment of the company (organization) to change;
- a methodical and scientific mentality – each problem has a scientific, rational solution;
- an economic mentality – knowing the limits of resources, the analysis of risks and threats and planning all actions according to the principles of (cost-)effectiveness and (time-)efficiency;
- a social mentality – the ultimate purpose is consumers' satisfaction as well as the happiness of its own employees.

Reality provides enough examples when intuition gains to the detriment of method, habit to efficiency, routine or improvisation to realism, dogma to pragmatism, while traditional practice still prevails at the expense of scientific methods. Nevertheless, performance indicators should underlie all managerial performance and they should be established beforehand, in order to be subsequently confronted with the results.

References

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