

ORGANIZATIONAL PERFORMANCE – A CONCEPT THAT SELF-SEEKS TO FIND ITSELF

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Abstract

This article proposes a brief approach to the concept of performance starting from both Marston's motto "Don't lower your expectations to meet your performance. Raise your level of performance to meet your expectations" and the opinions, views and definitions expressed in the scholarly literature by various authors.

Diversification and increase in the complexity of activities of national and multinational organizations have generated significant changes in the conception and philosophy of their establishment and operation. Organizations are in a constant search for performance; they want to achieve performance or to improve performance, or more often, to measure the achieved performance level. In this context, it appeared the need for a new reconsidering of organizational performance. Due to its polysemantic nature, performance proves to be a concept difficult to characterize, and associated definitions are often too general or too specific, ambiguous or even abstract.

Theory and practice in the field of performance management demonstrate the influence of external and internal factors in understanding and defining performance. Achievement of an economic and financial balance ensuring customer needs satisfaction is the goal of any organization. Performance must be analysed and defined closely to targeted objectives. As an entity's objectives are volatile, controversial and contradictory, performance is a phenomenon with a strong subjectiveness.

Keywords: *Organizational performance, global performance, objectives, results/outcomes, efficiency.*

1. Introduction

The concept of performance has gained increasing attention in recent decades, being pervasive in almost all spheres of the human activity. Performance is a subjective perception of reality, which explains the multitude of critical reflections on the concept and its measuring instruments.

The multitude of studies at international level in the field of performance is also due to the financial crisis that swept the economy globally, which has led to a continuing need of improvement in the area of performance of entities. The concept of company performance is often used in the scholarly literature, but it is only rarely defined. Due to the large number of concepts employed in defining performance, it is more and more discussed the existence of a confusion of this concept. Thus, organizational performance is confounded with notions such as: productivity, efficiency, effectiveness, economy, earning capacity, profitability, competitiveness etc. For this reason it is increasingly insisted on a clear and unambiguous definition of the concept of performance.

The term performance emerged in the mid-nineteenth century and was first used in defining the results to a sporting contest. In the twentieth century, the concept has evolved and developed a series of definitions that were meant to encompass the widest sense of what is perceived through performance.

Currently, there is no performance independent to targeted objectives. Reaching the objectives translates with achieving the performance. Since the objectives of an organization can not be defined precisely and are more and more numerous, the performance is more and more difficult to define, as it is a relative measure.

2. Concept of Organizational Performance in Specialized Theory

The concept of performance, as it appears defined in the dictionaries of French, English and Romanian, defines more the idea of outcome, achieved goal, quality, and less the economic aspects of efficiency and effectiveness. The Explanatory Dictionary of the Romanian Language defines performance as "a result (particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc." The definition shows that the term performance was originally taken from the mechanics and sports fields, in order to subsequently be used to characterize the very good results also achieved in other fields. This means that performance is obtained only by a limited number of entities, those who get the best results. Performance can not be associated with any result achieved, but only with a special one. What does "special"

mean? In the first place, net superior to what was obtained in an earlier period, in the second place, superior to results obtained by "others" and, in a third place, different by the objectives obviously set, in a favourably acceptance.

Currently there are a variety of definitions attributed to the concept of performance due to its subjective nature. In the literature there are many articles or studies that define the concept of performance closely related to environmental factors.

Didier Noyé (2002) believes that the performance consists in "achieving the goals that were given to you in convergence of enterprise orientations". In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective. Unlike other authors, Didier Noyé considers that this concept is actually a comparison of the outcome and the objective. The author's definition is far from clear, as both outcomes and objectives vary, most often, from one field of activity to another.

Author Michel Lebas (1995) characterizes the performance as future-oriented, designed to reflect particularities of each organization / individual and is based on a causal model linking components and products. He defines a "successful" business as one that will achieve the goals set by the management coalition, not necessarily one that achieved them. Thus, performance is dependent as much of capability and future. Unlike other authors, Michel Lebas noted the difference between "a performance", "performance" and "being performant". "A performance" is subject generally to a measured result, higher than that provided for or arising from the previous results. "A performance" thus indicates always a positive connotation. "Performance" can be both positive and negative and relates to past results.

For Whooley (1996), performance is not an objective reality, waiting somewhere to be measured and assessed, but a socially constructed reality that exists in people's minds, if it exists somewhere. According to the author, performance may include: components, products, consequences, impact and can also be linked to economy, efficiency, effectiveness, cost effectiveness or equity.

Both Lebas (1995) and Whooley (1996) consider performance as subjective and interpretative, not least, being related to the cost lines, which emphasizes the ambiguous nature of the concept.

Rolstadas (1998) believes that the performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, quality, productivity, quality of work, innovation and profitability. Performance is closely related to the achievement of the criteria listed above, which can be regarded as performance objectives. According to Rolstadas, it can not be established a precise definition of performance because it is dependent on the seven criteria of performance, that can not be clearly defined.

In the research of performance in business, the definition of performance has led Folan (2007) to highlight three priorities or objectives of governance of performance:

- firstly, performance should be analysed by each entity within the limits of the environment in which they decide to operate. For example, a company's performance needs to be analysed in the markets in which it operates and not those that are not relevant to its operations.
- secondly, performance is always linked to one or several objectives set by the entity whose performance is analysed. Therefore, a company measures its performance against objectives and targets established and accepted internally rather than on those used by external bodies.
- thirdly, performance is reduced to the relevant and recognizable features.

According to Folan's theory, performance is influenced by the environment, the objectives to be achieved and the relevant and recognizable features. Folan uses several definitions for the concept of performance as it should be analysed and quantified from several points of view.

Neely (2002) believes that performance should consider quantifying the efficiency and effectiveness of actions. This quantification can be expressed both qualitatively and quantitatively. According to the definition of Neely and other authors, performance is closely related to efficiency and effectiveness.

Kane (1996) argues that the performance is "something that a person leaves behind and which exists outside the said purpose". According to Kane, performance is defined at the level of each individual within the organization or at organization level. It is perceived as an understanding of the achieved results. The author emphasizes the particular nature of the definition and the impossibility of outlining a general definition. Therefore, we can speak of an accuracy of the definition at particular level and an ambiguity of it at general level.

Bernadin (1995) points out that "performance should be defined as the sum of the effects of work, because they provide the strongest relationship with the organization's strategic objectives, the customer's satisfaction and the economic contributions". As the author says, performance must take into account both inputs (the effort put in) and outputs (the result of the effort put in). This definition equates performance with the "sum of the effects of work". Performance is achieved when all efforts are focused towards achieving the set objectives and meeting customer's satisfaction. Objectives and customer satisfaction can not however be accurately measured.

A more comprehensive definition of performance is given by Brumbach (1988), which refers to both behaviour and results. "Performance means both behaviours and results. Behaviours are emanating from the performer and turn the performance of an abstract concept into a concrete action. Not being just tools of obtaining some results, behaviours are by themselves outcomes - the product of the physical and cerebral exercise submitted for the execution of tasks and can be judged apart from results". Thus, the author defines performance closely related to behaviour and outcomes. When we talk about the performance of teams and individuals, we must take into account both inputs (behaviour) and outputs (results). According to Hartle (1995), this is the "Mixed model" of performance management, covering both

skill levels and achievements, and goal setting and analysis of the results. Brumbach’s definition is ambiguous, to some extent, since it does not specify what kind of result is referred to and what exactly is meant by behaviour; the more so since the definition speaks of “behaviour emanating from the performer”, which makes us think only of certain types of behaviour.

Philippe Lorrino (1997) states that: “Performance in the enterprise is what contributes to improving cost-value couple and not just what helps to reduce the cost or increase the value”. The first stage of the “translation” of the cost-value couple in concrete “pilotable” elements is to describe in global terms how the enterprise creates and will create value. It is, therefore, about defining “value” in the view of future developments. To design the value of tomorrow is to define a strategy. The first stage is therefore to translate the cost-value couple in strategic objectives.

The above definition of performance can be translated into another equivalent definition: “Performance in the enterprise represents all that contributes to the achievement of strategic objectives”.

For the enterprise, performance is only what improves the cost-value couple, which is what contributes to value creation. A company is efficient if it has the ability to create economic value added, that is, a positive value after the remuneration of all factors, including equity.

Bates and Holton (1995) define the concept of performance as “a multidimensional abstract concept whose measurement depends on a variety of factors”. Performance may refer to both enterprise “organizational performance” and an activity / a department / a manager / a performer. The authors say it is important to determine whether the measurement objective is to assess the effects of performance or the performing behaviour. The drawback of this definition is that it does not contain a rating that would have a downwards applicability. The general definition given by Bates and Holton to performance underlines its ambiguous nature, whose measurement depends on a variety of factors. Annick Bourguignon (1997) fails to define the concept of performance in one way and therefore identifies three main senses of the word performance:

- Performance is success. Performance does not exist in itself. It varies by representations of the “success” of businesses or actors.
- Performance is the result of action. This meaning contains only value. Performance measurement is understood as an assessment of achieved outcomes, in the course of a process, an activity.
- Performance is action. In this regard, performance is a process, and not a result that occurs at a particular time.

Performance is achieving organizational objectives, according to Annick Bourguignon’s definition. This definition is applied in all fields of management (management control, general politics, human resources management). Performer is the one that reaches its objectives. Thus, performance depends on the objective/purpose. Performance is multidimensional when goals are manifold; performance is a subset of action; performance is subjective because it is the product of operation, which, by its subjective nature, consists of approaching a reality to a desire.

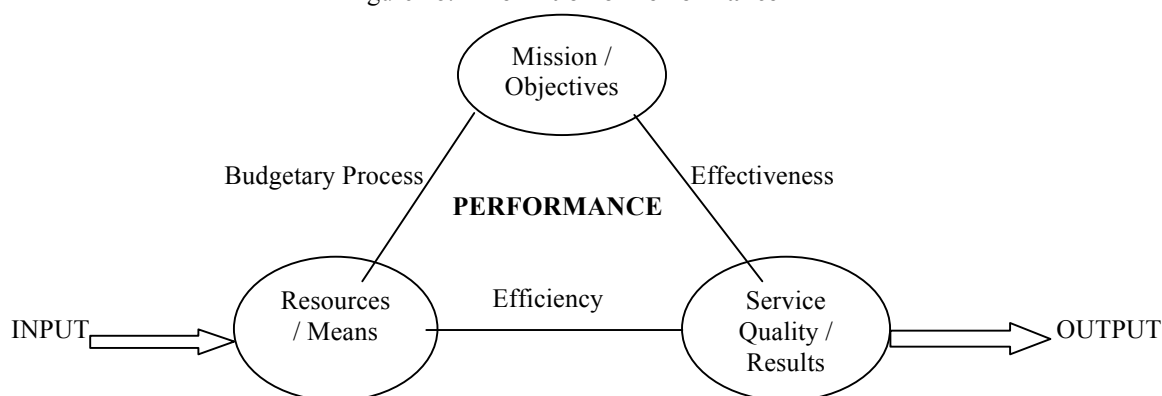
As defined by Annick Bourguignon, performance is closely linked to the objectives, which makes it impossible to isolate a uniform definition of this concept. Thus, the fulfilment of any objective/purpose involves reaching a certain level of performance. We should mention that since there is no default classification of the objectives, the concept of performance can not be clearly defined. According to Bourguignon, performance can only be achieved when targeted objectives are reached.

In the public sector, according to Demeestère quoted by Matei L. (2006), the notion of performance is located at the intersection of three concepts in terms of:

- implementation of the orientations followed by the institution with the tools of its own policy.
- focus on target groups - customers, users and other actors in the public services provided by the institution.
- effective use of institutional resources to achieve the desired results.

According to the paper of the author Profiroiu (2001), defining performance in the public sector involves “the existence of a relationship between objectives, means and results so that performance is the result of simultaneous exercise of efficiency, effectiveness and adequate budgetary process”. The content of this definition is also found in the work of the author Matei, L. (2006) and is graphically represented in the following figure:

Figure no. 1 Definition of Performance



Source: Matei, L., Management public [Public Management] – Second Edition, Economic Publishing House, Bucharest, 2006, page 192

Another author supports the idea of embedding in the definition of performance of the public sector not just only the financial aspects but also those related to reaching the environmental and social equity objectives. This is an approach of Chai, N. (2009), which supports the need for the transition from the system of the 3E (efficiency, effectiveness, economy) to a 5E-type system (economy, efficiency, effectiveness, environment and equity).

In Bartoli and Blatrix’s opinion (2015), the definition of performance should be achieved through items such as evaluation, piloting, efficiency, effectiveness and quality.

Of all here above presented, one can note a different approach to the concept of organizational performance both from one author to another and from one country to another, which is why we appreciate the necessity and usefulness of the study for the practical interpretation and understanding of the concept.

3. Path from Organizational Performance to Global Performance

In the current context of sustainable development, an emphasis is more and more put on the concept of global performance, which includes three types of development: economic development, social development and environmental protection.

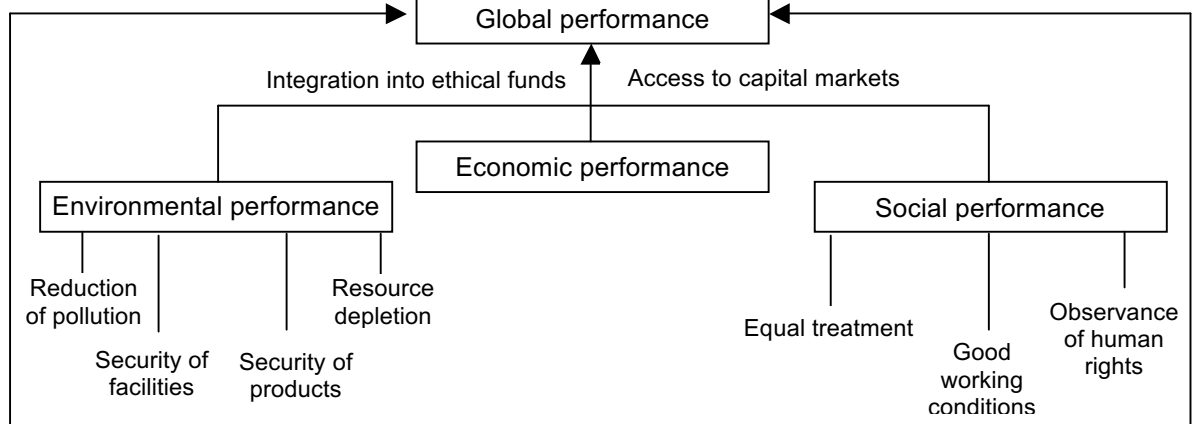
In the current conditions of the world economy globalization and the global financial crisis manifested worldwide, a powerful entity is the one that creates added value for its shareholders, meets customer requirements, takes into account the opinion of employees and protects the environment. (Jianu, 2006)

Global performance requires organization’s ability to create value for all stakeholders, namely: shareholders, employees, suppliers, customers, creditors, local community etc.

As defined by Alazard and Separi (2001), the global performance requires a comprehensive vision of the interdependence of internal and external, quantitative and qualitative, technical and human, physical and financial parameters of management. Thus, in the present state of the world economy, the definition of Alazard and Separi assigns new meanings to the terms of efficiency and effectiveness and considers that the economic, social and environment constituents have an essential influence on global performance.

For Reynaud (2003) and Baret (2006), global performance is the aggregation of the economic, environmental and social performance (see Figure 1). Germain and Trebucq believe that global performance is formed by the reunion of financial performance, social and societal performance.

Figure no. 2 **Global Performance of the Entity**



- Decrease in direct costs
- Reduction of accidents and legal risks
- Gain in image
- Opportunity to create new products

- Diminution of the possibility of emergence of some phenomena like strikes
- Employee motivation
- Facilitation of staff recruitment

Source: Reynaud E. Développement durable et entreprise: vers une relation symbiotique [Sustainable Development and Business: Towards a Symbiotic Relationship], AIMS Day, ESSCA Sustainable Development Workshop in Angers, page 10

According to these two definitions, global performance is the end result (outcome) of a series of performances. The achievement of social, economic, social, financial and environmental performance conditions the global performance. Global performance comes to support the definition of individual performance (economic, social, financial, etc.).

The ongoing transformation of the current economic environment, which is increasingly globalization-oriented brings to national, European and international organizations, as well as to economic entities both benefits and drawbacks.

Studies have shown that it is not enough to devise a definition of global performance, but review and adaptation of this definition is required, depending on the specifics of each state. Global performance should ensure the sustainability of the success of an economic entity by observing some principles and regulations clearly established and verified.

4. Conclusions

We consider that currently the issue of definition, knowledge, assessment and perhaps interpretation of the concept of organizational performance is a difficult, complex, hard to achieve process, both theoretically as a result of different views in the scholarly literature, and in practice due to the specific, particular facets of the organization, operation and financing of the business.

Nowadays, companies are challenged to meet by performance the values, interests and expectations of the society at large. The main objective of any society is to ensure a sustainable growth in the current context of globalization, taking into account the new standards imposed by the requirements of sustainable development.

The diversity of existing definitions in the scholarly literature creates ambiguity rather than clarity in defining performance. As much as we look for, we shall not find a uniform, unambiguous definition of performance. Performance definitions are either too general or too specific.

In this regard, experts consider that for the definition of organizational performance we should take into account all the activities that take place in a different entity and the different interests of those involved. As an entity's objectives are volatile, controversial and contradictory performance is a subjective phenomenon.

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