

## **MANAGERIAL PERFORMANCE AND ITS INFLUENCING FACTORS NOWADAYS**

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### **Abstract**

*In the first decades of the twenty-first century are becoming visible the interests of each manager to identify and promote performance, respectively the concerns of theorists and managers to clarify, conceptualize and develop ideas, policies and strategies intended for this purpose, thus putting the foundations for a science of performance management.*

*In this new context, the managerial performance becomes crucial for any organization in its development and achieving the competitive advantage in an ever-changing society. Of course, managerial performance largely depends on numerous factors, some of them, whom we consider to be with major influence, being addressed in this paper, together with other relevant aspects of the concept of managerial performance.*

**Keywords:** managerial competence, managerial performance, organization, organizational culture

**JEL classification:** M10, M14

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### **1. Introduction**

The new millennium offered two characteristic traits to the world economy: globalization and the modern organization, both realities which constitute premises able to create value with the new economy based on knowledge. The simultaneity of the two traits outlines and accompanies the configuration of the 21st century, considering that current and future technological and informational progresses make the modern organization

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synonymous with maximum performances, on the one hand, and with creating value, on the other hand (Mârza, 2013).

Organizational transformations, social and technological due to the development of the global economy and fierce competition in the market, are bringing a series of radical changes to the environment and to the internal functioning of organizations in this field.

In today's society, based on knowledge, skills and qualifications, the key to competitiveness, innovation and profitability of organizations depends increasingly on achieving an optimum balance between labor, capital and Knowledge. The uncertainty of organization's internal and external environment becomes omnipresent.

Therefore, managers rely increasingly on the professionalism that is performing the managerial act, their involvement in increasing the performance of the organization as well as the ability to cope with uncertainty. In this regard, management performance is essential for any organization wishing to develop and to compete.

Thus, the maximum point of interest of any manager is not to achieve anyway and under any circumstances of goals, but their performance achievement based on organization unleash possibilities.

A great importance has not the performance itself but its levels, that are linked to established standards into organizations (ie, what the organization considers to be good, satisfactory or inadequate). The terms of reference for this approach are: efficiency, optimization, implementation, rationalization, formalization etc., respectively the terms that are meant to differentiate the rationality of managers and organizational activity of the other types of social communities. However, almost each of these terms has a correspondent at the level of themselves actions or "instruments" by which the organization is expected to meet the benchmarks.

The need for performance of managers determine the need to control the resources of the organization, the performance cannot be left to chance or under fortuitous controllers. Rather, it must be directed and managed so as to lead to personal and organizational needs. Managerial performance depends on their ability to control participants and the means of controlling the participants and the degree of involvement may be considered two essential variables (Etzioni, 1961).

It is understood that achieving such high performance by managers is the result of a complex of actions: articulating the mission, goals, strategies

and functions; ordering functions; the mechanisms of coordination and control; managerial responsibilities.

## **2. Managerial Performance - conceptual aspects**

Recent years are marked by the appearance of numerous concepts in terms of definition, classification and highlight ways to maximize the performance of an organization. Of course obtaining organizational performance is closely linked to the quality and performance of how the organization is run, rather, of managerial performance.

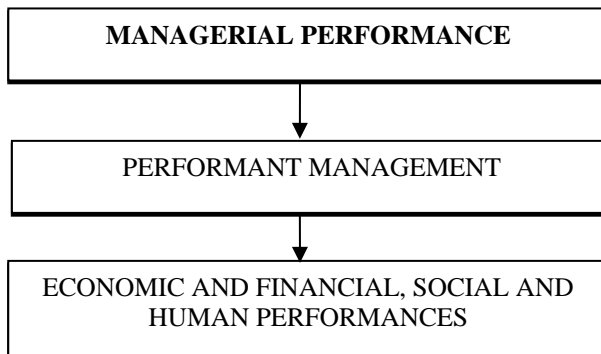
Managerial performance is the objective result of an managerial exercise. It often identifies maximizing business value for shareholders, associates, investors, who may only have a linear trend, naturally (Moldoveanu, Roșca, 2011).

Also, management performance can ensure proper functionality of the organization, increasing its competitiveness and continued development both internally and internationally.

Managerial performance leads to economic, financial and human resources performance, the latter is actually the most important resources of an organization.

Highlighting this is best shown in the figure below.

**Figure 1: General conditioning: managerial performances - performances in the led field**

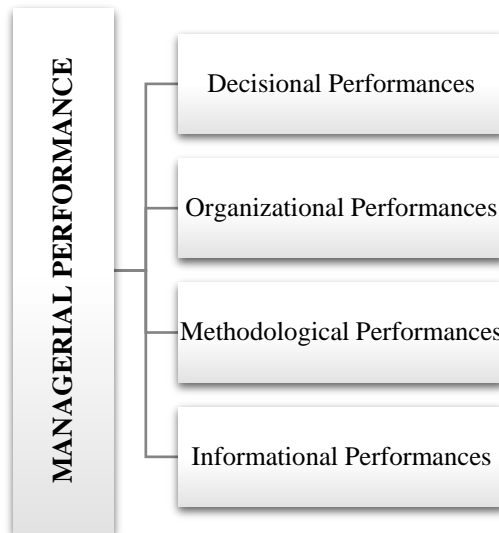


Managerial performances are generated and are achieved at managers levels, ie at the level of the persons who are exercising management processes (forecasting, organize, coordinate, train, control and evaluate), while economic performances are recorded in the led field, in the applied environment by active and effective involvement of both the managers and the performers.

The latter are forced to initiate action to operationalize the management decisions. They provide the bridge between managerial performances and economic performances.

Given that the organization's management system can be approached by subsystems (or components) methodological, decisional, informational and organizational, managerial performance can also be separated into four categories (Figure 2):

**Figure 2: Typology of managerial performance**



The performances of each managerial subsystem approached by the management performances across the organization, contain general and specific issues with each particular importance.

Obtaining the performance by managers is an extremely complex process, especially given the challenges of contemporary society, and in this

respect there are a number of factors with significant influence. Of these, in this paper we present three factors, which in our opinion has great significance, namely: managerial competence, organizational culture and strategic management accounting.

### **3. Main factors influencing the managerial competence**

Undoubtedly, managerial performance depends largely on *managerial competence*. Nowadays managerial competence owes its importance mainly to rapid changes in the working environment (which require accurately skills in relation to a work situation) and especially the fact that, obviously, managerial and organizational strategic competences (such as teamwork capacity, to resolve conflicts, to keep a cool head in stressful situations) can direct the organization towards development and achieving performance.

The first research to identify variables of competence have been formulated in the years 60-70, by the psychologist McClelland. Some of these definitions are (McClelland, 1973):

- Competence is a chain of operations triggered by a particular event (intention to solve a problem) that converts inputs (resources) into outputs (performance);
- Competence is a repeated , reliable recognized and durable capacity that is corresponding only to the specific of organization;
- Competence is a system of structured organization that associates in a combinatorial way several heterogeneous elements, mobilizing them in full.

We can observe fact that the competence is to use personality traits skills and knowledge acquired in order to carry out a specific and sophisticated mission , in line with the culture and organization's overall strategy.

Thus, whatever definition that we prefer, one thing becomes increasingly clear: "Competence is a resource that comes to add itself to the traditional production resources (capital, labor and land). It becomes the only significant resource" (Drucker, 2006 ).

It thus becomes necessary managerial competence both for their own goals achievement and also for achieving the objectives of the organization. Competence in close cooperation with the Authority, gives the managers the

ability to positively influence the human resources activity of the organization in order to target them towards efficiency and effectiveness, and obtaining performance organization.

When it comes to management performance, great specialists in this area relate not only to the cognitive side, which is developing the conceptual abilities to think strategically, but also psychosocial aspects.

Thus, the emotional competence is based on the willingness of much greater managers sensitivity to different cultures, generations and genres. It interferes in both personal integration and sincerity, and acceptance of the ethic attitude to business and toleration of increasing ambiguity in business (Kicová, & Kramárová, 2013).

Also, the behaviourist competence relates to the aspects such as creating culture based on confidence and openness. In this context the main importance is put on the cooperation of generations, functions and the society itself because managers are leading multicultural and multifunctional teams.

The power authority is necessary for providing the transformation of internal environment of an organization so as to fulfill its visions. Based on the rational facts the expert authority helps the leader convince the included people of the rightness and realisation of its visions. The personal authority is a power which people have naturally and it is charisma which supports leading abilities. The manager or the leader has unique abilities to cope with the necessity to respond to changing environment and situations, and to uncover the potential for increase as the others perceive only obstacles, problems and failure (Poniščiaková, 2015).

Given the above, we will further analyze some aspects regarding the influence of organizational culture on managerial performance.

**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 of the 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).

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 et. al.,

1996), 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 be 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.

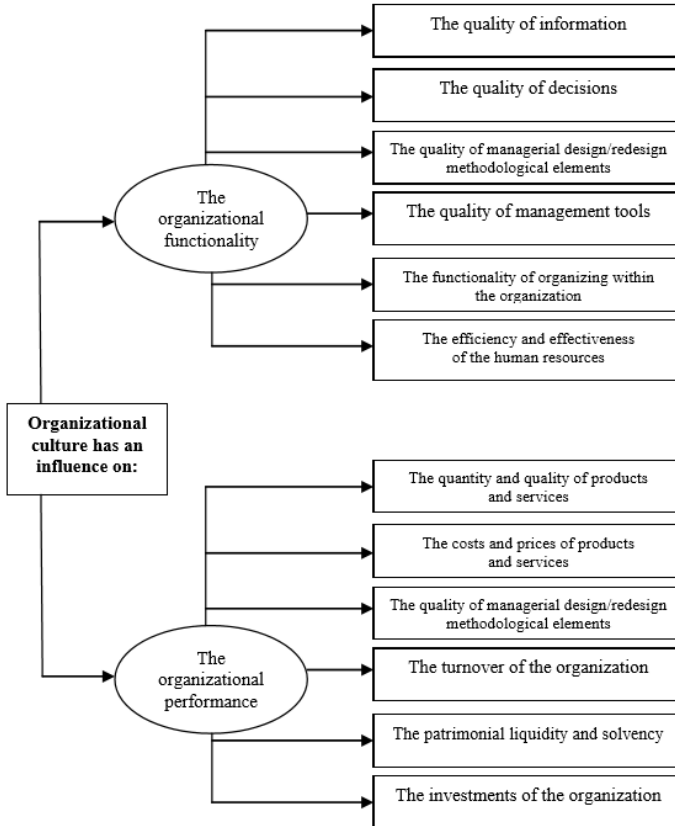


- *Stories and myths.* Stories are “an important mean of understanding organizational culture, of getting a feel and deciphering the meanings that the members of an organization allocate to the different events happening within the organization”. Myths, the organizational metaphors, are an expression 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.

These are presented in the following figure.

**Figure 3: The influence of culture on performance**



(source: Verboncu, Corcodel, *Managerial Performance – Factors of Influence*, Review of International Comparative Management, Volume 15, Issue 3, July 2014, p. 279)

In the figure above we see the great action that organizational culture has on achieving performance. This greatly influences the functionality of the organization, including obtaining managerial performance.

Of course, management performance is also influenced by other factors such as *strategic management accounting*.

Making decisions in a continually unstable environment is a challenge for managers. Therefore, their performance is influenced by strategic management and their ability to adopt and implement the best strategies for the proper functioning of the organization.

Managers must adapt continuously, and therefore they must own and use informations and knowledges to be able to face the changes occurred.

Business environment uncertainty often leads managers to make adjustments in order to maintain the existance of the company. Managers need to adapt with any changes in business environment as soon as possible and thus managers need a relevant and broad information in making decision.

Strategic management accounting provides a long term orientation and externally focused information that managers need in making decision. Using strategic management accounting information, managers will be able to identify market and competitors, predict future and thus enable them in making an anticipative and effective decision (Lord, 1996).

Strategic management accounting information consists of financial and non financial data from both internal and external resources. This makes strategic management accounting information broad and strategic. To be able to utilize it effectively without being distorted by its broad and strategic information, managers need a specific skill that will enable them to utilize strategic management accounting information effectively. The skills that will enable managers in utilizing information effectively are called information literacy. Strategic management accounting is perceived to have advantages and added value in providing information as the basis in decision making process. This is due to predictive and future oriented information that strategic management accounting offers to managers (Zenita *et. al.*, 2015).

Strategic management accounting information helps managers to adapt with the uncertainties in business environment through its comparison analysis of information related to external and internal data. The information provided by strategic management accounting includes competitor information analysis, competitive position and analysis of strategic cost and performance (Sari *et.al*, 2006).

This factor, along with others discussed above contributes significantly to achieving performance by managers, and hence the development and increased competitiveness of the organization.

Of course, there are other factors that makes the acquisition of managerial performance, but from our point of view, a special impact has the

managers competence, organizational culture, and strategic management accounting, factors, as outlined in the present paper.

#### **4. Conclusions**

In today's society, every organization that seeks to develop and aspiring to high performance, needs performance managers and managerial performance. This can be observed both in the views of great specialists in the field and also from the actions of practitioners.

Of course, managerial performance is based on a number of factors that determine decisively, rather we can say that there are a number of influence factors.

Each organization is based on a coherent concept and well developed the strategy for success, able to bring continuous performance and permanently supported and recognized. For this, it looks the assembly factors that may be taken into account to find and adopt the best decision.

The most important factors from our point of view is represented by managerial competence, without which a manager can not make decisions in the best conditions of contemporane challenges, organizational culture, and also strategic management accounting.

The information and knowledge provided by strategic management accounting, combined with managerial competence can certainly to direct any organization to achieve competitive advantage and profit.

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