

# Supreme Laws of Performance Management

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## Abstract

*The current economic crisis facing yet business environment is a challenge for managers to identify the systems and processes that allow them to respond positively to this pressure. Analysis of key factors that define the performance allows understanding its role and functions in decision making. Performance criteria have diversified and nuanced as needed, which there is necessary to connect the space microeconomic to the macroeconomic requirements. Connecting business analysis results to new judgments, subordinate the concept of performance, we can draw the following ideas : focus on management performance and risk arising from it, enforce management decisions based on intuition and awareness in the management, the primary focus on planning, implementation and monitoring strategy avoids bottlenecks arising from decisions based on retrospective analysis and the creation of flexible structures, focusing on promoting joint efforts in business development, creates a culture of generating performance commitments. The validation of these ideas to practice business law turns them into informal accepted and associated to the performance management process.*

**Key Words:** Management, Performance, Action, Success, Perenniality.

## Introduction

The evaluation and measurement performance of a company remains an enabling subject all researchers and strengthening the literature was made and is correlative approaches performance by exploiting developments in society. You can not detach the performance of complex economic context, political, social, therefore, to methodological and practical evolution were based on conditioning coming from an environment that has an important influence.

Over time, an impressive amount of notes on the performance of companies were found, so that each generation of scientists in their struggle to contribute to the already well-defined picture of performance focused on harnessing strategic utility companies generating activities impact performance approaches.

Starting from the assumption that the business is "mentor" and the driving force in shaping new approaches to the process of creating and using performance in this respect, research and personal experience gained by other specialists, we aim to highlight the link between performance and study business, interconnectedness

that underlies the evolution of a company, represented by the triad "evolve - to strengthen your position - to be resilient."

Based on the information line specificity of this binding, we aim to identify databases of "push" information to ensure multivalent able to transit time and space and create a solid foundation in guiding decisions.

Identify and analyze the key factors that define the performance is based on the impact of space connected always maintain the exigencies microeconomic macroeconomic upon performance criteria. Improving managerial decisions, identifying and capitalizing on strategic niches allow achieving ever higher levels of performance and thereby ensure the company's stability and strengthening the position they occupy in the market.

Reorganizing the meanings made by Bourguignon A. (1997) in the article "Sous les Pavés la plage du... ou les fonctions multiples vocabulaire comptable: l'exemples of performance" in the direction of stress-effect-effect assessment, we look at performance through the following perceptions:

- performance is success. Performance does not exist by itself, it is the result of a successful business and is dependent on the perception of success by different categories of users of accounting information;
- performance is the result of the action. Opposed to the previous, this understanding does not retain the value judgment of external users, but expresses the value obtained as a result of an action;
- performance is action. In this respect, the performance should not be seen only as the result of an activity that occurs measured at a time, it is the entire process that generates performance.

Condensing these perceptions can say that the performance by its nature is a continuous process. Comparing this values governing strategy as a company can raise this as a principle and I called the principle of expansion that the performance is a "marathon", it expresses success, competitiveness, success, action, continuous effort is optimize the present and predicting the future, immortal qualities and processes in procedurally as they acquire new meanings when the business environment changes.

To shed light on our opinion on the possibility of shaping laws supreme performance, we consider that the first presentation of the definition and positioning axis evolutionary performanței by various authors

## Study and Method

### Performance dimensions according different authors

Daily ubiquitous concept of performance, innovative side caused many researchers proposing interpretations becoming more "inspired" and more complex, they tried to give it a more comprehensive definition.

Start to approach more "innovative" survivors, the line of research, gave A.Bourguignon (1995) which states that *"performance is not a finding, it is constructed... performance is subjective, because it is the product operation by nature subject that is close to a reality of a desire, determine / see the degree of success of an intention."*

Analyzing in detail the concept of performance management science, A.Bourguignon concluded that *"the word performance is a multifaceted term and is a word bag", a term that encompasses many meanings and carries subject to different interpretations."*

To justify the conclusion reached by Bourguignon we considered it useful to go through that met performance alongside the most representative authors who have addressed the concept theoretically.

Although the term "performance" is of Latin origin, meaning it comes from english and has two meanings:

- "To perform" which means to perform, perform, perform, to perform, to present issues that can be highlighted from the economically most like achieving something regular and convenient manner, achieving a promise, a contract execution clauses etc. ;
- "performance" wider understanding of how an organization meets its objectives and that, in his opinion P.H.Collin and A.Jolliffe (2000) can be analyzed by means of two criteria, namely the "effectiveness" (measure the objectives are achieved) and "productivity" (compare the results to the targets).

Going the thread of history that few authors observe fail to give a comprehensive definition of the concept of performance, most moved by the diversity criteria considers performance equivalent..., expressed in terms of... measured by...

The complexity of this term, in terms of processes that include (economic, technical, social, environmental related), resulted in a conceptual distinction between it and time efficiency. The establishment, at least when it comes to the scope, is obvious given the definition of efficiency " maximum results with minimum effort," ie achieving objectives through monetary means, associated business processes.

Although chronologically it should bring into question the definition of performance based on value creation, see justified, given the current "trend" of the concept of performance for a more accurate representation, first talk to your performance and productivity effectiveness.

Defining performance based on productivity and efficiency of enterprise belongs E.Cohen (1995 ) which assimilates performance with efficiency and defines it as " the ratio between the results released by the company and used ".

In our opinion, the assessment made by E.Cohen is incorrect because an entity may be effective without achieve goals, and so without the performance. The entity may operate efficiently, but if efficiency is not obtained as expected, the performance is not achieved.

In this context, if the efficiency can express performance ( when the effect is greater than the effort ), we consider conceptual drawback in defining performance in this period is the limiting (reducing ) the concept of productivity and effectiveness.

Resuming P.Lorino 's definition (1995), namely " performance for the enterprise is what helps to improve torque value cost, not just what helps to reduce the cost or increase in value " (cited above ), we can add that an economic entity acceptable performance when creating sustainable economic net worth. In other words, the performance is a ratio between the value of goods or services obtained and the operation of the economic entity.

### **In search of sustainable performance - enhancing conceptual**

The art of performance is not gained but a state obtained, being translated by a company's ability to promote and maintain a proactive attitude at all levels of its functional attitude that the author M.C. Gheorghe (2014) assimilate a reliable competitive advantage, plastic calling it the "degree of resilience" (n.n. Resilience is a characteristic size behavior of the material to requests by shock, equal to the ratio of mechanical work consumed bending breaking through shock tube and a cross-sectional area in which the respective rupture. other words, resilience is shock resistance of a metal or alloy).

To demonstrate resilience in the market every company must develop receptivity and capacity forecasting, attributes capable to counter any national or international economic shocks. Amplification anticipatory

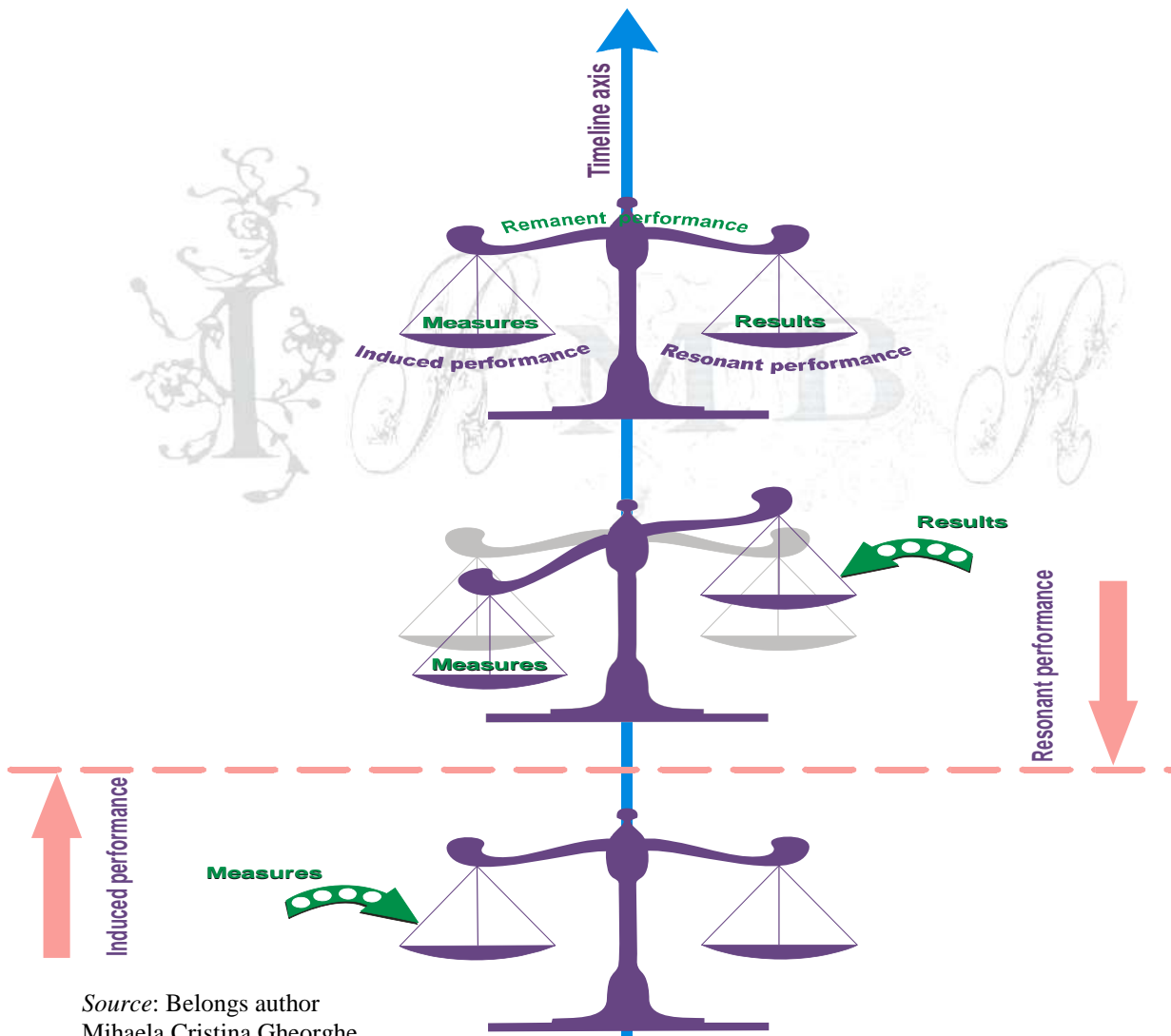
managers instruments aimed at building a strategic decision models based on innovative, creative and extrapolation able to print a proactive behavior, generating sustainable performance.

We note that achieving resilient and sustainable performance requires the development of a new management system able to manage the business impact of strategic multifaceted approaches, methodological line, decision-making and organizational information.

Theoretical and practical research focuses either on past performance or on the present, but the practice highlights the need for a performance management approach extensively, that requires us to focus especially while maintaining company performance.

Starting from the idea that to fully highlight the contribution of internal processes to achieve results and is driven by the belief that the development plan in business resilience, based on remanent quality performance must be one that allows the manifestation of sustainable and resilient performance, the author M.C.Gheorghe (2014) suggests treating cooperation efforts in the sphere effect performance.

In search of sustainable performance, the author suggests taking in the literature of three concepts: remanent performance, resilient performance and induced performance (Figure 1).



Source: Belongs author  
Mihaela Cristina Gheorghe

Figure 1. Balance remaining performance

In our opinion, the development plan in business resilience, based on residual quality performance must be one in which sustainable and resilient performance is the effect of maintaining the balance between performance and performance induced resonance.

We believe that we can speak of the remanent performance when long-term, resonant performance equal to the performance tends to be induced.

**Performance resonant** response is measured in tangible and intangible in response to moves by a company in the state to achieve performance.

By understanding **induced performance** quality material and immaterial processes undertaken to obtain resonant performance.

The purpose of these appointments was to propose new approaches (at least conceptually) in the sphere of decision capable of generating procedural dynamics at the company, under the influence of endogenous and exogenous factors manifest in the context of effort and effect.

Increasing the capacity of companies to cooperate on fair terms with their internal and external environment determines the shape of a new type of enterprise we call "self-renewable company." To increase the performance of present and future to create premises that consider strategic to use these tools is motivated by the idea that a company's success in a changing economic environment depends on how resilient it is.

### **Analysis of the links between statistical variables on financial entities efficiency architecture, urbanism and design - shaping argument supreme laws of performance**

Starting from the fact that the management of an economic entity must know how to describe and present the most appropriate information, how to improve activities that are responsible, and to make the best conclusions based on information obtained from sampling we intend to present an empirical study on descriptive statistical analysis in order to determine whether it is justified or not the discovery of laws supreme performance and its implications on the performance of economic entities operating in the domain of architecture, urbanism and design.

Statistical analysis was based on data collected from the annual financial statements relating 31.12.2012 36 entities operating in the architecture, urbanism and design in the south of the geographic region Oltenia. It is worth noting that, in many forms of expression relative size of return chosen for analysis we propose using SPSS 18.0, the rate of return on total revenues.

To formulate a reasonable conclusion, we have chosen to perform a test (t) for the sample selected in order to test the difference in the average return to a constant reference, or 100 %. In research done got that variable income, profits and profitability.

The procedure used to perform the t-test on the difference between the average return on the related sample analyzed constant reference şirentabilitatea 100% is Analyze Compare Means, One-Sample T Test... by which we obtained the data in Tables 1 and 2.

Table 1. Descriptive picture of the variable investigated  
**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Return	36	-21,2236	145,68452	24,28075

Table 2. T test results on variable return

**One-Sample Test**

	Test Value = 100					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Return	-4,993	35	,000	-121,22357	-170,5161	-71,9310

The first table is descriptive variable analysis and are subject to the usual items regarding:

- N = number of cases analyzed (36);
- Mean = average;
- Std.deviation = standard deviation;
- Std.Error Mean = standard error of the mean.

The second table shows the actual results of the test, with the following notations :

- The variable name = return ;
- T = 4993 t test calculated value indicating the value itself be construed in any way;
- Df = degrees of freedom calculated as N -1 to be reported when the sample size is not mentioned ;
- Sig. (2- tailed) = probability associated with the calculated value of t, which in our case is zero which means that there is no probability of obtaining by chance. Comparing the calculated value of t (ie zero) the materiality of 0.05 the null hypothesis is rejected ;
- Mean difference = - 121.22357 is the difference between the sample mean and the reference value ;
- 95 % Confidence interval of the difference = show the limits of the confidence interval for the difference between the sample mean and the reference value. Basically, we can say that in 95 % of cases there is a chance that the true difference between the value obtained from the sample and the reference value (100 % ) is within the range [ -170.5161, -71.9310 ].

Proceeding further to analyze the correlation between profitability and profit in order to understand the degree of involvement of these variables on firm performance, and how they influence each other, we get the data from Table 3.

Table 3. Correlation between profitability and profit  
Correlation

		Rentabilitatea	Profitul
Return	Pearson Correlation	1	,106
	Sig. (2-tailed)		,539
	N	36	36
Profit	Pearson Correlation	,106	1
	Sig. (2-tailed)	,539	
	N	36	36



The correlation followed an I refers to intensity and direction co-variation between the two variables with respect to one another. As shown, the values of a variable is the direct effect, increasing the values of the other variable, which means that the two variables are correlated with each other.

So correlation panel is redundant because the same correlation twice (above and below the diagonal of the table), the correlations with themselves as perfect and positive ( $r = 1$ ). While the direct correlation is poor ( $r = 0.106$ ), it is significant ( $p = 0.539$ ).

The conclusion drawn is that the study experienced a derentabilizare, for which management entities operating in this area must take into account the laws supreme performance.

### **Laws supreme performance**

Looking at all the factors that contribute to achieving performance and complex notion of "performance", **i identified a number of laws pertaining constant despite constant changes**, which ensures compliance with grant strategic approaches to dynamic business requirements.

### **Law intuition perpetual**

Managers of companies must develop intuitive abilities to determine quick decisions appropriate that conjugates with the evolution of economic life and beyond. These skills are developed based intuitive accumulation of information, practical experience and not least errors, failures, mistakes, which creates the foundation lesson understood adequacy decisions to new situations. Law intuition works in determining the best development programs to ensure achievement of company performance.

Law intuition is present even after the establishment of a company. Under this act the founding members when setting the industry in which they operate mainly, and build a business plan, instrument whose structure reflects the company's mission, values and vision promoted by it.

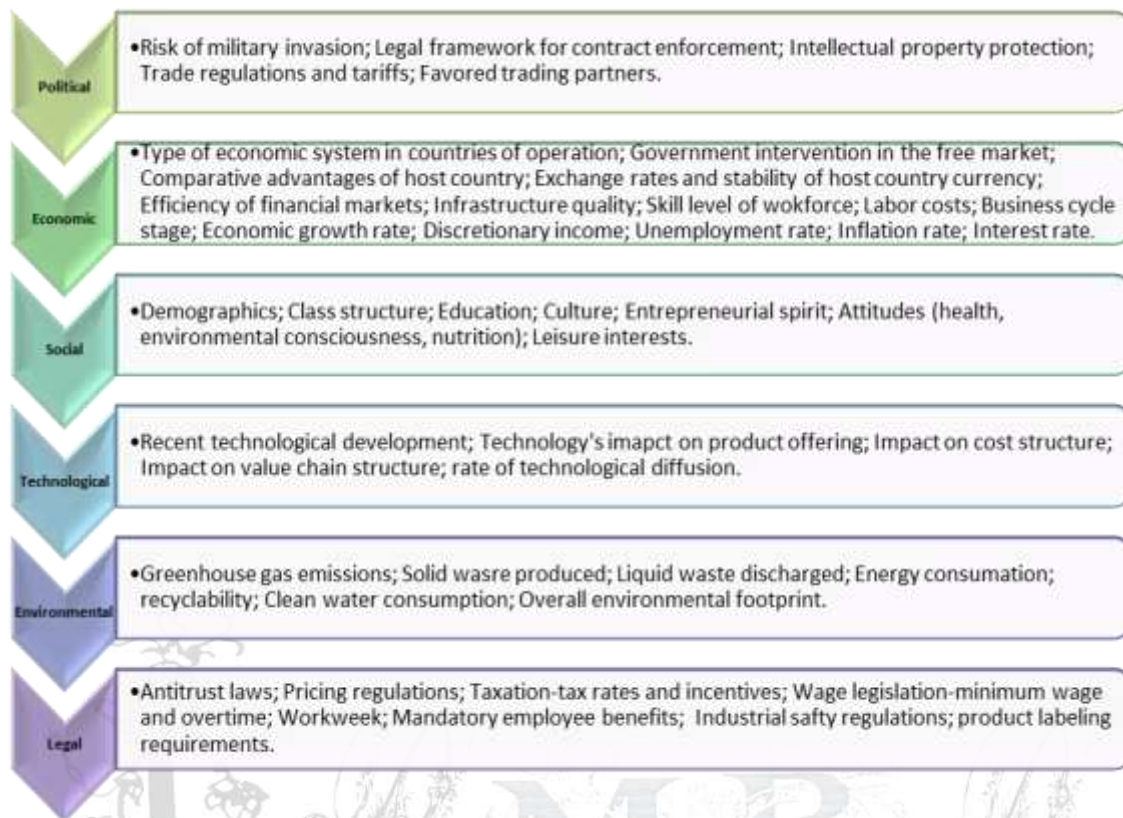
The structure of a business plan aimed at expressing the impact at the micro and macro idea driving. It summarizes the directions of development of a business, focusing on the company's mission in the area of trade relations, describing the target market, customers, suppliers and competitors.

On the basis of constructing the portfolio of products and services is carried out marketing plan and organize the space for the work and also be established human, financial and technical as well as management.

Business plan always adapted to the economic situation becomes a Statagic plan summarizing management's opinion, meant to inform employees goals and how each can contribute to them, enabling the company to respond quickly to market changes and also to become as competitive. A business plan untenable intuition law decisions of company management perspective dilute its impact on long-term planning and forecasting.

Business plan that is supported by intuition law envisages firstly impact of various factors on the strategy (Figure no. 2 ) and a classification of their opportunities and restrictions.

Regardless of the stage where a company is located, its existential cycle management must be guided by the law of intuition that context, given that the process of achieving performance is ongoing, we believe that the first law that should govern space decision of a company's intuition law perpetual.



Source: Kaplan R. and Noton D. - The execution premium - Linking Strategy to Operations for Competitive Advantage, p. 48

Figure 2. PESTEL analysis of the impact of external factors

## Law Awareness

To be performing every company must be able to quantify potential. In this sense acts immutable law awareness. To achieve performance, company management must be aware of the ways that can define the meaning and methods of its development. The best way is to make a meaningful analysis on the factors cumulated express company's potential through SWOT analysis ( Strengths, Weaknesses, Opportunities, Threats ).

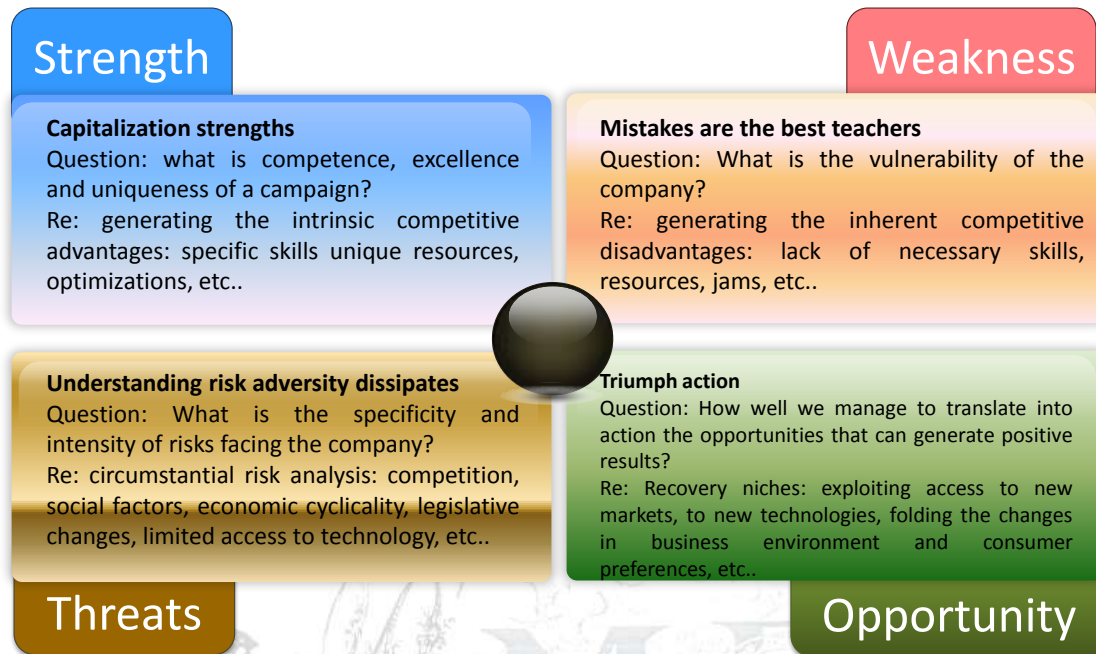
SWOT analysis of the company at a time radiography. The quality of the management techniques derived from how consciously systematizing strategic analysis is performed, allowing on the one hand the recovery and strengthening strengths and identify and improve weaknesses, and on the other hand, condensation of viable strategic opportunities and benchmarking programs and overcoming identified threats.

The SWOT analysis contributes to understanding the strategic position of a company and the setting for reaching the remanent and resilient performance by:

- intrinsic analysis aims to provide a picture of internal resources and hotspots, and the role and impact on the attainment of the performance by the Company;
- extrinsic analysis aims to provide a picture of the socio-economic and political context in which the company operates, in order to identify its dynamics in relation to the opportunities and threats arising in "dialogue" with the environment.



An effective SWOT analysis aimed at gathering information from different areas of impact: market analysis, production or service design, analysis of technological, economic, financial, social, marketing, human resources, partners, government policies and recovery the segmented approach following interrogative structure shown in Figure no. 3.



Source: the authors  
Figure 3. SWOT circuit

### Scaling law

Fundamental principles of the law on conclusion of the analysis developed by A.Chandler the degree of determination in the report strategy-structure, namely the idea that a company's strategy is one that dictates its structure ("structure follows strategy"). The design structure of a company is an ongoing process, so the idea of resuming expansion principle, we can say that the dynamics of the organizational structure of a company is given by the scaling law - continue redesigning the organizational structure, the company's response to changes in its external environment.

The main factors that dictate the need for reorganization of performance management process are:

- the impact of competition;
- profitability of ongoing processes;
- the need for diversification.

To have a strong competitive position in the long term, companies must demonstrate innovative potential in terms of strategic approach structurally (specialization, vertical or horizontal integration, diversification, restructuring).

Endogenous level for managers to maintain and grow the company's value, they must manage flexible structures, which in the context of scaling law, be able to accommodate the new plans, where the company is required to achieve fundamental changes in work or to redesign internal processes to meet new requirements in respect of the period of performance / execution of products, cost or quality.

To achieve this goal it is necessary that the organizational structure of the company to allow easy management and a manifestation of managerial act.

For the purpose of scaling law for the application of effective methods of motivation and control, it is necessary to address the organizational structure of the company through the use of responsibility centers.

Responsibility Center plays a informational tool, through its incubate in a single structure, self-contained, all knowledge and responsibility to achieve company-wide performance.

It provides detailed information specific organizational structure under which it was designed ( cost centers, revenue, profit, investment ) and serves managers in making complex decisions, related to the process of achieving a resilient performance.

The information provided by these structures is transformed into valuable knowledge for assessing the efficiency of the company and can be the impetus for fundamental structural changes, generating induced performance, considered by the author MC George as " the quality of material and immaterial processes undertaken to obtain resonant performance."

Studies developed over time by experts on whether decentralization or centralization were based on case analysis, practical. We believe that it is this capacity for responsibility centers to provide effective real scenarios, led to the decision of expansion or contraction of business companies.

Informational advantages responsibility centers can be summarized in three basic categories, as follows:

- able to make considerable cost savings;
- improving internal processes;
- transparency of individual and group effectiveness.

Including these benefits appropriate strategies are transformed into knowledge generating performance. Connecting these advantages to the requirements of the knowledge economy leads to refinement and quality of staff motivation techniques thereof.

If the economy is the key to success teamwork, responsibility centers are essential information to assess staff knowledge and its availability for the transition and crystallization company tomorrow, idea leads to the following proposed law.

### **Contribution Act**

Depending on the scope of the company's human resources can become its main asset, contributing to the achievement of performance and dedication. Acting on the human factor contribution law is the driving force that induced the company enhances performance.

The new economy is based on recognition of the qualities of employees who have essential knowledge for the company and rewarding them, giving staff not resonate with the company's mission. Also, knowledge-based economy focused on operational synergy, diluting the role of managers at medium or lower and promotion coresponsabilizării every employee is considered an agent of change.

Social approach, says C.Iacob and A.Vărzaru (2011 ) derived from human relations school contributions that focus on the human dimensions of the company. The authors of this approach indicates that it does not neglect the economic aspects, but integrates needed to ensure sustainability of the company. Therefore, the focus becomes the moral and cohesion in the company. This view is defended by BMBass that since 1952

people a decisive criterion considers the quality of organizational value. Accepting this assumption depends on the following premise : social goals allows economic and financial objectives.

A staff involved in the " process " of achieving results is a staff connected and therefore accountable. For this it is necessary to ensure internal information networks, both horizontal and vertical integration, and human capital management responsibilities, actions that will lead to accountability and responsibility unified policy. Addressing the knowledge economy, emerging phase, and O.Niculescu. (2003 ) stresses the importance of the management of a company to integrate and maintain balance explicit knowledge ( technology-based ) and implicit knowledge (based on people ).

## **Law Mirror**

Law must be seen through the mirror duality within her perception of information utility. Law mirror work, on the one hand, considering the environment in which the company operates, namely the way it is perceived performance level achieved by the company, on the other hand, acts as a feedback law mirror the results of which serves reconsideration determine the development strategies of the company in terms of its suitability to the need to maintain balance induced by the resonating performance.

Regarding the first illustration of the law of the mirror reflected the business information determines the extent to which the company's management decisions are fair and adequate changing business environment in general.

Although the role increasingly important in the financial plan it is cash -flow, fuel considered necessary mechanisms commissioning work, a picture is worth a thousand words, and the picture performance and position of a company is conveyed in the first financial statements of all the elements serving in terms of information both mirror perceptions of law.

Profit and loss can provide users (investors, creditors, customers, owners, state, etc..) Information on the financial performance of the company, acting as a mirror of past activity. Based on this information investors can assess the economic situation of the company and the creditors can estimate the extent to which it will be able to repay the debt, so the mirror law is manifested in terms of business.

Regarding performance management, structuring future strategies based only on indicators calculated based on information drawn from financial accounting is partial.

However, the use of financial indicators as reference elements and muster reorganization or future strategies can not be done only by a thorough analysis and adaptive to the following:

- existential cycle phase (life) which is the company (emerging, growth, development, maturity, decline);
- field of activity;
- development features segments;
- degree of risk;
- nature be achieved;
- openness to new products (services, works)

to which we add internal analyzes on: quality of human resources, the management of financial and technological resources, quality management, quality processes, structures functionality.

Based on the practical advantages of this analysis and propose a conceptual type of analogy, consider that law enforcement is fully mirror the strategies generating reasonable performance, considered by M.C.

Gheorghe as a "reaction to tangible and intangible measurable response to moves by a company in the state to achieve performance". For this, the company's performance only be seen simplistically, just as financial accounting results, it should cover all aspects reflectance analysis, both financial and nonfinancial activity.

## Conclusions

Development of financial markets and financial communication requirements involves anticipating future performance of the company which requires dynamic performance measurement.

As we stated evolution performance concept is deeply linked to the evolution of society. Starting from the idea that a company can enjoy lasting performance if envisages the dialogue between the resonance performance and the induced performance, we consider that is essential the monitoring of remanent performance, strategic behavior that will give the company competitive advantage obviously reliable and resilient.

Aims to strengthen these markers outlining a new profile of the company through the transition from dependent status type company, deeply marked by its actions the internal and external environment, the company independent, self-renewable, able to work with its internal and external environment namely transforming the integration and performance feedback reasonable strategic opportunities.

To create and ensure a continuous flow of value should be identified and managed processes that will enable management to anticipate what activities can be creative performance.

Proposed laws describe causal models whose application takes different consistencies from one company to another. Given that each company sets its own standards of quality that meets the models suggest a causal link between current actions and future outcomes.

The intrinsic value of the proposed laws is clear from the impact created by these tools as part of management. However procedural unit translates the concept of " image strategy " approach that is able to provide the company reputation, competitive advantages, flexibility in designing the best events on the market from the proposed legislation.

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