
BASIS FOR PROMOTING PERFORMANCE AND EFFICIENCY GROWTH OF PUBLIC ENTITIES, MANAGEMENT BY OBJECTIVES

PhD Candidate Rodica IVORSCHI

Academy of Economic Studies, Bucharest

Abstract

Establishing a hierarchy of objectives is to promote the performance, increase efficiency and effectiveness in public entities. The essence of all programs Management by Objectives (MBO) is the set of procedures that begins with setting goals and planning followed by a stage, a control process and a periodic review, followed by a performance evaluation. The key Management by Objectives program is the high degree of involvement of managers and subordinates at every level of organization. Management by Objectives is interested in setting targets for each manager and unit, in line with organizational objectives.

Keywords: public entities, management by objectives, performance, results, effectiveness

In recent years, there is increasingly a move towards a more modern concept of leadership based on the results. This is clearly linked with setting clear targets, measuring instruments, performance indicators and also to coordinate projects and programs.

Strategic plans of public sector organizations should reflect the contribution that it must provide for the desired outcomes. These plans should reflect performance that is required from the organization, both in setting up funds and the funds of the principles of economy, efficiency and effectiveness. The basic idea is to improve the governance and management of labor productivity in general, by defining more precisely the achievements followed. In the same time to consider risks that may jeopardize the attainment of these objectives by designing and implementing a control system for risk management. The rationale is leaving is that if we focus on control tools to reduce the possibility of risk or reduce risk impact will be if the materialized, the objective will be achieved.

Therefore, establishing a hierarchy of objectives is to promote basic performance, increase efficiency and effectiveness in public structures among their managers.

Results-based approach to answer questions like: "What is performance?"; "What results were achieved?"; "They met the requirements and objectives of the program or activity?"

This approach aims mainly achieved performance evaluation, namely to what extent were the requirements of economy, efficiency and effectiveness of implementing and running a program or activity.

Using this approach, is make comments about how they were respected and fulfilled "rules" (objectives, targets, standards and regulations) or the analysis criteria established during the preparation of the analysis. When establishing the criteria is a complex activity, can call on some experts in the fields analyzed in order to be able to develop and establish relevant criteria, which in their application to be objective, reasonable and tangible. Given the criteria, examine and evaluate the activities of identifying entities findings (failures, deviations and deficiencies), from which conclusions are drawn and recommendations, aimed at eliminating weaknesses and improve performance. Analysis of objectives / performance standards should be based on facts, not on assumptions or value judgments. This section does not require knowledge or skills analysis, only the results. Comments made should reflect the opinions of successes / achievements and provide explanations where targets were not met or were only partially achieved.

For example, evaluated the employee agree with you (direct manager) at least three objectives (analyze and measure performance standards). These targets will be set for the next year and will be subject to an interim analysis at least once a quarter. When setting targets is not possible, performance standards will be based on duties and responsibilities of the job title description.

Objectives / performance standards to be defined for the next period must be agreed that:

to expose clearly the results / performance expected of the employee in the future, taking into account the tasks / responsibilities under the job description; to indicate the measures to be taken to improve current performance; to express clearly link existing departmental objectives area; a basis to monitor and evaluate performance; to reflect the quantitative aspects and qualitative performance.

Objectives / performance standards must not refer just to a period of one year (their performance can be provided for shorter periods). The most widely used system for planning, decision making and control is management by objectives. Time management by objectives (MBO) was introduced by Peter Drucker in 1954 (The Practice of Management) and was named managing goals or results-based management. MPO is the essence of all programs a set of procedures that begins with setting goals and planning followed by a stage,

a control process and a periodic review, followed by a performance evaluation. The key MPO program is the high degree of involvement of managers and subordinates at every level of organization. MPO is interested in setting targets for each manager and unit, in line with organizational objectives. MPO goal is to give subordinates the opportunity to express their opinion in setting objectives and to provide a clear picture of what they have done in a well-defined time period. By this, we want to establish strong links between planning and control functions and overcome any obstacles that could lead to low efficiency of planning.

For the MPO to be effective, the objectives must be identified at three levels of organization.

High-level endpoints are created and the organization's strategic plans. These are defined as answers to questions such as: What character is the organization?; To what organization is going? Or What clients does the organization?

Once found the answers to these questions, was established the organization's general direction, is provided based on operational level objectives. The third step in determining the objectives is, individual targets whose touch is important to achieve organizational objectives. This is when setting collaborative goals, which is the essence of MBO programs.

Defining the job

Establishing individual targets is generally discussed as a series of tasks. The first task is defining the job, at which subordinates discussed with supervisor about job content and establish the importance of the main duties. Some managers consider this step as being essential, but many studies indicate that there are some disagreements between boss and subordinate on job responsibilities. Understanding can be reached only by communicating values and priorities.

Performance Targets

The next step is to establish objectives and collaboration is essential, as was observed in practice that exclusively targets set by the manager are not supported by a subordinate, and vice versa. The aim is to establish a set of objectives that meet both parties that they join.

Manager has responsibility to ensure agreement at this stage of the objectives and organizational objectives and to ensure that targets are elusive enough to motivate the subordinate to make effort to achieve them. On the other hand, these objectives must not appear feasible subordinates.

Writing goals is the third step in establishing the objectives and aims

to make them verifiable.

Objectives should be written so that after a set period of time, both manager and subordinate to verify the extent to which desired results are achieved.

Over time, practitioners have compiled the following list of rules useful in drafting objectives: objectives must be precise and measurable; the declaration of objectives should include time factor; the objectives must be clear and unambiguous; the objectives should be a challenge, DARS does not exceed the possibilities of him; the objectives be results-oriented; the objectives must be consistent with the objectives and policies of the organization; the list must include five goals, ranked by priority.

After the manager and subordinate targets cooperate in the next step is planning how these goals will be achieved, this step represents the action planning stage. At this stage the manager determines what is needed to achieve a certain objective, while the plans include objective. Managers from the top levels of the organization have a responsibility to ensure consistency and continuity of the plans of staff.

AP rayon suggests seven steps that you can follow to prepare an action plan: decide what to do; define the main activities to support the objectives; establish a relationship between these activities; clarify designation of roles and relationships and responsibilities for each key action; estimate deadlines for completion of each main activity and secondary activities; identify necessary resources to fulfill each activity; verify deadlines and change action plan, so that should be sufficient flexibility for possible changes.

An important element of the system of management by objectives is the review process and focus on self. MPO recognizes the importance is given the responsibility to control and monitor individuals responsible for implementation of the plan. Those involved can control their performance by tracking progress against the targets and take corrective action if necessary.

In addition to focusing on self, MPO programs require periodic review of performance. Practitioners recommend meetings between his boss and subordinate each every three, six or nine months, meetings in which managers have the opportunity to provide feedback.

Generally, managers and their subordinates meet annually to discuss results of the efforts of subordinates for achieving performance targets. These meetings are called interviews. Oriented discussion of results and carry on a constructive tone, but not critical, these interviews have direct influence on promotions, premiums, determining training needs, providing benefits or taking disciplinary action. Because it takes a considerable time and conduct several cycles of program management by objectives to achieve

the learning experience offered by them, is usually needed at least five years for the successful installation of a program MPO in an average sized. It is therefore a method of introducing the program at the top of the organization and progressive extension of the lower levels. In an attempt to demonstrate that the MPO fails to lead to improved performance, J.N. Kondrasuk made a review of research in this field. He found that of 141 case studies, 123 were positive, 8 had uncertain results, and only 10 had negative results. Most studies were focused on three aspects of the MPO: setting goals, feedback on results, participation of subordinates in decision making. In general, targets are reflected in improved performance, as individuals who set their own goals tend to want to increase their performance level. In addition, if these individuals will achieve the goals they have set, they want to reach more distant targets. But if it fails to achieve the objectives will be reluctant to set targets which they believe cannot reach. Researchers have shown that the performance may decrease if the objectives are not accurate and not perceived as reasonable by employees. Feedback on performance levels also has a positive impact on improving performance. For feedback to have a positive impact, it needs to be given periodically and be relevant to the tasks or objectives have been met. Studies also show that individuals have higher performance when they are given the opportunity to participate in setting goals to be achieved. It is important for managers to effectively implement suggestions subordinate, but not only enable him feel that he listens. Active involvement of employees increase productivity targets for two reasons: participation in setting goals will determine targets to which the employee agrees and whose touch is willing to make effort and participation in setting goals is to motivate employees set more difficult to achieve, leading to higher performance. Although, in general, MPO is supported by researchers, there are some weaknesses of the management tools.

MPO may require too much time and effort and generates several documents: multiple forms must be completed and they should be adjusted for changes permanently.

MPO programs cannot solve all the problems facing an organization and even give rise to problems: if performance evaluation is not done properly, this can create conflicts between managers and their subordinates, because this stage has direct influence on wages and promotions.

For some organizations strongly hierarchical, establish cooperation relations between bosses and subordinates may be impossible, and the introduction of programs MPO could not have expected effects. Other managers can use the fact that measurable goals to set impossible goals and establish penalties for those who cannot reach. The MPO will lead such a

negative impact on employees and on their performance. H.L. Tosi and S. Carroll have identified six advantages of MBO programs:

Permit individuals know what is expected of them and clarify roles; Permit identify problems and encourage managers to establish action plans and target dates for problem solving; Improves communication between managers and motivate them; Individuals get to know the organizational goals and direct their activities to achieve them; Offers evaluation criteria provide objective and fair evaluation process; Ensure staff development by comparing results to those expected;

From this analysis indicates that MPO systems have advantages not only for individuals but for the organization. The clear explanation of expectations, in that it allows employees to set goals and placing evaluation results based reward system, organizations that fail to implement the MPO system strongly motivate employees. Since the objectives are established at all levels of the organization, they are more realistic and easier to be accepted by employees and will be easier to achieve due to increased employee attachment to the organization and improve communication.

Experience has shown that appropriate use of MPO programs lead to positive changes in attitudes, behavior and performance. Due to wide use of management by objectives, managers have discovered many things that can ensure the efficiency of this technique. Senior managers must demonstrate that support these programs. It is also important to train managers of the principles and processes of management by objectives and skills necessary for successful implementation.

Objectives should be clear and precise, as management by objectives demonstrate its effectiveness when used in performance evaluation are realistic, measurable and important and is ineffective when these goals are unimportant, short-term stability cannot be measured.

Employee involvement can only be ensured by providing regular feedback, because individuals need to know which report is their current level of performance against objectives.

For programs of management by objectives to work, employees need to be effectively involved in setting targets. If you meet these conditions, management by objectives system will work, regardless of how they will be modified to fit the problems facing the organization.

A performance indicator is a quantifiable measurement that reflects the critical success factors of an organization of a department or project. The definition is a little complicated but once you understand what it is, you'll notice how useful performance indicators are. Also, key performance indicators (KPI) you can actually show the direction in which your project goes.

A performance measurement system is a prerequisite and the Performance Management process. This will facilitate the measurement and improvement activities at the Top Management. By defining the objectives and mechanisms for controlling forms management system based on indicators to analyze the causes of deviations creation and early finding solutions to combat it. In developing the concept and implementation of a system of performance indicators is our experience the following challenges to be taken into account and also removed:

-Removing a dominance of financial indicators: financial indicators form certainly not the result of work organization but also is indispensable to success;

-A focus on important information: the abundance of information facing all organizations and from different sources, must select and identify only those activities and transformed into relevant indicators for measuring performance indicators (KPI).

-A linkage between strategic and operational control: measuring performance indicators (KPI) to facilitate measurement of the objectives set in the company's strategy and also to link with operational control system;

-Standardization and systematization: to ensure that there are transparent and present information throughout the organization defining the indicators should be harmonized. To lead to strategic objectives, indicators should be unified and translated into a cause-effect integrated.

-Carry a Direct contact: performance measurement indicators, relevant to management by objectives, is the basic focus of management reporting at. To create such reporting is necessary to establish the link between indicators defined and complex and integrated IT system.

In our spirit and business logic still bear Taylor's concepts, associate measurement and control indicators. Tyrolienne company originated, the watchword was :

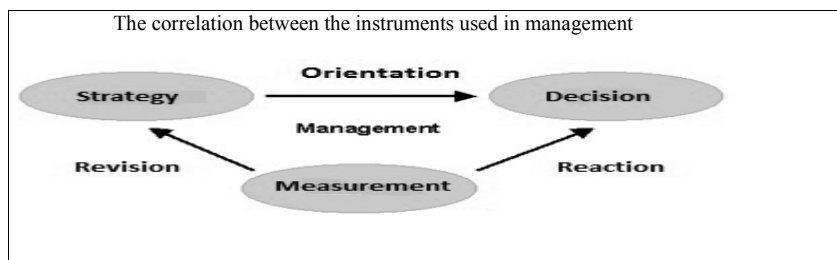
“cannot be good in all areas, must therefore be a specialist.”

Visualization of the management specialists, specialist's execution and measurement specialists, guaranteeing global operation after a predetermined manner. The three main roles were defined by formulas of the following type: I command, you are working, he measured and you will be punished / rewarded after results. In a stable context, the reasoning is not real criticism. If it works in flows pushed, with little disturbance, we could focus on management, planning and procedures. In this case, performance could be estimated only productivity and financial terms.

Objective: increasing production and reducing costs. Today, even if the context is not the same, many entities no longer change the habits of

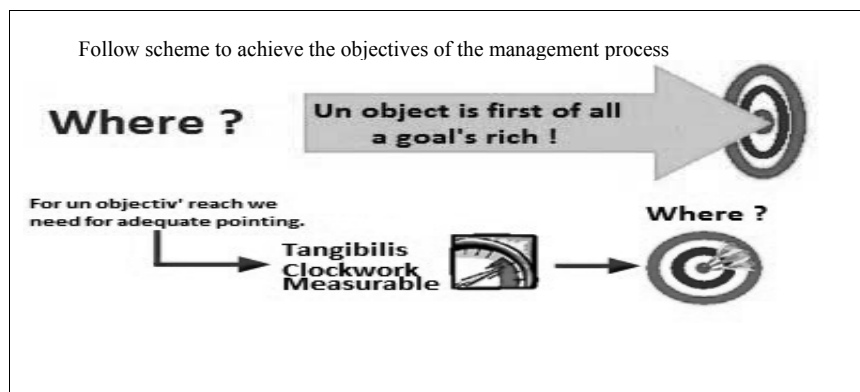
application of the classic: **planning, control and sanction**. This is total misfit new economic configurations, characterized by rapid and unpredictable changes. There must be a logical development from planning a priori and a posteriori finding, the dynamic and reactive logic: as / action / reaction. **Must, DRIVING!**

For organization “reactive”, the scoreboard is not only an instrument of control, but a tool to help management for actors / responsible.

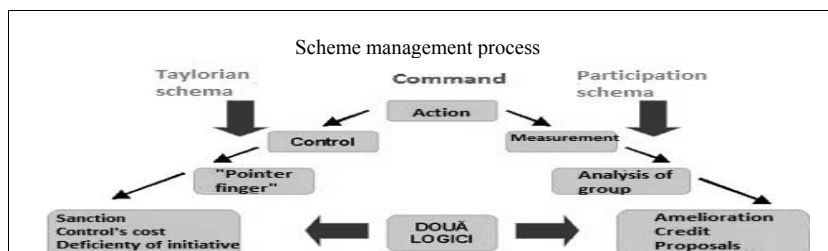


The objective is to include the entity on the path of progress defined by decision makers. The indicator is a measure of effort (already made or especially, made!) and performance on a way forward set. An indicator is a finding. An indicator is a tool implies action and help in decision making.

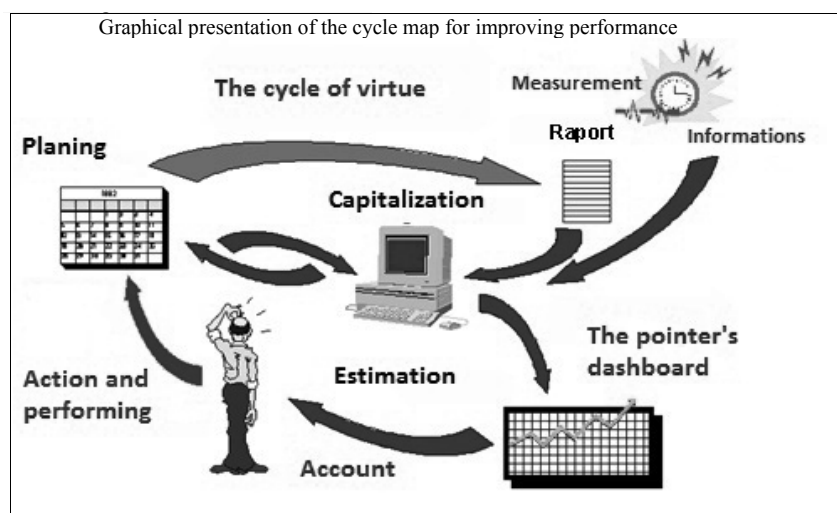
In search performance must first be set targets to achieve.



Management improvement process begins with an action or an order.



To improve performance mechanisms should be applied in a loop in which actors are found to improve the center, to take action.



Performance is not an end in itself, but the vector that leads to results. They depend on the performance of any entity that develops employees. Used by many professionals as an alternative to the traditional term, assessing „the term ,management performance“ is the process of creating a work environment where people feel motivated to put their best abilities and worth qualities.

Conclusion

Defining more precisely the achievements of public sector organizations and establish the hierarchy of objectives is to promote performance, increase efficiency and effectiveness, and the key Management by Objectives program is the high degree of involvement of managers and subordinates at each level

Bibliography

-
- BDO Stoy Hayward, Proiectul PHARE RO2002/000.586.03.04.13
 - Bullen Paul, Management Alternative Pty Ltd, ABN 23050334435
 - Doherty Tony, Home Perry, Managing Public Services:Implementing Changes, Routledge, 2001, ISBN 0415180279
 - Drucker Peter, The Practice of Management, New York, 1954
 - Heinrich Carolyn, Measuring Public Sector Performance and Effectiveness, Handbook of Public Administration, Peters B.Guy and Jon Pierre, 2007
 - Kondrasuk John , Management by objectives, New York; Mc. Graw-Hill, c1978, ISBN:0070231915 DDC: 658.4 LCC: HD 30 12, Edition:(v2)
 - Tosi Henry L., Carrol S., Managerial Reactions to Management by Objectives, Oxford,England:Blackneell Publishing (2000)4th edition