

Performance Management System Acceptance as a Driver to Performance

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Abstract

Performance is a concept that is used in all human activities. From economic perspectives it uses the monetary equivalent to evaluate the success on any economic activities and from this perspectives becomes a significant objective in designing any control activities. In practice, companies are spending significant resources to designing more and more complex performances metric systems to be implemented in the control system

Keywords: Performance, non-financial Performance, Performance Management

Introduction

Performance is a concept that is used in all human activities. From economic perspectives it uses the monetary equivalent to evaluate the success on any economic activities and from this perspectives becomes a significant objective in designing any control activities. In practice, companies are spending significant resources to designing more and more complex performances metric systems to be implemented in the control system.

In any organization, performance is view as the unique objective of organizations and performing always means to achieve financial results higher than efforts. As a result, economic processes are more and more required to generate a financial contribution to performance. This perspective has imposed financial metrics that links strategy, decisions and actions to the organizational performance. Researchers from different fields of economics have developed a progressively extended metrics, evaluation tools, and use control systems of performance measurement systems. From Hess, 1903 and Mann, 1903-07 who approached performance trough cost volume profit model to Kaplan and Norton in 1992 that introduced the procedures and tools that could improve the efficiency and the effectiveness of organizations in a balanced scorecard instrument that uses the performance metrics to stimulate performance itself, the aim was to converge to identification of performance generators and less to the measurements.

On another perspectives researchers have shown that, the use of suitable performance metrics accepted by the organizations can be valued in area of stimulus of employees at all levels, or as a foundation of a performance culture (Roos and Roos, 1997; Mushtaq, Hamad, Anosh, Iqbal, 2014).

Despite substantial resources put in to action to improve organizational performance, building up a complex performance measurement systems not always deliver performance.

Moreover, if done poorly, they can be not only ineffective, but can damage performance and generate loss (Perera et al., 1997; Royal Statistical Society, 2005).

Some studies have revealed that performance management can be useful in improving organizational performance, private or public organizations also (Ammons 2013, , Le Chen and Fong 2015).

As a result, it is essential to be able to recognize the specific conditions in which performance measurement actions and management approaches that can generate value-added performance.

Some researchers approached Performance Management, from a social practice rather than as a technical process (Covaleski et al., 1996). But this ideas are not necessarily new, from even from the beginning of the economic sciences opinions as those of Fetter, 1887, have approached performance thinking that the monetary perspective is not a good one. He considered that the performance must be explained more as a multitude of satisfactions and less as a multitude of material elements. Fromm this perspectives performance becomes the flow of satisfactions created for an individual or community.

The same opinion can be identified at Herbert, 1952 that considers the income as a measure of performance and he appreciates that managers should pay more attention to factors like peoples welfare. Even if in our times, when social and economic evolution has brought us to an approach based on monetary value, the so called objective evaluation and this kind of approaches seem obsolete, we think that this kind of approaches should be considered and should be investigated especially as a source for economic performance.

The normal use of mottos such as 'if you cannot measure it, you cannot manage it' and 'what gets measured gets done' (Garvin, 1993; Kaplan and Norton, 2001) occasionally expresses the recognition of the significance of PM in companies but exclude any reference to performance source of creation. These approaches have tree main associations: first, it suggests that performances and action follow measurement, but this is not automatically the circumstance that come across in organizations (Kennerley and Mason, 2008). Second, it assumes that all the key properties of measurement (e.g., objectivity, accuracy, and precision) are trouble-free and can be trusted as they are. Third, it renounces at satisfaction as measurement for individual performance and loses the link between individual and organization.

In conclusion, the outlook of performance measurement from all shareholder perspectives has to be reconsidered so that the performance measurement system is recognized by all stakeholders in order to make performance to the shareholders, even at individual level.

PM Acceptance and Performance Trend

We target in the present article the psychological impacts of acceptance of performance measures on performance itself.

Simons, 2005 has examined the psychological significances of diagnostic regarding collaborative use of financial and non-financial performance measures. More literature claims that the influences of performance measurement systems is contingent to the ways in which measures are utilized at organizational level (Ferreira and Otley, 2009; van Veen-Dirks, 2010).

We intend to study for the opportunity that diverse practices of performance measurement system (diagnostic versus interactive) can generate different financial results. The use of diagnostic and interactive utilization has increased the performance measures

providing an important framework for understanding the consequences of performance measurement from individual perspectives (Franco-Santos et al., 2012).

Arguments regarding the relationship between performance and performance measurement system acceptance depends whether enablement is framed as a relational or motivational concept. Marginson and Ogden (2005) claim that a interpersonal concept of empowerment, where authority is diffused throughout the organization formulating the hypothesis that empowerment is positively associated with performance. We approach performance linked to motivational perspective in order prove the effect of acceptance on financial performance.

We plan to collect data via a questionnaire and interviews distributed to middle managers of different type of organizations, both private and public.

The main issues approached in these questioners will be the following: Identifying the current financial targets and non-financial measures used in targeted organizations, job duties vagueness, psychological empowerment of the job and life quality perception at work place.

Financial and non-financial measures compares outcomes and expectations in terms of financial and non-financial indicators, analyses the key measures and the efficiency achieved by the organization.

Job duties vagueness has to be analyze from the perspectives of time allowance, responsibilities relations with the time allowance, performance requested.

Psychological empowerment of the job has to be approach from how organization encourages discussions in meetings, encourage continual challenge and debate of underlying, encourage individuals ideas, promote own decision process, confidence in own abilities

Life quality perception means to analyses the landscape of acceptance at individual level and targets the following: appreciation of wage level, appreciation on time requested for the job, free time usage, work conditions, pressure from performance system etc.

Conclusions

In conclusion, we did not study other methods in which performance measures can be utilized. Our results target is to approach the effect of performance system acceptance on financial performance and to generate new ways to measure performance at organizational level in order to gain financial performance for all stakeholders This will help to understand how management control systems may, or may not, fulfill a positive psychological role.

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