

ORGANIZATION - ORGANIZATIONAL DIAGNOSIS - ORGANIZATIONAL PERFORMANCE - ESSENTIAL ELEMENTS IN DEVELOPMENT OF A NATION

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Abstract: In their concern to define the organization, theorists have proposed over time many definitions of "what is" and "what means" an organization, definitions that have been and are closely linked to trends and schools of thought emerged and developed over time in the economic, sociological and psychological, political and administrative sciences areas, and which approached the organization from the economical, social, political, and so on, aspects, it posed.

To define the organization is to create a theoretical framework of organizational intervention aimed at increasing the efficiency of each organization. Effectiveness of an organization means among other things its "capability" guidelines in restructuring guidelines and redefining the tasks facing an everchanging environment.

A key element for the development of a nation is the performance of the organizations within, and for this reason, organizations have a role as important in the daily life of each of us. In the absence of serious organizational diagnosis the public manager may face serious problems in the operation of the organization.

Managers tend to make decisions based primarily on pressing realities faced at a time rather than vague plans for the future. Whenever faced with a crisis the tendency will be to take rapid remedial measures of the situation even if it means destroying long-term strategy, few of them are able to overcome this conditioning.

Shortcomings of traditional measures based solely on financial indicators have led to performance measurement systems that include both financial and non-financial indicators. These performance measurement systems have a number of advantages over traditional ones. Companies seeking to compete with industry leaders should review and improve how they measure performance.

Key-Words: *organisation, organizational diagnosis, organizational performance, and indicators to measure organizational performance.*

1 Introduction.

In recent decades, Romanian society has been in a continuous process of change, elements of economic, social, political, civic knowing a new dynamic in adapting to present conditions. After December 1989 it began the replacement of the communist system with democratic elements, which included changing the education system, and, in time, the mentality of the population.

The transformation process of the Romanian society went very slowly, with several periods of economic and social crisis, street movements, and periods of economic growth and raising the living standards for all social classes.

The main goal of performance management is to increase individual and organizational effectiveness. Strategic approach is not a specific problem of modern societies, from ancient times

people have asked the question to think and act strategically in different areas.

Performance management is an evolutionary process in which personal skills and organizational parameters are improved over a period of time. The operational objective of performance management is continuous improvement, measured by all relevant indicators and seen in the context of value-added manufacturer company giving consumers (clients) superior service and excellent products compared to competitors.

Performance management [1] is a system comprising:

- Methodology of targeting,
- A process of measuring performance,
- A differentiated payment system
- Career Management.

These elements taken as a whole will have a much greater contribution to organizational performance than the individual elements. Performance measurement and hence organizational performance has become a topic of great interest both among scholars.

To survive and to ensure success, organizations must be flexible and able to adapt to changes imposed by the business environment in a short time. Over time, many strategies have been shown to improve organizational performance. This strategy is organizational diagnosis, an assessment of the current situation of an organization in order to identify the most appropriate interventions for development. The majority of managers or consultants used in achieving organizational diagnosis certain models to identify organizational features that have proven to be critical in the past.

Public organizations are complex spaces. They are not predictable entities and the degree of irrationality and unpredictability is increased.

2 Defining the organization.

Organization and internal control requirements, acknowledged, are those that pressure to form organization and management skills, when such processes occur, the outcome is an organization [2]. Referring to define organizations we identify a first definition: organization, organizations, sf 1. Association of people with common beliefs or concerns, united under a regulation or a statute in order to submit an organized activity. Basic organization = (obsolete) fundamental organizational unit of the Romanian Communist Party and the Young Communist League, which included at least three members. 2. Method of organization, order, arrangement, structure. – From german Organisation, fr. organization, Russian. organization [3]. The study of organizations had from the beginning applied, practical meanings, closely related to the economy and having an excellent matching with the material and pecuniary purpose of the modern world. Through this connection we can explain also the consistent overlap between organizational psychology and work/ industrial psychology, often mentioned in the literature as work / organizational psychology (work / organizational psychology) [4].

We know more conventional ways of describing an organization. Organization can be defined among others as: structure, group policy, an agent, a culture, a system. Another definition is "organization is a social human activity that

involves associating spontaneous or directed, voluntary, of a number of individuals who own statuses and roles clearly defined or determined to achieve a goal, a purpose, an objective." [5]

According to a simple definition, an organization is "the combination and use of human, financial and material resources to achieve objectives." [6]

In the specialized literature there are a various number of studies that have investigated the factors that are critical to the success of an organization. Key factors considered to have an impact on the performance of an organization are: customer (customer orientation), staff quality and innovation. [7]

3 Organizational diagnosis.

A traditional definition of organizational diagnosis [8] is that the diagnosis is an intervention that provides information on the various subsystems of the organization, processes and rules of conduct taking place within the organization.

In the mind of Jim Paul [9], organizational diagnosis is a process through which are generated valid and useful information about organizational systems.

Organizational diagnostic models proved to be very effective in supporting organizational development programs. According to a study conducted in 1999, most commonly used in practice has proven the organizational diagnostic model Weisbord's Six Box (25% of the analyzed companies used as a basis for organizational this diagnosis model) followed by model 7 S (19 %) and on third place the STAR model and the Congruence model of Nadler and Tushman (10%).[10]

Achieving organizational diagnosis requires a very serious consideration, at different levels of the organization-from environmental analysis to analyzing the structure and organization culture and it is a major effort, spread over a significant period of time.

Often "organizational diagnosis" is characterized by simplistic and superficial approaches [11]:

- Analysis based on individual blame (scapegoat). It explains everything in terms of features and individual mistakes. Problems are caused by negative attitudes, deviated personalities, incompetence, malice etc. In fact, often disfunctionalities of the organization are due to mismanagement and not individual errors.

- Analysis based on blaming bureaucracy. When it is difficult to find a scapegoat, another option that is available is represented by attacking the bureaucracy. The organization is bureaucratic and knowingly cancels all the good intentions of the manager.

- The third approach concerns the analysis of the organization as a "jungle" where only the strong survive. As such, the job goes wrong because normally everyone is interested in not satisfying objectives of the organization but only on the lust for power - and then what can a poor public manager do than try to survive?

In the absence of serious organizational diagnosis the public manager may face serious problems in the operation. It is interesting that they can be placed in different extremes, which again puts out the need for a creative manager in the public sector. Here are some possible structural dilemmas [12]:

- Differentiation and Integration, allocation of tasks within the organization should be clear on the principle of specialization and division of labor, on the other hand exclusive emphasis on differentiation leads to a lack of organizational coherence (work completed by person X cancels the work of person Y from the joined desk). Hence the need to integrate individual efforts into a coherent whole, through managerial coordination. The bigger the organization is, the coordination strategies are more costly;

- Goals or overlaps, where the responsibilities are not clearly defined, achievement of objectives is questionable, on the other hand when the roles and activities overlap conflicts occur, and resources are used inefficiently;

- Under-use or over-use, where officials have little work and everyone is bored; when they are charged excessive workload they become ineffective;

- Lack of clarity or lack creativity when officials are confused regarding what to do, personal preferences will replace the objectives of the organization, where the responsibilities are defined too strictly, officials will tend to conform to prescribed roles mechanically, will demotivate, not make use of creativity - all with serious effects on the quality of service;

- Excessive autonomy or excessive interdependence, when individuals or groups acting under the extreme autonomy phenomena of isolation and rejection grow, when the structures and roles are too tightly bound we lose precious time in futile efforts of coordination;

- Excessive relaxation or excessive rigidity, where the structure is unclear meaning people can lose

direction and have only a vague sense of what the other members of the organization are doing; too rigid structures complicate the flexibility and civil life within the system;

- Diffuse authority and excessive centralization, in some cases no one seems to know who or what authority they have and the lead confusion leads to conflict and limitations of individual initiatives, the other extreme centralization leads the decision so far from the problem that the decision-making becomes ineffective;

- Lack of goals or objectives excess, without defining organizational objectives nobody knows what to report to work - nobody wants to be a kind of Sisyphus, doing work without any purpose. On the other hand the existence of an excess of objectives leads to confusion and failure to perform.

- Formalism or favoritism, rigid adherence to the procedures leads to the treatment without shades all the problems, perpetuating this image of a limited and insensitive bureaucrat; too personal treatment of cases can lead to accusations of favoritism.

Clearly the organization should not be placed at one end or the other regarding these dilemmas, the role of the manager is to understand the organization's environment, its internal functioning, formal and informal mechanisms to find solutions to avoid problems such as above. This can not be achieved without the development of serious organizational diagnosis.

In another opinion [13], the organizational diagnostic process is influenced by three basic questions: What does the practitioner diagnoses? For what purpose? and Using which system? Organizational diagnosis has two essential purposes. One is evaluating organizational failures (Lowman, 1993) and the second is assessing the welfare of the organization.

3.1 Current importance of organizational diagnosis.

Globalization, intense competition between companies, a high degree of customization of products and services highlights the need to find a rapid response to market forces.

Diagnosis helps managers avoid two types of risky reactions in this uncertain business environment: tendency to avoid change and improper operation. Managers of performing organizations in the past have tended to show a certain resistance to change.

Organizational diagnosis emphasizes the risk of inaction, helping managers to identify the most appropriate actions to respond to turbulent business environment, ie to what extent popular

techniques and new trends in modeling organizations provides the solution of the problems they face.

4 Organizational performance.

In recent years, the business world has witnessed an explosion of performance concept. Organizations always say they want to achieve performance, or to improve performance or to measure the performance obtained. Identifying and measuring performance has been called "the new discipline in management".[14]

Traditional instruments for measuring business performance were mostly financial, to measure return on investment, cash flow and profit rates. However, conventional tools have the disadvantage of focusing on the internal environment of the company where there only costs rather are registered, than on the external environment where results occur and are assessed, they fail to include intangible indicators but focus primarily on indicators relating to past situations. This has led researchers and companies to review the tools and performance metrics in this new economic environment in which companies operate in the supply chain. [15]

Neely s.a. argues that there are three generations of performance measurement [16]:

1. *First generation: balanced measurement systems.*

1980s and early 1990s saw a real explosion of literature criticizing the systems used by companies to measure their performance. It was argued that traditional accounting methods for assessing organizational performance were outdated, because they had been created at a time when companies created value by labor, not by knowledge or technological applications. Companies began to accuse an acute need for new and better methodologies for measuring organizational performance. In response to criticism arising and thr organizations call, academics and consultants began work to develop new methods for assessing organizational performance. Thus, some authors have tried to improve methods for measuring financial performance by developing and implementing concepts such as activity-based management, economic profit, cash flow analysis and stakeholder analysis. Other authors have chosen to supplement traditional financial measures with nonfinancial measures leading to the development of comprehensive frameworks for measuring organizational performance, the most famous of them being the balanced dashboard.

2. *Second generation: Correlation flows and transformations.*

Measurement systems of the second generation have taken an important step forward in addressing dynamic value creation by focusing on transforming resources. Among the performance measurement systems of this generation are strategic maps, maps of success and risk, and model IC-Navigator (Intellectual capital navigator). Strategic maps were developed by the creators of the balanced scoreboard, and although it respects the logic of the dashboard, provides a different view of the four perspectives included in the scoreboard reflecting the relationship between organizational objectives and prospects dashboard. Over time, most organizations have become more complex and should take into account a greater number of perspectives than the four included in the balanced scoreboard and the strategic maps, in addition, companies must meet the needs and expectations of more stakeholders (customers and shareholders to be included in the balanced scoreboard). The disadvantage of the balanced scoreboard was neutralized by developing a new model for measuring organizational performance, Performance Prism, which gives a much wider image of the stakeholders of the company.

3. *Third generation: Linking financial aspects nonfinancial them.*

Measurement systems of this generation require organizations to clearly define the links that exist between intangible dimensions (nonfinancial) of the organizational performance and of their impact on cash flows. New models must meet three essential conditions: to reflect reality, provide appropriate information and provide practical recommendations that can be applied to business. Among the best known performance evaluation methods are the Balanced Scoreboard (BSC) business excellence model EFQM (European Foundation for Quality Management), excellence model Malcolm Baldrige and terms of business performance. According to Robert Kaplan (2003), professor at Harvard Business School: "Every organization must create and communicate modalities of performance measurement that reflect its unique strategy" [17]. Performance of an enterprise [18] is everything, and only what contributes to the strategic objectives. Performance of an enterprise is everything, and only what contributes to an improved relation of value - cost, which means improving the creation of net value (in contrast, facts that contribute to reducing costs or increasing value are not considered performance,

undoubtedly, if it does not improve the balance of value - cost or value / cost indicator).

In the concept [19] of authors like Neely, Gregory and Platts (1995:80) the measurement of performance involves emphasizing the concepts of efficiency and effectiveness. They define performance measurement as follows:

- a process of quantifying the efficiency and effectiveness of past actions;
- an indicator used to show the degree of efficiency and / or effectiveness of an action;
- a set of indicators used to measure the efficiency and effectiveness of an action.

According to the RSA (Royal Society of Arts, Manufactures and Commerce) [20] in order to ensure success, a company must use relevant performance measurement systems.

Typical problems in a performance measurement system are summarized as follows [21]:

- the organization's strategy and the performance measurement system are not connected;
- primary focus is on financial indicators;
- there are too many tools that are isolated and incompatible.

Performance measurement system enables closed-loop organizational development strategy that provides a structured framework for relevant information flow for feedback to points near making decision and control processes [22] easier.

These emerging management performance systems can be grouped into two distinct categories [23]. First are those that focus on self-assessment, for example, Deming Prize in Japan and Asia (Deming 2004), Baldrige Award in the U.S. (NIST 2004), and the European Foundation for Quality Award using the EFQM European Excellence Model (EFQM 2004).

In terms of accounting, according to Otley (2002) performance measurement systems have three different roles in an organization:

1. first, it is an instrument of financial management;
2. second, they provide financial information on the overall performance of the organization, highlighting its financial performance;
3. third, they are a means of motivation and control.

In his opinion determining financial performance is the main objective of performance measurement.

J.Harvey [24] identified the following advantages of an effective system for measuring organizational performance:

- Improving the decision-making process. It is impossible to identify the best decisions without having a good understanding of the organization's performance. Using a multidimensional performance measurement system improves decision support at all levels of the organization.

- Support the strategic plan. The ability to measure performance and progress offers a purpose-making strategic plans and objectives. An effective performance measurement system should focus on links between all levels of the organization from the top as these decisions and resulting actions will be consistent with strategy.

- Improving communication. Involvement in setting goals and reporting results improves the understanding of stakeholders on strategies and decisions while providing in the same time a common language that encourages communication between departments.

5 Conclusion.

All organizations must use performance measurement models in order to evaluate the organization. The problem that organizations face is represented by the difficulties in selecting the organizational performance model that should be used to obtain the necessary information on the current situation of the organization.

In the process of measuring performance, efficiency is essential. For proper measurement of performance is necessary to use several indicators covering different organizational levels. Any indicator of performance measurement can be used as a tool to control it, but regardless of the usefulness of each indicator, it loses its attributes in terms of ineffectiveness to implement actions to improve performance. A performance indicator should be based on a data set or a documented process and fully understood for the transformation of the data into indicators.

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