

PERSPECTIVES AND TRENDS REGARDING THE KEY INDICATORS OF HUMAN RESOURCE PERFORMANCE MANAGEMENT IN ROMANIA

Assist. Suzana Demyen Ph. D candidate
University “Eftimie Murgu” of Reșița
Faculty of Economic Sciences
Reșița, Romania
PhD candidate at West University of Timișoara
Faculty of Economics and Business Administration
Timișoara, Romania
Prof. Ion Lala Popa Ph. D
West University of Timișoara
Faculty of Economics and Business Administration
Timișoara, Romania

Abstract: : Management of human resource performance, both as a field of its own, as well as a branch of general management performance becomes a more acute universal criterion widespread in organizations, whether we speak about large enterprises, or we relate to SMEs. Developments in human resources domain and also the need of aligning to the general standards requires finding common coordinates and a consensus between the perspectives developed by scholars, those belonging to practitioners, as well as the one developed by organizations were management is applied. Reporting to traditional indicators is no longer enough, imposing increasingly the taking into account of a set of criteria called KPI – Key Performance Indicators, in order to help shape a picture of the company performance.

JEL classification: M12, M54, O15

Key words: human resources, performance management, KPI, enterprise

1. INTRODUCTION

One of the main objectives of an economic entity is to generate performance whether we refer to the individual level or speaking of teams. For this, however, it is necessary that the performance may be quantified by a set of indicators, traditional or, alternatively, new indicators in terms of their use.

2. OBJECTIVES

Main objectives taken into consideration are to illustrate the differences between traditional indicators, respective the modern ones in assessing the overall performance of human resources in Romanian companies.

Labour productivity is considered as one of the main determinants of a company's success and it can be determined as the ratio between turnover and number of employees, an indicator that became a basis for the activity of predicting the need of workforce in an organization.

Productivity, as well, can be defined in many ways, still the main points that need to be explained consist in the ratio between the effect of the process and the effort. Thus, the development of an enterprise is not possible without a continuous raise of this indicator. The objective of any organization, from this point of view, is to increase productivity and streamline business activity. When referring to the analysis of the level and dynamics of labour productivity can be determined in various forms, annual, daily and hourly.

Modern indicators of human resource performance do not refer to the ones stated above. They include specific aspects, speaking about the analysis of return on investment in human resources management, but also about the analysis of the key performance indicators, which were developed during the few past years, illustrating new trends in management generally and more specific in human resource management.

„During the last years, especially during the economic crisis, there can be identified a reduction of corporate profitability, be it in terms of financial aspects, whether it comes to human resources. If we analyze the data for 2011, for example, we find that the return on human capital decreased by about 9% over the previous year (PwC Saratoga study) (Nankervis, Compton & Baird, 2000). Labour costs rose quite high percentages (13%) compared to previous years, which complemented reduce business profitability. All this took place, amid a deepening fluctuation of staff, as well as labour mobility in all sectors.”(Demyen, Lala, 2013).

3. THE ANALYSIS

An indicator of performance or as experts call it - KPI (key performance indicator) is a way of assessing the performance, the main ways of using them being identified in determining the success of an organization . KPI can be mentioned both in terms of qualitative and quantitative indicators, input, output, or process assessment indicators, and so on.

KPI reflects the objectives of the organization, the need to follow the same "path", namely SMART (explained by Gabcanova, 2012) mentioned above. The principle that can be found at the basis of this system works considering the appreciation and analysis of performance indicators on human resources management and follows the idea that without taking measurements and comparisons there can not be created an overview of the current situation and can not be identified areas that require more attention and concern (Anderson, 2011).

The main objectives of an organization are stated as cost optimization, profitability increase, namely reorientation towards customers . All this can be achieved by creating a map of strategic human resource management aspects and issues. According to the authors that have previously considered this aspect in their research, we can sum up these issues as follows:

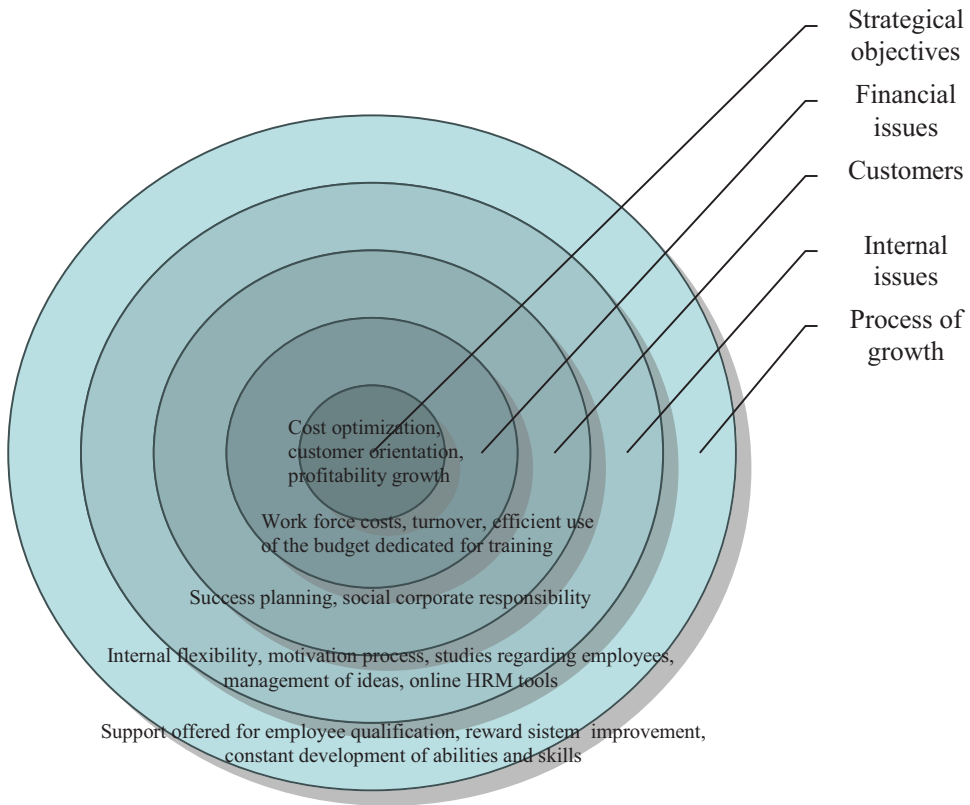


Figure no. 1
Strategical map of human resource management

Source: own data processing of information offered by Gabcanova Iveta, 2012, p. 124

The strategical map of human resource management has been developed in line with the results that are willing to be achieved. The objectives mentioned above are connected to the training in the organization, while focusing on internal communication, teamwork respectively.

KPIs must be connected to the objectives of the strategical map, so that the results obtained by analysis to be viable on long term. They are divided into primary and secondary indicators, depending on the impact upon the processes of the organization.

Mainly, the indicators considered as key performance indicators, can be summed up as follows:

Tabel no 1. – KPI

Objectives	Secondary KP Indicators	Main key performance indicators
<ul style="list-style-type: none"> - Costs of labor - Rate of turnover - Efficient use of budget for training - Use of human capital - Corporate Social Responsibility 	<ul style="list-style-type: none"> -Return on investment on training - Percentage of employees who were promoted - Investment in IT technologies on human resource management - Rotation of the post - Percentage of training courses that fit the needs and the needs of the enterprise - Costs regarding trainings 	<ul style="list-style-type: none"> - productivity - Costs of recruitment - The efficiency of investment in human capital - Index of qualification - Active measures met - Average number of hours of training per employee - The average salary in the company

Source: own data processing of information offered by Gabcanova Iveta, 2012, p. 126

At the individual level, we can identify the following characteristics of performance management and the use of indicators mentioned above:



Figure no. 2

Source: Acumen Integrat, Performance Management in Romania, 2012

Studies developed by specialized agencies upon performance indicators (Study regarding Performance Management, 2012) indicate 93% of cases where management entities are interested in new sets of indicators for assessing performance, but only a small percentage of cases where a such a system is already successfully implemented. In most cases - 41.4 % Performance results are released only at the management level (Acumen, 2012).

However, firms that represent subject to performance management studies reveal the following statistics upon the application of these concepts belonging to their employees :

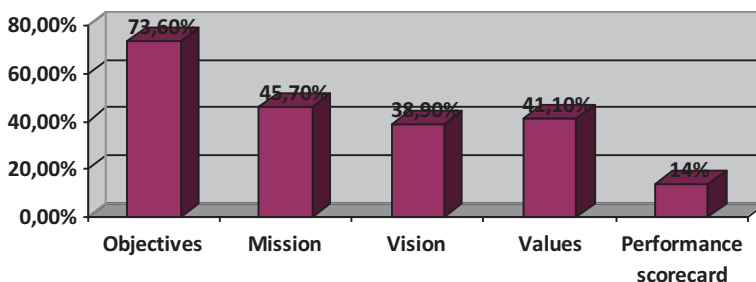


Figure no. 3

Source: *Acumen Integrat, Performance Management in Romania, 2012*

The qualification index indicates the "number of employees that increased their qualifications to perform the tasks " (Gabcanova, 2012). It is closely associated with the issue of employees who have multiple skills because they can perform many tasks within the company positions and the organization no longer has to recruit employees for each position. If tasks are delegated to a specific post multiple employees in consequence of unforeseen departure of one of them will affect the smooth running of general activities.

The Strategical map of human resource management is used because it takes into account the processes in HRM , and issues such as the organization's mission. Fundamentals of establishing KPIs consist in establishing also a link between human resource management that the company's applying and the strategic objectives that have to be developed.

However, in order to implement an integrated human resource performance, traditional indicators are not enough in the current management system, but are essentially a series of other factors, including:

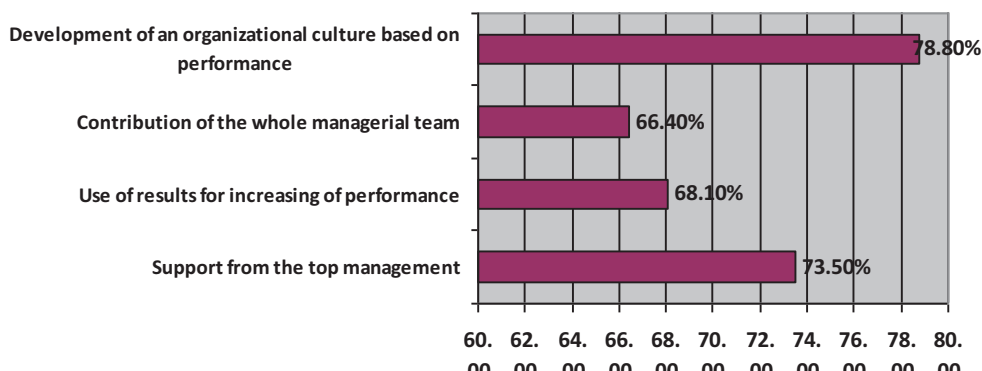


Figure no. 4

Source: *Acumen Integrat, Performance Management in Romania, 2012*

KPI research Institute prepares regular reports upon the efficiency of key performance indicators use in enterprises. Key performance indicators are considered according to the law of the land that is the subject of analysis, given that performance appraisal standards vary from country to country.

Also, speaking of a performance management, it becomes important to mention that this concept is approached in a different manner from one entity to another and there is a series of extensive debate in the literature, especially on the manner of selection of such indicators in the idea of taking out the main strategic goals. Addressing the idea of performance through KPIs set is becoming more popular with the development of the concept of performance management .

According to the report developed by KPI research Institute (The KPI Institute, Performance Management in 2013) , the main issues to be developed in an analysis of human resource performance management are the following:

- Individual Performance Management Systems rewards coordination bond motivation - generating performance;
- Achievement of a balance in the system performance;
- Adapting the culturally specific performance indicators in question;
- Adaptation of performance appraisal indicators for strategic objectives that they want met.

4. CONCLUSIONS

According to studies in the field, developed by specialized Institutes, we conclude the following :

- KPIs are used by the majority of economic entities, Ensisight studies identifying them in the case of the 81 % of businesses but not at the integrated system. This shows a high degree of acceptance from the companies analyzed, which also shows no waiver of traditional assessment methods, but rather a greater openness to international trends, but still can identify weaknesses in the implementation. The focus is both on the individual and on the evaluation of teamwork, mainly on the objectives pursued (75 %). Establishing a set of indicators but depends on each company according to their own goals and development departments (most likely the sales department - 58 % , manufacturing - 39 % or hr - 32%).
- Not all departments in the composition of firms are using or can use these indicators , with some studies showing only 42.41 % of companies that use KPIs across the enterprise.
- The implementation of the KPI can be correlated with the motivation of staff , namely that of reward , according to the results of this process .

The main benefits of using KPIs are considered to be :

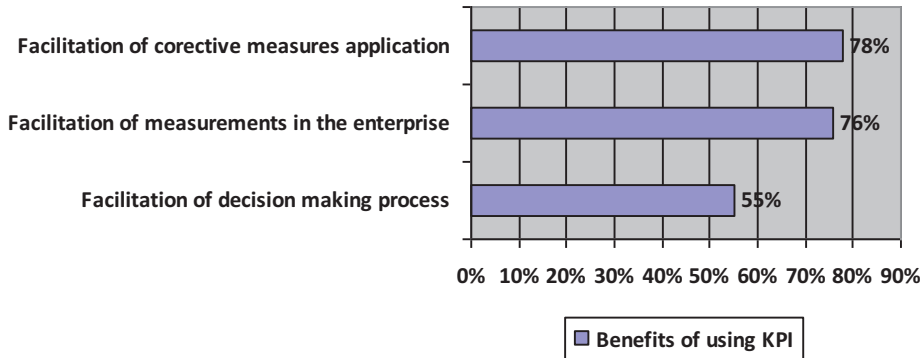


Figure no. 5

Source: *Ensiht Management Consulting Study 2012*

Performance management generally and also at discipline level, also the KPIs system is not yet developed in Romania in the international standards required, hence the reluctance demonstrated by some managers to implement a performance evaluation system based on these coordinates . The current level of understanding and general knowledge on the issues discussed above are maintained at an average level, which does not prove to be sufficient in a context of constant changes and challenges in a row.

We are witnessing a " timid approach to performance management in Romania, it markets, being perceived as having an increased application individually and operational" (Performance management in Romania, study 2012).

In the organizational context , however , the overall performance management is viewed primarily as having a role in motivating and rewarding employees by default , but also in shaping the strategic planning , strategy implementation and to strengthen control , improve decision making and internal communication.

REFERENCES

1. Beer M, Spector, B, Lawrence, P, Mills, DQ, Walton R Human Resource Management: a general Managers Perspective, Free Press New York, 1985
2. Demyen Suzana, Lala Popa Ion Methods of determining the level of performance achieved by human resources in SMEs, using the analysis of specific indicators, presented at the 12th International Symposium in Management: Challenges and Innovation in Management and Leadership, Timișoara 2013
3. Demyen Suzana, Lala Popa Ion Human resource motivation – precondition for performance generation, Analele Universității Europene Drăgan din Lugoj. Seria Economică, “Annals – Economy series”, nr. 16/ 2013, <http://www.universitateaeuropeanadragan.ro/admin/documente/1392213137.pdf>
4. Gabcanova Iveta Human Resources Key Performance Indicators, 2012, <http://www.cjournal.cz/files/89.pdf>

5. Jeong Yeon Kim, Hangbae Chang, **A study on Performance Evaluation of the Human Resources Training Program, International Journal of Smart Home, 2013, vol 7, nr.1**
6. Nankervis, A. Compton, R. & Baird, M. **Human Resource Management, Nelson Publishing, Australia, 2000**
7. Youndt MA, Snell SA, Dean JW, Lepak DP **Human resource management, Manufacturing strategy and firm performance, Academy of management journal, vol 39, no.4, 1996**
8. *** **Human Resources Key Performance Indicators and Workforce Information Report, disponibil online la http://www.sheffield.nhs.uk/equality/resources/kpiprogres_sreport_april07.pdf**
9. *** **Performance Management in 2013, The KPI Institute, Melbourne, Australia, 2013**
10. *** **Managementul performanței în România, Acumen integrat, Cluj Napoca, 2012**