

THEORETICAL RESEARCH ON THE IMPORTANCE OF FACTORS INFLUENCING EMPLOYEE PERFORMANCE IN THE ORGANIZATIONAL MANAGEMENT SYSTEM

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Abstract: *The purpose of this paper is to present the theoretical elements related to the concept of employee performance in the workplace. The paper will focus on the factors that contribute to increasing the level of performance that an employee achieves in the organizational environment. The most important factors, such as financial income, work environment, employee personality traits, leadership style, rewards, and incentives will be analyzed. The paper will offer a perspective on the relationship established between these factors and employee performance in the workplace. This paper is a starting point for discussing the importance of managers understanding the factors that influence employee performance in order to motivate them continuously and maintain organizational productivity. The paper highlights the benefits felt by both employees and the company through the introduction of the concept of employee performance in the organizational management system. The paper emphasizes that in order to introduce the concept of performance in the workplace into the organizational management system, it is necessary to understand the factors that influence employee development and to develop measures to evaluate them. The novelty of this work stems from the systematic analysis of multiple relationships upon which employees react, thus contributing to performance within the company. It is crucial for all managers to take into account the factors that are directly related to employee performance in the activities they undertake within the company.*

Keywords: *financial income, organizational environment, employee personality, organizational leadership style, human resource stimulation*

INTRODUCTION

From an employee perspective, performance represents the successful accomplishment of tasks and responsibilities for which they were hired within the organization, with positive outcomes and results.[1] In other words, performance is evaluated based on an employee's contribution to achieving organizational objectives and fulfilling assigned tasks and responsibilities.[2] Based on the previous definitions, work performance can be defined as the tangible and verifiable results achieved through the evaluation of activities performed in a workplace. These results can be measured and quantified, serving as indicators of an employee's efficiency and effectiveness in fulfilling their tasks and contributing to the organization's success.

METHODOLOGY

In the course of developing this paper, we undertook a methodical examination of the specialized literature outlined in the following:

- ✓ This research involved an exploration of existing literature, encompassing both primary and secondary sources. The objective was to gather, synthesize, and evaluate the relevant information available within the chosen field of study. This approach ensured that the paper is underpinned by a robust foundation of knowledge, providing a well-informed and comprehensive perspective on the subject.
- ✓ The process of conducting this systematic review involved meticulous data collection and analysis. It allowed for the identification of key trends, patterns, and insights within the literature, which in turn, facilitated the formulation of informed arguments and conclusions in the subsequent sections of the paper.
- ✓ The methodology applied in this paper describes the initial phase, which involved the development of a plan for the scientific inquiry, encompassing the definition and establishment of the research objectives.

- ✓ In the second part of the article, entailed defining the conceptual scope of our study, primarily concentrating on identifying the significant factors (such as income, work environment, personality traits, leadership style, and rewards) that influence workplace performance within an organization.

THE OBJECTIVES OF THE PAPER

Within the objectives of this paper, we have proposed mentioning the following:

- ✓ To analyze the concept of an organization.
- ✓ To delve into the significance of the concept of human resource performance within an organization.
- ✓ To comprehensively identify and categorize the pivotal factors that influence employee performance in an organizational context. This entails conducting a thorough examination of these factors.

The selected objectives will serve as the guiding pillars of this research, offering a systematic framework for investigating the factors that influence the performance of human resources within the organizational management system. These objectives will provide structure and direction, ensuring that the research remains focused and purposeful in its exploration of the complex interplay of elements affecting employee performance in the organizational context. Through this structured approach, the study endeavors to offer valuable insights and contribute to the body of knowledge surrounding organizational performance and human resource management.

THE LIMITATION OF THE PAPER

The following limitations are taken into consideration during the research and the interpretation of results to achieve a more comprehensive understanding of the subject:

- ✓ Theoretical constraints: The research relies on theoretical analysis, and the absence of case studies or empirical data may affect the depth and practicality of the findings.
- ✓ Time constraints: The study may concentrate on a particular time frame, which could impact the relevance of the conclusions in light of future developments.
- ✓ Constraints related to human resource sectors: Focusing on specific human resource sectors or industries may restrict the generalizability of the findings to other domains.
- ✓ Limited stakeholder viewpoints: The paper may predominantly emphasize the organizational perspective and might not fully encompass the perspectives of employees, managers, or other stakeholders.

LITERATURE REVIEW

1.1 Definitions of the concept of organization

An organization can be defined as a group of individuals united by shared ideas or common interests, working collaboratively under a set of established rules or regulations to strategize, organize, and execute a series of coordinated activities. This collective effort is typically aimed at achieving specific objectives, whether they be related to business, non-profit, governmental, or other types of endeavors.[3] Within the context of an organization, this collaborative framework serves as the foundation for achieving goals, fostering innovation, and driving progress in various fields and industries. The effectiveness of such organizations often hinges on their ability to harness the collective skills, expertise, and dedication of their members to bring about meaningful outcomes. In essence, organizations serve as vehicles for individuals to combine their efforts and resources in pursuit of shared objectives, whether they be economic, social, or otherwise.

Various definitions of an organization have been proposed by experts in different ways over time. For example:

- ✓ An organization can be perceived as a systemic structure that consists of individuals coming together with a shared objective of accomplishing a particular goal. In this context, an organization represents a carefully coordinated assembly of people who collaborate, each contributing their unique skills and expertise, to collectively work toward the achievement of a defined objective or purpose; [4]
- ✓ An organization can also be characterized as a collective comprised of individuals hailing from diverse cultural and social backgrounds, who come together to collaborate in pursuit of a shared common objective. In this context, an organization represents a melting pot of varied experiences, perspectives, and talents, all converging toward a unified goal; [5]
- ✓ Organizations can be described as deliberate social entities meticulously crafted to fulfill particular objectives, featuring purposeful structures that intricately connect them with their external environment; [6]

1.2 Definitions of work performance

Performance management is a set of actions designed to improve the results of the entire organization. Table 1 illustrates the concept of "Performance Management" and highlights its key aspects and benefits. It emphasizes that performance management is:

- a. A forward-looking initiative: It focuses on the long-term development and progress of the organization, contributing to its growth and enhancement.
- b. A mechanism for organizational transformation: Through continuous evaluation of employee performance and the easy adoption of necessary managerial interventions, performance management facilitates the transformation and improvement of organizational activities.
- c. A process aimed at increasing profitability: It contributes to achieving desirable outcomes by enhancing productivity and efficiency, with the ultimate goal of increasing profitability.

Performance management, as demonstrated by Table 1, serves as a catalyst for aligning individual and team efforts with the broader goals of the organization.[7] It provides a structured framework for setting clear expectations, monitoring progress, providing constructive feedback, and recognizing achievements. This systematic approach not only enhances productivity but also fosters a sense of purpose and engagement among employees.

Moreover, the data presented in this table underscores that performance management is not merely a routine administrative process but a dynamic strategy for driving continuous improvement. It promotes a culture of accountability, encourages ongoing learning, and facilitates timely adjustments to strategies and tactics as needed. By doing so, it contributes significantly to an organization's ability to adapt to changing circumstances and thrive in competitive environments.

Table 1. Forms of performance management [7]

PERFORMANCE MANAGEMENT		
A forward-looking initiative	A mechanism for organizational transformation	A process aimed at increasing profitability
Helps the organization to develop; Motivates employees in the long term;	Employee results are continuously evaluated; Necessary managerial interventions for improvement are easily adopted; The organization's activity is enhance;	Facilitates increased productivity; Desirable results are achieved;

In summary, the insights gleaned from this table reinforce the importance of performance management as a linchpin for organizational success. It emphasizes its multifaceted role in nurturing employee motivation, enhancing operational effectiveness, and ultimately, achieving positive outcomes that align with the organization's mission and vision.

Within an organization, it is imperative that performance management is comprehensively grasped and embraced by the entire leadership hierarchy. Furthermore, it should stand as an enduring focal point of interest for the entire management team, ensuring continuous attention to factors that have the potential to influence performance outcomes. This approach necessitates that performance management is not relegated to a mere administrative task but is deeply integrated into the organization's leadership ethos. It requires a collective commitment from leadership to actively engage in monitoring and improving performance-related elements, including setting clear expectations, providing timely feedback, and addressing performance-related challenges.

By instilling performance management as a shared and persistent concern among leadership, an organization can create an environment where performance is continually assessed and enhanced. This proactive approach not only promotes a culture of accountability but also allows for agile responses to emerging issues, ultimately contributing to the achievement of organizational goals and the sustained success of the enterprise.

FACTORS THAT AFFECT WORKPLACE PERFORMANCE IN AN ORGANIZATION

An employee's performance can vary depending on individual characteristics, the organizational context, and the time period being analyzed. The fluctuation in performance levels is influenced by a set of factors that affect employees' activities and the results they achieve. These factors are represented in Figure 1 below.

Figure 1 illustrates the interactions between employee work performance and the factors that influence it. Analyzing

these influencing factors on performance levels helps determine how an organization operates. The fluctuating performance of employees is a result of their interaction with the factors that impact their activities and, consequently, their work outcomes.

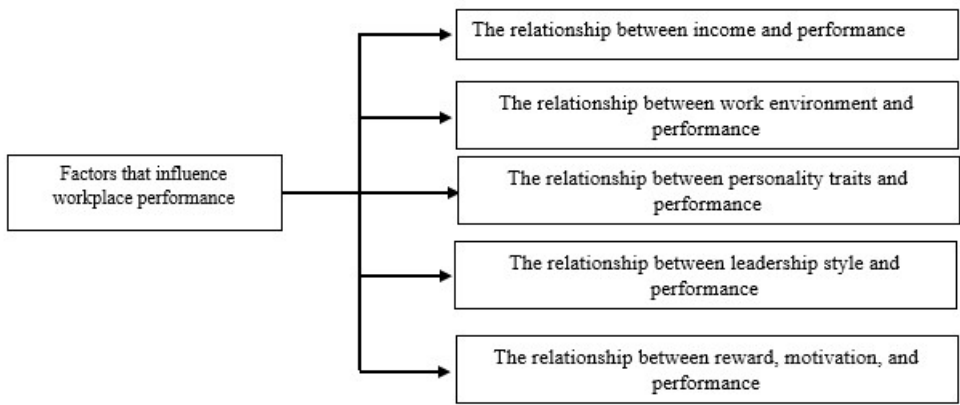


Figure 1. Factors affecting workplace performance [7]

The importance of established relationships between influencing factors and employee work performance:

- a. The relationship between income and performance.
- b. The relationship between work environment and performance.
- c. The relationship between personality traits and performance.
- d. The relationship between leadership style and performance.
- e. The relationship between reward, motivation, and performance.

Table 2. The importance of established relationships between influencing factors and employee work performance[7]

THE IMPORTANCE OF FACTORS INFLUENCING WORK PERFORMANCE				
FINANCIAL INCOME	WORK ENVIRONMENT	INDIVIDUAL PERSONALITY	LEADERSHIP STYL	REWARD
Motivation and commitment. Talent retention. Satisfaction and financial well-being. Improved performance. Attraction of new talent.	Organizational culture. Interpersonal relationships. Development opportunities. Resources and infrastructure. Flexibility and work-life balance. Creativity and innovation. Increased productivity.	Self-improvement. High-quality results. Communication and interpersonal skills. Resilience to stress.	Communication and direction. Support and assistance. Delegation of responsibilities. Focus on exceptional results.	Motivation and commitment. Valuable employees. Improved performance. Employee satisfaction. Creating a culture of performance.

- a. **The established relationship between employee income and the level of performance achieved:** According to Chang and Hahn, when organizations implement performance-based pay systems that are perceived as fair and equitable by employees, their perception of distributive justice improves. [8]
Similarly, Mujtaba and Shuaib argue that a performance-based compensation system can bring significant benefits in a production environment [4]. By examining these two statements, one can infer that organizations experience advantages within their production systems when they adopt a performance-based reward system for employees. This system not only fosters a sense of fairness and equity, but also creates a conducive work environment that instills a sense of security among employees.
- b. **The relationship between the work environment in which an employee operates and the level of performance achieved:** An optimal work environment allows employees to perform their tasks efficiently and comfortably, enabling them to make a significant contribution to the organization. Employees seek a work environment that is both comfortable and provides incentives for their professional development. [7] According to research, the physical environment represents the most important factor in determining an employee's ability to concentrate. [7] The factors that influence the work environment have a significant impact on job satisfaction and

employee performance. These factors contribute to creating an optimal work environment and influence the employees' state of mind.

- c. **The relationship between personality traits and the level of performance achieved:** The interaction between employees' individual personality traits and performance is advantageous for organizations when it comes to hiring their workforce. By analyzing this factor, employers can identify individual characteristics that align best with the organization's needs and requirements. These individual characteristics can be grouped into categories and used for placing employees in suitable positions within the company. This process of matching individual traits with job requirements can contribute to optimizing organizational performance and efficiency.[7]

According to Nikolaou (2004), there is a suggestion that the five dimensions of personality have different effects on performance depending on the specific activity and profession in which the employee is engaged. This means that personality traits can have varied influences on employee performance, depending on the specific context of the activity and field of work.[9]

The Big Five model, discovered by Tupes and Christal in 1961, identified and named five major personality factors: extraversion, Conscientiousness, Emotional Stability (Neuroticism), Agreeableness, Culture (Intellect/Openness).[10] According to the research conducted by Gunkel, Schlaegel, Peluchette, and Langella in 2010, there are certain personality traits that can be correlated with employee performance in different domains. Specifically, conscientiousness is an indicator of an employee's level of performance in the workplace, extraversion is associated with sales performance, and agreeableness is closely linked to group performance.

- d. **The leadership style and the level of performance that can be achieved:** The leadership style adopted by a company has a significant impact on workplace performance. Studies confirm that employees' perception and level of trust in the organization's leadership style affect their motivation.[7] The leadership style can either stimulate or inhibit employee performance. Adopting an appropriate and fair leadership style is crucial for organizations. It involves carefully analyzing the needs of employees in order to gain a better understanding of their behavior and effectively respond to those needs.[7] According to Paul Hersey and Kenneth Blanchard, there is no one ideal leadership style.[11]

- e. **The relationship between reward, motivation, and performance:** Trahan and Yearout propose that employers offer significant financial rewards to recognize remarkable employee performance.[12] The most powerful management tools are represented by performance-based rewards. These rewards possess the capability to boost organizational performance by motivating employees, recognizing their contributions and efforts, and evaluating and appreciating their work. Rewarding focuses on developing employees' skills and competencies to strengthen the organization's capacity in resource management. The structure of the rewards plan will be determined based on the value of the position within the organization and the industry it operates in. Benefit planning (direct and indirect financial rewards) involves providing financial incentives in line with individual employee performance. Establishing a professional merit recognition plan refers to formal programs that appreciate performance in a public setting.[7]

CONCLUSIONS

In conclusion, income plays a pivotal role in motivating, satisfying, and ultimately affecting the performance of employees. When employees are compensated fairly and equitably, they are more likely to feel valued and motivated to perform their best. An appropriate compensation system not only attracts talent but also retains it, contributing to the achievement of desired outcomes and the maintenance of a productive and engaging work environment. Organizations that prioritize fair compensation tend to enjoy higher levels of employee satisfaction and are better positioned for success. In conclusion, the work environment has a profound impact on an employee's performance. A positive work environment that fosters motivation, productivity, satisfaction, and creativity can lead to superior results and overall organizational success. Employees thrive in an environment where they feel supported, appreciated, and inspired to contribute their best efforts. Organizations should invest in creating and maintaining such environments to maximize the potential of their workforce and achieve their strategic goals.

It is important to note that personality traits alone do not dictate an employee's performance in the workplace. Instead, they interact with other crucial factors such as skills, experience, and the work environment. In conclusion, understanding an individual's personality traits is valuable, as it can provide insights into their preferences, strengths, and potential areas for development. However, a holistic approach to employee performance management should consider these traits alongside other factors to create a comprehensive view. By doing so, organizations can tailor

development strategies, provide appropriate training, and offer support to help employees reach their full potential within the context of their specific roles and the organization's objectives.

In conclusion, leadership style plays a pivotal role in assessing workplace performance. A leader who adopts an effective style can significantly influence the level of satisfaction, commitment, and performance of employees. The leader's ability to provide clear direction, offer support, and create a positive work environment can have a direct impact on employee motivation and productivity. It is imperative for performance evaluations to take into account how the leader interacts with their team members as it is a key determinant of overall performance.

In summary, the design and implementation of reward systems are instrumental in achieving organizational objectives through the proper motivation of employees. This comprehensive system encompasses both tangible and intangible rewards, as well as financial and non-financial benefits. Effective reward systems not only incentivize employees to meet and exceed performance expectations but also contribute to employee engagement, job satisfaction, and overall organizational success. As such, organizations should carefully design and implement reward structures that align with their strategic goals and values to ensure the continued motivation and commitment of their workforce.

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