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**EFFICIENCY AND EFFECTIVENESS WITHIN THE  
MANAGERIAL PROCESS**

**Junior Lecturer PhD, Brînduşa Maria POPA**

Regional Department of Defense Resources Management, Brasov, National Defense  
University „Carol I”, Romania

Abstract:

Even though the effectiveness and efficiency are two different concepts they are closely related when considering organizational performance, which must combine both aspects. The effectiveness and efficiency are two basic concepts of management, both determining the analysis of what needs to be done by the organization and manner of action. Sometimes we can consider efficiency as judicious spending of funds allocated from the budget and optimizing the consumption of resources. When we look at efficiency as using minimum resources for an activity, we obtain efficiency from an economic point of view, but not from an organizational perspective.

*Key words: efficiency, effectiveness, allocations, expenditures, resources, objectives.*

## **1. Introduction**

The effectiveness and efficiency are two basic concepts of management, both determining the analysis of what needs to be done by the organization and manner of action. Effectiveness aims at establishing the most appropriate objectives, activities and allocation of all the resources needed to accomplish them thus, the results obtained shall meet the targets.

## **2. Efficiency and effectiveness – different perspectives**

Efficiency analyzes the results in terms of the resources used for the activity, compares the volume and the quality efforts with results obtained [1]. Efficiency means that things are done well, that resources have been used productively to achieve the objectives. For example, training a number of 500 employees with the same number of

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instructors used for 100 employees represents an increase inefficiency (from an economic point of view), i.e. obtaining a higher result for the same amount of resources or achieving the same result with lower consumption of resources, but this kind of efficiency can sometimes have negative effects (the training process might not have the best results).

Even though the effectiveness and efficiency are two different concepts they are closely related when considering organizational performance, which must combine both aspects. It is easy to obtain effectiveness when we don't have to take into account the efficiency, i.e. the level of resources allocated for the activity, but such a case is very rare, the reversed situation being encountered most of the time.

Sometimes we can consider efficiency as judicious spending of funds allocated from the budget and optimizing the consumption of resources. When we consider efficiency as the usage of the minimum resources for an activity, we obtain efficiency from an economic point of view, but not from an organizational perspective. For example, purchasing the cheapest equipment on the market can have a positive effect only on short-term. On the long term we will discover that that equipment is not resistant, it requires more repairs, even replacement, thus incurring new expenditures for the organization.

From everything mentioned above it results that the efficiency of an organization is difficult to be defined and depends very much on what is intended and on the timeframe (short, medium or long) of each project. What may seem like a larger expense on the short term may turn to be effective on the long term.

### **2.1. The impact of the managerial activity upon the efficiency and effectiveness of an organization**

If we analyze the activity of a department or an office (a smaller scale than that of an organization) we can notice that the same principles to streamline work can be applied as those applied for the organization as a whole. These methods depend mostly on the vision of the head of the office who is in charge with the work planning, establishes goals and priorities.

Increased work efficiency can be achieved through a good management of time, activities planning (they should be carried out according to their importance in achieving the goal). To this end, we consider it necessary to try to reduce the time spent in meetings or other unnecessary discussions which tend to be time eating activities. Unfortunately, the higher the level of management, the more time will be spent in meetings and sessions, so a solution would be partial delegation of authority.

Work scheduling is essential for work efficiency. Therefore, we believe that there must be a hierarchy of activities to avoid unnecessary time waste with minor problems. It is necessary to prioritize tasks in order not to delay the achievement of objectives.

In our opinion, clear communication will also help achieve efficient operation. A task which is expressed confusingly will be time-consuming, its achievement may even be compromised. On this account, the link between management and subordinates should be based on fairness and respect. The managers must not impose their will, they should lead by example in order to achieve efficiency and effectiveness parameters in their professional activities.

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## **2.2. Strategic planning and efficiency and effectiveness.**

Strategic planning is more than setting the vision of the organization, it also concerns setting long-term plans (10-15 years long) and deciding on the manner to accomplish them. This planning process should take into account changes in the organization and the external environment, trying to predict how they will affect the future of the organization. Through strategic planning top management establishes where the organization is headed and how this target will be translated into goals and objectives.

Sometimes, strategic planning can be confused with long-term planning because there are some similarities between the two, the similarities arising from long-term thinking required in both cases. However, strategic planning includes long-term planning, while the reverse is not possible.

Strategic planning covers the entire organization and in this sense it sets the direction. The beginning of the strategic planning process is the ultimate goal, which is intended primarily to be achieved and to this end, it goes back to the current situation by passing it through all the stages necessary to achieve that objective, but in reverse.

Long-term planning is the means by which goals and objectives are met, but this time we are starting from the current state and establish a way to meet estimated future needs. This is a process consisting of several stages, starting with identifying the position and status of the organization, mission, vision, values being operated, needs, objectives and strategies, action plans, and plans for monitoring and control. However, when planning, we should not place the emphasis only goals setting, but also on the manner of achieving them, and the best way to see if a goal has been achieved is to measure performance.

The definition given for performance by the business dictionary says that it is a "the accomplishment of a given task by comparing the results with established standards of accuracy, completeness, cost, and speed" [2]. Brumbach proposes another definition: "Performance means both behaviors and results. Behaviors emanate from the performer and transform performance from something abstract into action"[3]. This definition leads to the conclusion that when we analyze and manage performance, all elements must be considered as being inputs (behaviors, resources) and outputs (results). However, to complete this definition we must define one term: *results*. Results (outputs) are not the same as consequences, the usefulness of the results (outcomes). Getting results (outputs) does not always equal performance, and this is why we need to be established metrics (performance indicators) to measure results and hence the performance (efficiency especially) of an organization.

Performance indicators (PIs) are (should be) a key component of any planning activities. Any strategic planning process develops around the organization's vision, mission and values. The vision outlines the desired future image and indicates the purpose of the organization; the vision starts from the current state of the organization and indicates where it should arrive. The organization's mission derives from the vision, but it is much more concrete. It shows the organization's activity, in other words, the vision indicates why the organization exists and explains what the organization does to pursue the vision. Values are the principles that guide the organization for the task, help in decision making and guide performers to act in accordance with the vision.

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## **3. Conclusion**

In conclusion, we can say that managers should seek to optimize the activity of the subordinates, thus leading to increased organizational efficiency and effectiveness. This optimization can be achieved by eliminating outdated routines and activities, promotion of new methods and up to date technology.

Efficiency is a qualitative concept, but quality is closely related to quantity so, the concept of efficiency also has a qualitative aspect to the quantitative one. The quantitative side expresses two important aspects of the relationship between outcome and objective: the work done may be more or less close to the objective so, if the efficiency is lower or higher than the objectives established, they can be achieved through less or more effort, in a shorter or longer timeframe and by using a larger or smaller amount of resources. It is such difference that can be noticed between effectiveness and efficiency when assessing how to achieve the objective. Most times, when an activity is assessed taking into consideration whether or not it was effective (if it led to the expected / desirable outcome or not) the assessment through the prism of effectiveness is simpler than the through efficiency because the latter requires a more thorough analysis of how the results were obtained.

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