

Managerial Decisions and Organizational Performance

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Abstract. Managerial decisions are made differently from individual decisions. Managerial decisions are made by considering the objectives of the organization and adjusted to the overall existence of the organization. Managerial decisions have broad effects rather than individual decisions. In managerial decision making is through delegation of authority. This delegation is done so that managers can develop subordinates so as to further strengthen the organization, especially when there is a change in management structure. In this connection, of course the concept of organizational performance is able to illustrate that each organization provides services to the community and can be measured its performance by using existing performance indicators to see whether the organization has done its job well and to find out its objectives have been achieved or not.

Keywords: Managerial Decisions · Organizational Performance

1 Introduction

A manager must, continuously, make decisions. Decisions are made in order to solve the problem. Decision making and problem solving is an ongoing process in terms of evaluating organizational conditions or problems that arise, considering alternatives, making choices, and actions needed as part of decisions. In one condition, decision making can be concise. In other situations, the process can take weeks or months and no decision has ever been made. The entire decision-making process depends on the accuracy of the information available to the right people at the right time.

On another aspect, organizational performance is a picture of the work of the organization in achieving its objectives which of course this will be affected by the resources owned by the organization. The resources in question can be physical such as human or non-physical resources such as regulations, information and policies, so as to better understand the factors that can affect an organization's performance. The concept of organizational performance also illustrates that each public organization provides services to the community and can measure its performance by using existing performance indicators to see whether the organization has carried out its duties properly and to find out its objectives have been achieved or not.

Performance measurement is said to contain virtue values because performance measurement is able to provide information whether the organization has succeeded in achieving the desired goals or not. Organizations that carry out performance measurements are said to be able to manage the organization well. (Sudaryo, 2015). Conversely, an organization that does not measure performance is said to be like

flying with eyes closed without knowing where the organization is going. (Poister, 2003)

2 Literature Review

2.1 Managerial Decision

Decision making in an organization is inseparable from what is meant by a decision. According to Robbins and Coulter, the decision is to make a choice of two or more alternatives. (Robbins, 2009)

The decision was made because there is a problem. Managerial decisions made differ from individual decisions. Managerial decisions are made by considering the objectives of the organization and adjusted to the overall existence of the organization. Managerial decisions have broad effects rather than individual decisions.

3 Organizational Performance

Organizational performance is the functions of the work/activities that exist within the organization that are influenced by internal and external factors of the organization in achieving the goals set during a certain period of time. (Tika, 2006)

4 Discussion

A professional organization will not be able to realize a good performance management without strong support from all components of the company's management and also of course the shareholders. Because in the context of modern management a synergistic performance will not be able to run optimally if the shareholder or the commissioner companies only duty is to accept profit without care about various internal and external problems that occur in the company.

Overall shows that managerial performance which is the ability of managers to make plans, the ability of managers to achieve targets, and the gait of managers outside the company, is actually related to the four characteristics of information consisting of broadscope, aggregation, integration and timeliness, it's just that the magnitude of the relationship varies depending on functions that must be performed by the manager.

To achieve the goals of an organization or company must implement the implementation of performance management by managing cooperation in harmony and integrated between leaders and subordinates. Performance management will be realized if there is a relationship and desire that synergy between superiors and subordinates in an effort to jointly realize the concept of performance management is to develop and prioritize effective communication between various parties both within the company's internal and external environment. To survive in today's competitive environment, businesses must be able to create flexible and innovative business conditions, and businesses must consider the company's external factors which are increasingly

difficult to predict. The competitive advantage that can be created by the company can be achieved in one of the ways, namely to improve managerial performance.

If we see some of the symptoms above, it is a sign that managerial ability of a lack of information is a problem in team work. To be able to improve performance, management must have the ability to see and use opportunities, identify problems, and select and implement adaptation processes appropriately. Management is also obliged to maintain survival (survival) and control the company (going concert).

On another aspect, efforts to improve the performance of public sector organizations through the application of performance management is a necessity for the organization to take strategic steps to improve the performance of the organization. The implementation of performance management has been started since 1999 with the launching of the conception of performance accountability in good governance of government agencies with the issuance of Presidential Instruction No. 7 of 1999 concerning Performance Accountability of Government Agencies (AKIP). But until now, the performance of government agencies has not been a major focus in governance in measuring the success of a program or activity carried out by government agencies. Management of government agencies, still focuses on the performance of outputs (outputs) rather than outcomes (outcomes). For this reason, it has become important for public sector organizations to implement management strategies to connect the performance of public sector organizations with changing environmental conditions.

According to Ibrahim (2008), strategic management in principle is the ability of organizational management to adapt to the future which is generally short and medium term. Strategy is important because it is a process to determine the direction that must be followed so that the organization's vision and mission can be achieved. Strategies can also provide a sound basis for decisions that will lead to the achievement of organizational goals. Strategic decisions will increase the ability of leaders in dealing with change.

In this connection, performance measurement is very important to assess the accountability of organizations and leaders in producing better public services. evaluating, controlling and improving procedures and processes, and to compare and assess the performance of different organizations, teams and individuals. According to Mahmudi (2007) the purpose of measuring the performance of organizations is as follows:

1. Know the level of achievement of organizational goals
2. Provides employee learning tools
3. Improve the performance of the next period
4. Providing systematic consideration in making decisions regarding reward and punishment
5. Motivate employees
6. Creating public accountability.

In general, the purpose of the performance measurement system according to Mardiasmo (2004) is as follows:

1. Communicate strategies better by using the top down and bottom up methods.
2. Measuring financial and non-financial performance in a balanced way so that it can be traced to the development of strategic achievements.
3. Accommodating the understanding of the interests of middle and lower level managers as well as motivating to achieve the goal congruence.

4. As a tool for achieving satisfaction based on an individual approach and rational collective ability.

Mahsun (2006), stated several obstacles in measuring the performance of public sector organizations, including:

1. The performance of public sector organizations cannot be judged solely on the basis of financial ratios, because the aim of the organization is not to maximize profits.
2. The output in the form of services is usually qualitative, intangible and indirect, making it difficult to measure
3. Between input and output do not have a direct relationship (discretionary cost center) because of the difficulty of setting standards as a benchmark of productivity.
4. Not operating based on market forces so that there is no independent comparison and require instruments to replace market mechanisms in measuring performance.
5. Measuring heterogeneous community satisfaction from public sector organization services is not easy to do.

Ministry of Foreign Affairs (Bruijn, 2002) stated the function of measuring the performance of public sector organizations is as follows:

1. Transparency: organizations can make clearly what products they offer, how to analyze the input-output, including the costs
2. Learning: the organization becomes a step further if it uses performance measurement for learning, the transparency created teaches the organization what virtues it has and where the possibilities for development are.
3. Appraising: Performance-based performance can be said to be a functioning organization
4. Sanctioning: assessment can be followed by positive sanctions if it turns out that the performance is good, and negative sanctions if the performance is poor.

Bruijn (2002), put forward various positive impacts of measuring the performance of public organizations which ultimately have implications for strengthening strategic management as follows:

1. Performance measurement leads to transparency. Performance measurement provides insight to the organization about the main products, the amount of costs, and also how the activities of the organization or certain parts of the organization contribute to the output. Transparency can produce various forms of rationalization, and may trigger internal discussions about how activities can improve organizational performance. There are also clear guidelines on how to assess new structures or procedures, especially how they can contribute to improving organizational performance. The rationalization and development process can start together over time as the organization can measure the existence of its output.
2. Performance measurement is an incentive for output. Initially performance measurement has an impact on output, and subsequently it will ultimately contribute to organizational performance. Some research results that illustrate the relationship between the introduction of performance measurement with an increase in output have been carried out for example in a city government .
3. Performance measurement is an elegant way to create accountability. When the task of public organizations becomes increasingly complex, the discourse of autonomy becomes important and when autonomy is given, the implication is on

accountability, accountability for its performance. Information about performance is systematically measured and calculated so that it adds to the ability of certain periods. Information is also easily communicated, and information can be provided periodically every year.

Meanwhile, according to Mardiasmo (2004), performance measurement can be useful for the following matters:

1. Provides an understanding of the measures used to assess management performance.
2. Provides direction to achieve predetermined performance targets.
3. Monitor and evaluate performance achievements, and compare them with performance targets and take corrective actions to improve performance.
4. As a basis for providing reward and punishment objectively for the achievement of performance measured in accordance with the agreed performance measurement system.
5. As a communication tool between subordinates and leaders in order to improve organizational performance.
6. Help identify whether customer satisfaction has been fulfilled
7. Help understand the process of government agency activities.
8. Ensuring that decision making is carried out objectively.

In this connection there are performance indicators used to show the following results:

1. Effectiveness, seen from the suitability of the implementation of the tasks and work with the results achieved and the suitability of the policy with the implementation of the tasks and work in general are in accordance with the provisions set. Awareness from each field of tasks and functions plays a major role in the implementation of the tasks of each field.
2. Accountability, from the consistency between the tasks and functions of each section with the activities carried out by the company and its accountability to policy makers is still low because not all jobs can be accounted for. The granting of authority is not on target and there is no direct accountability to the community so that the community does not know the program of activities carried out by the organization properly and directed.
3. Responsiveness, in terms of the level of understanding of the tasks and functions in accordance with applicable regulations, the level of sensitivity of the work tasks with the results achieved, and priorities for the tasks and work carried out by each staff.

5 Cover

Based on the description above, it can be concluded that managerial decisions and organizational performance are two terms that are mutually sustainable. In this perception, performance measurement is very important to be carried out by the organization because it can help improve the quality of resource allocation and other managerial decisions and can facilitate data and fact based management for the future by providing a basis for planning, as well as monitoring and controlling planning. In

addition, performance measurement in managerial decisions and organizational performance is also very important to increase accountability by making responsibilities explicit and providing evidence of success or failure, and being able to provide a systematic basis for assessing and motivating staff.

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