

THE RELEVANCE OF HUMAN RESOURCES MANAGEMENT THROUGH STRATEGIC PILOTING WITH THE HELP OF THE DASHBOARD

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Abstract:

The improvement of the economic performances at the level of an economic entity supposes in fact a decrease of the degree of occupation of the human resources, implicitly of the volume of activity, hence, the need to recover the hourly volume. Basically, we are dealing with a reduction of malfunctions and a conversion of hidden costs into added value

Good cost management with human resources can be achieved through strategic piloting with the help of the dashboard. The use of this management tool helps to highlight the inevitable dysfunctions as the difference between the strategic objectives set by the economic entities and the actual achievements related to the period.

Keywords: dashboard, strategic piloting, human resources, economic entity, hidden costs.

JEL Classification: M 12, M41, M51.

1. Introduction

The current context of economic development has generated concerns for many of the world's economic research institutes, which have outlined in the last 50 years a new perspective on socio-economic management, in order to stimulate the economic and social performance of economic entities. Among these concerns, the **management of human resources** and the effects produced by their intervention in the activity of economic entities, are preponderant, as actions being retained: i) development and enhancement of human resources skills in contradiction with volatile skills; ii) the significant gap between the virtual competences of the human resources in the economic units; iii) innovations to reduce human resource failures and recycle the hidden costs of value-added human resources.

For the development of economic entities, the most favourable strategic situation is represented by economic growth, because it allows the joint increase of economic and social performance considering both the maintenance of human resources and the improvement of results in terms of quality and finance.

Most studies conducted by economic research institutes recommend that economic entities that decide to resort to reducing dysfunctions and converting hidden costs into added value adjust their strategic plans, abandoning strategies to maximize immediate results and short-term economic performance, to allocate a part of the costs with human resources generated from conversions, for activities creating potential in the medium and long term, respectively: i) development of commercial activities; ii) socio-organizational technical and technological innovations, generating economic performance in the near future.

It is also good to know that: i) improving the competitiveness, profitability and economic and social efficiency of economic entities cannot be achieved only by accumulating financial resources, technical means or working hours; ii) coercive management does not allow the socio-cultural evolution of economic entities and people in general, in everyday life; iii) human resources have a predisposition to protect the economic and social environment, to comply with legislation and even state intervention in the economy, but do not accept to work under any conditions and according to any rules of the game. Human resources want to be considered as a professional producer and respected by the employing economic entities. All the aspects, mentioned above, can generate malfunctions, which in turn generate counter-performances, excessive operating costs, productivity or low efficiency, found in hidden costs.

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1. Literature review

A good management of human resources can be achieved by synchronizing the activities of economic entities, to increase their effectiveness. In this sense, the general socio-economic management model presented by the authors Savall, H. and Zardet, V. (2010), entitled "*The star of strategic management*"¹, is to be appreciated. **(Figure no.1)**. This theory promises the development of two innovative concepts, respectively: the theoretical concept SIOFHIS and the operational tool CAMRU (additional contract with human resources).



Figure no.1. *General socio-economic management (MGSE)*
(Source: *Maîtriser les couts et les Performances Caches*, page 27)

The theoretical concept SIOFHIS, is an operational information system on the integrated and stimulating functioning of human resources, usable by an economic entity. The purpose of the use is to determine the capacity of the economic entity to organize and stimulate the capacity of human resources in order to achieve the proposed objectives. The system thus built, allows the enhancement of the principles of global management, but especially, allows the synchronization of activities, highlighting the tools and sources for achieving economic and social performance of economic entities.

The whole concept is based on the efficient synchronization of activities, continued with adjustment, which becomes the complementary source of efficiency and performance. A review of objectives and procedures is regularly provided.

After highlighting the essential factors for achieving performance, the same Savall, H. created in 1977 the CAMRU concept, an operational tool for sustainable performance growth by reducing human resource dysfunctions. This method, relatively simple, is based on the principle of synchronizing activities to coordinate traditional areas of management.

Regarding the CAMRU operational tool, several features are specific:

- CAMRU is in fact an additional contract to the employment contract, with a regulated duration, which can usually be six months or can be for an indefinite period depending on the objective;

¹ Savall, H. și Zardet, V. (2010) "*Maîtriser les couts et les Performances Caches*", Economica Publishing House, Paris, p. 26-30.

- Through CAMRU, in fact, the professional relationship between each employee and the hierarchically superior boss changes. It is a job description, for a determined period for stimulating and improving short-term labour productivity, with implications on the performance of the economic entity;
- Through CAMRU a grouping of maximum ten priority objectives is set, which are either individual or collective. It starts on the one hand from the diagnosis of malfunctions, as the main source of hidden costs, and on the other hand from the strategic plan of the economic entity (for 4-5 years). The new job description (CAMRU), annexed to the employment contract will be coordinated by the same structures that generate the employment contract (section, service, workshop, form), having as management tool a decentralized piloting dashboard;
- In essence, CAMRU is a complementary tool for working with human resources, which clearly states the objectives of improving performance, but also the advantages that both parties can have. This synchronization can stimulate the productive behaviour of human resources by increasing performance by reducing costs and increasing the quantity of products and their quality.

3. Research methodology

Of all the epistemological currents in the field of socio-human sciences, two paradigms were retained for this study: positivism and constructivism.

The positivist theory, founded by the Frenchman Auguste Comte, reveals certain empirical regularities in the choice of accounting methods. However, the lack of statistical power of the tests and the obtaining of relevant results, as a result of little-known alternative hypotheses, makes this research have some limitations. The research carried out in this study is part of this current, by addressing theoretical information, based on the analysis of the interaction between accounting information and the scope of production by some economic entities on the one hand and respectively in terms of methods used for performance management and evaluation, respectively the sustainable conversion of hidden costs into added value, on the other hand.

Constructivism is the current that has evolved as a result of criticism of positivism. According to this current, the knowledge becomes a construction between the knowing subject and the knowable object, obtained from the researcher's interaction with the researched object. Some aspects treated and presented in the study have a scientific approach inscribed in the constructivist current. In other words, scientific research is positioned on the positivist-constructivist axis, based on experience and reflection.

4. The structure of the strategic piloting dashboard - TBPS

Good cost management with **human resources** is achieved through **strategic piloting with the help of the dashboard**. The use of this management tool helps to highlight the inevitable dysfunctions as the difference between the strategic objectives set by the economic entities taken over in CAMRU and the actual achievements related to the period. In essence, the strategic piloting of human resources consists in the permanent adjustment of priority actions and the connection with the strategic objectives broken down in CAMRUs.

The dashboard consists of all the specific indicators, presented in synthetic form, with a correlated periodicity, so as to allow the person in charge to react quickly when the malfunctions appear. The notion of "responsible" is generic, as it includes all persons who have a certain level of responsibility, in this sense, for the exercise of strategic piloting of human resources.

In fact, each person responsible for the strategic piloting of human resources has tasks in his area of responsibility, in reality, being considered a co-pilot of the strategic piloting dashboard of human resources. Moreover, the dashboard for the strategic piloting of human

resources, for execution is sectioned and adapted for each function, respectively responsible person on his area of activity.

Below is the synthesis of the recommended principles for the construction of a dashboard for the strategic piloting of human resources, specific to a production station, located mainly among the production structures of economic entities in the sample on which the scientific research was conducted (**Figure no.2**).

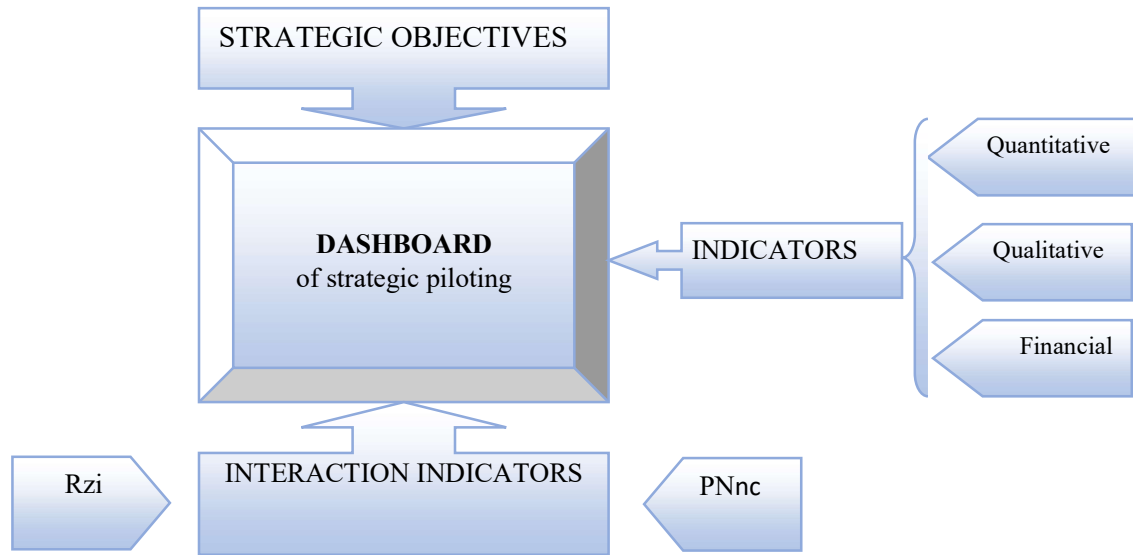


Figure no.2. *Common principles for achieving the strategic piloting dashboard*
(Source: own processing)

Respecting the common principles of achieving the strategic piloting dashboard, the strategic piloting dashboard of human resources was designed, specifying the main groups of objectives (**Figure no.3**).

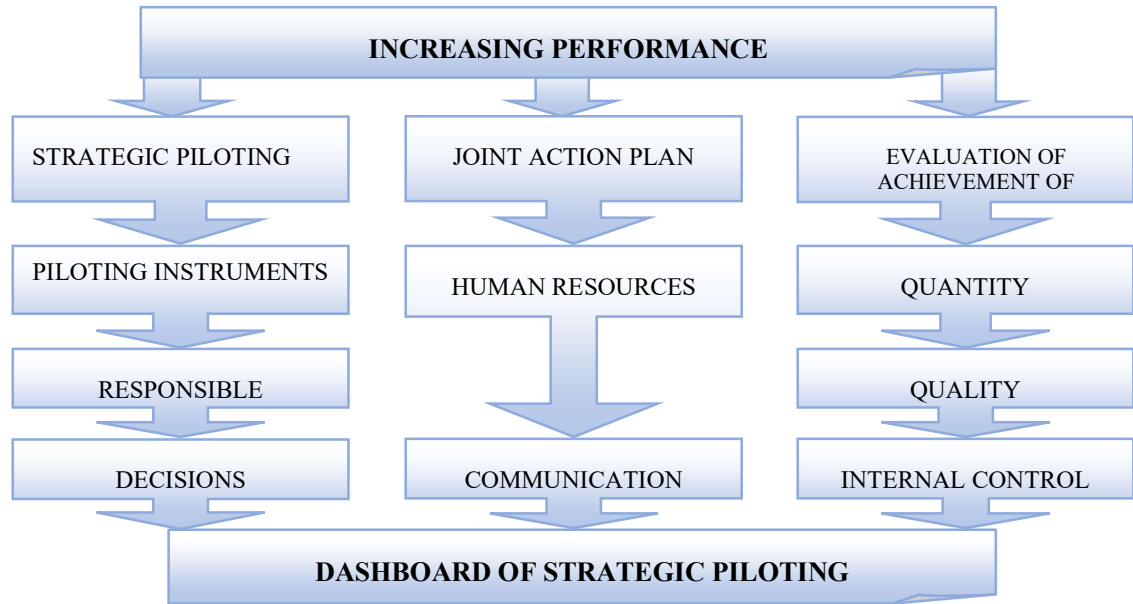


Figure no.3. *The main target groups for TBPS*
(Source: own processing)

4.1. Insertion of strategic objectives in the strategic piloting dashboard

The strategic piloting dashboard is the main working tool available to co-piloting in activities of knowledge and ongoing analysis of the operation of the area of responsibility, in order to make relevant decisions to achieve strategic objectives, in this case a production structure of the entity.

Therefore, for each co-pilot, the dashboard must be detailed and explicit for all strategic objectives. All these details must be assumed by the head of the structure and approved by the management of the economic entity.

After formulating, appropriating and approving the strategic objectives that will be registered in CAMRU, it is necessary to present the concrete actions for the enhancement of the priority action plan with the help of TBPS.

In the case of the production structure, for a set strategic objective, the following strategic operationalization actions can be chosen, each time, for each concrete action, with the help of different co-pilots. The proposed actions are the following:

- ✓ launch of the new product;
- ✓ customer reliability;
- ✓ Personalization of relationships with traditional customers.

These actions can be three different ways of implementing the strategic objective by three different co-pilots. The first action is also the first indicator, which is the subject of concern of the person responsible for the *manufacture of the new product*. The second action is the second indicator that is subject to the concerns of the person responsible for *packaging the products*. The third action is the third indicator, which is the subject of the *logistics manager's* concerns. At the same time, the definition of the three actions also represents the definition of the three strategic operating indicators, which will be included in detail in the centralized strategic dashboard of the production structure and detailed in the functional dashboard of each co-pilot.

In principle, in a first view, the strategic indicators leading to the establishment of the results achieved following the implementation of the priority action plan can be grouped into two categories:

- ✓ Strategic indicators for local piloting;
- ✓ Strategic indicators for global piloting.

Both categories of indicators remain in the sphere of action and responsibility of the co-pilots, only the former concern the actions at section level, team workshop, etc., and the latter concern the actions destined to consolidate the strategic piloting dashboard at the entity level.

A second vision regarding the grouping of strategic indicators concerns:

- ✓ Strategic management indicators for current piloting;
- ✓ Strategic management indicators for strategic piloting.

For the piloting dashboard to be a co-pilot operating instrument, it must specify:

- ✓ Indicators for immediate results;
- ✓ Indicators for newly created potential.

This grouping represents a third vision regarding the grouping of strategic indicators.

A fourth vision, regarding the grouping of strategic indicators, concerns the highlighting in the strategic piloting dashboard of the following categories:

- ✓ Quantitative indicators;
- ✓ Qualitative indicators;
- ✓ Financial indicators.

4.2. Indicators for defining immediate and future performance

4.2.1. Indicators for defining immediate performance

The indicators for defining immediate performance are indicators that reflect the obtained results as a result of the activities carried out during the current financial year, according to the revenue and expenditure budget and the treasury budget, both included in the annual operational plan “cut” from the strategic plan of the economic entity. All these represent costs and visible performance in the dashboard of the period. But for maximum visibility, to these indicators must be added indicators on the recording of hidden costs and hidden performance inherent in the conduct of economic activities. These costs of malfunctions, generated by production quality problems, need to be managed as best as possible, precisely with the help of the strategic piloting dashboard (TBPS).

In other words, the occurrence of these hidden costs generated by unforeseen dysfunctions, obliges the economic entities to set objectives, supported by innovative actions, to discover malfunctions, limit them, and as far as possible, the conversion of these hidden costs into added value for the improvement of the economic-financial results.

During the study, the following indicators were retained for analysis to define the immediate performances, within the researched production structure, due to the dysfunctions of the hidden costs:

- Absenteeism;
- Quality issues;
- Direct productivity;
- Warranty terms.

4.2.2. Indicators for defining the perspective performance

These indicators reflect intermediate results obtained as a result of the activities carried out during the financial year according to the revenue and expenditure budget, the treasury budget and some development projects implemented during the period or in progress, for which we do not find a positive impact at the end of the year, in the income statement. Thus, in future financial-accounting years we will find these results.

The following indicators were retained for analysis to define the prospective performances within the analysed production structure:

- Indicators for defining perspective performance in terms of immediate results;
- Indicators for defining perspective performance in terms of comparing similar immediate results;
- Indicators for defining perspective performance in terms of anticipated results on immediate results;
- Indicators for defining perspective performance in terms of human resources behaviour;

In summary, the strategic piloting dashboard (TBPS) has a dual role in defining and understanding the fundamental economic mechanisms of economic entities: prospective and retrospective.

In all cases, the establishment of the analysis indicators described in the strategic piloting dashboard is done with great care and thoroughness, on hierarchical steps targeting significant cost items, marking the hidden costs for a target product or group of products.

The overall dashboard established in the case of the present research, for a production station may usually comprise a maximum of 20 indicators, while for the relatively simple individual dashboard, the number of indicators shall not exceed ten. The integration of these indicators into the strategic piloting dashboard (TBPS) must be of maximum practical use, in particular to increase efficiency, quality of work and decisions.

Construction of a high-performance strategic piloting dashboard (TBPS)

The construction of a high-performance TBPS must allow a great flexibility of information over time and a permanent simplification of its structure. In this sense, for more operability, more security and more incisiveness in action, qualitative information can become quantitative along the way, quantitative information can become financial, financial information can become quantitative.

Regarding the selection of indicators for TBPS, they are guided by the following principles: to include indicators for highlighting strategic objectives; include indicators for highlighting immediate and perspective performance; to include indicators for assessing the constitutive and financial qualitative information. The stages of TBPS construction can be the following:

Stage I: setting the strategic objectives of co-pilots for immediate and perspective results. This stage remains developed here only at a theoretical level. Practically, this stage will take shape in the third part of the doctoral thesis, respectively in the last chapter, in which we shall realize the innovative project for increasing the performances of the agro-industrial economic entities. Regarding the immediate strategic objectives, they can be the following: cost reductions or revenue increases. The strategic objectives for the future can be: new investments that generate cost reductions, or new investments that generate revenue increases.

Stage II: Conversion of strategic objectives into indicators. At this stage, the nominated indicators will represent tangible concrete economic and financial operations, which can be evaluated quantitatively, qualitatively and financially. Also, at this stage, the objectives that will be transferred to the TBPS of the SPPL will be established by mutual agreement with the management of the economic entity on the one hand and with the co-pilots, respectively with all CAMRU signatories, on the other hand.

Stage III: Establishment of internal operation indicators and for operational management and completion with external indicators related to the area of responsibility.

Stage IV: Establishing the periodicity of analysis of indicators. Obviously, not all indicators need to be analysed with the same frequency. The construction of TBPS will allow an arrangement of indicators according to the need to use the information provided. As a rule, the periodicity of the analysis of the results provided by the indicators varies between one week (minimum) and one semester (maximum). At the same time, the flexibility of the TBPS will allow the adjustment, rectification, completion or simplification of the indicators depending on the following situations: setting strategic objectives; the appearance of new dysfunctions; allocating complementary time for outlining indicators.

Given the requirements for the construction of a TBPS for the SPPL production structure of an agro-industrial economic entity concerned with launching new products and achieving human resources with the help of CAMRU to achieve these strategic objectives, usually for modular periods of one semester, the framework structure of such a TBPS must include the indicators grouped in three categories according to Figure no. 4.

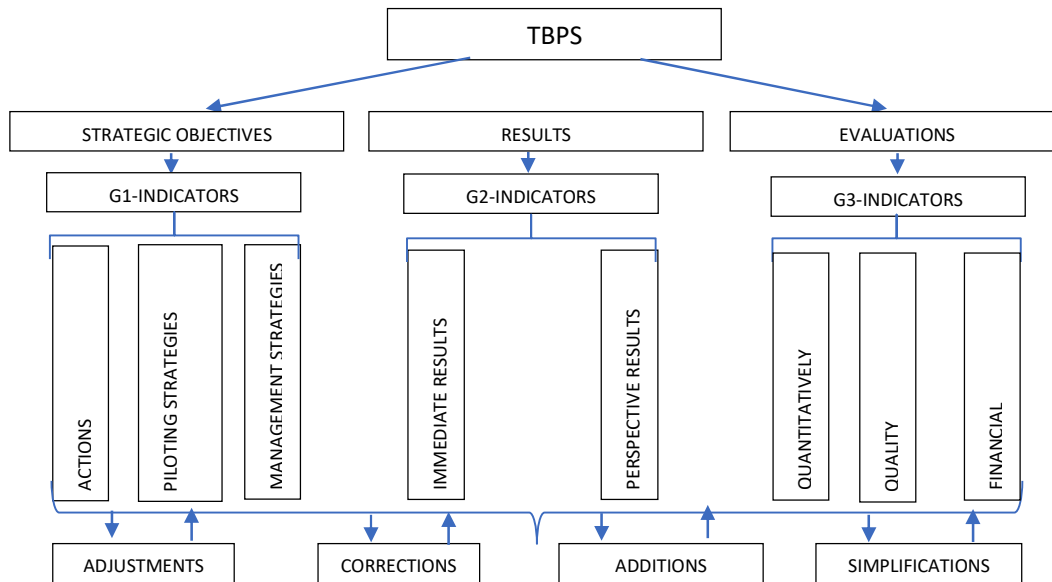


Figure no. 4. *TBPS framework scheme*
(Source: own processing)

6. Using the strategic pilotage dashboard (TBPS)

6.1. Synchronization of the dashboard for strategic piloting with the activities provided in CAMRU

As mentioned, the “additional human resources employment contract (CAMRU), is a pilot tool of the economic entity used to implement the strategy of achieving objectives and increasing performance”. From a legal point of view, CAMRU is an advance commitment between two parties to achieve the improvement of the socio-economic performance of an economic entity for a well-defined duration. Obviously, CAMRU must have well-defined coordinates and clauses on the required effectiveness of the human resources employed on the participation in profitability improvement results due to the reduction of malfunctions and related hidden costs. On the one hand, all these efforts must be stimulated by a form of complementary remuneration.

In order to achieve these objectives of human resources cost management, it is necessary to **synchronize CAMRU with TBPS** through an active human resources management. In essence, active human resource management involves the following steps:

- Identifying for each person part of the clear objectives that will be passed, in each CAMRU in connection with the individual strategic piloting dashboard;
- Centralizing the individual indicators up to the level of the head of the production station in its TBPS and following these indicators at the level of this production structure. At the same time, the indicators registered in CAMRU will be followed by the head of the production station and the designated co-pilot, at individual level. It should be noted that all CAMRU can be negotiated whenever necessary for each objective;
- Given the limited level of indicators provided in the CAMRU for each person, the flexibility of the TBPS will allow to take over some deviations of the basic indicators intervening with those adjustments, rectifications, completions or additions.

If the responsibility for coordinating TBPS, whether individual or at the level of the production structure, lies with the stationmaster and the designated co-pilot, the pilot decisions during the validity period of CAMRU are taken according to each situation based on existing and valid operational procedures at the level of the economic entity, in which we mention **(Figure no.5)**:

- The *hierarchically superior piloting*, is carried out after an analysis of the results of the individual dashboard by the pilot and the co-pilot of the production station and the information by them of the hierarchically superior echelon. In this case, the procedures provide for the decision to be taken at the level of the economic entity;

- *Conventional piloting*, is carried out after an analysis of the results of the individual dashboard by the pilot and co-pilot of the production station and a pertinent assumption of the contractual human resources CAMRU of the changes to be made to achieve the objectives;

- *Autonomous piloting*, is performed after an own analysis of the stage of achievement of the objectives provided in CAMRU. In principle, the decisions belong to the contractual human resources CAMRU, which does not prepare to consult with teammates.

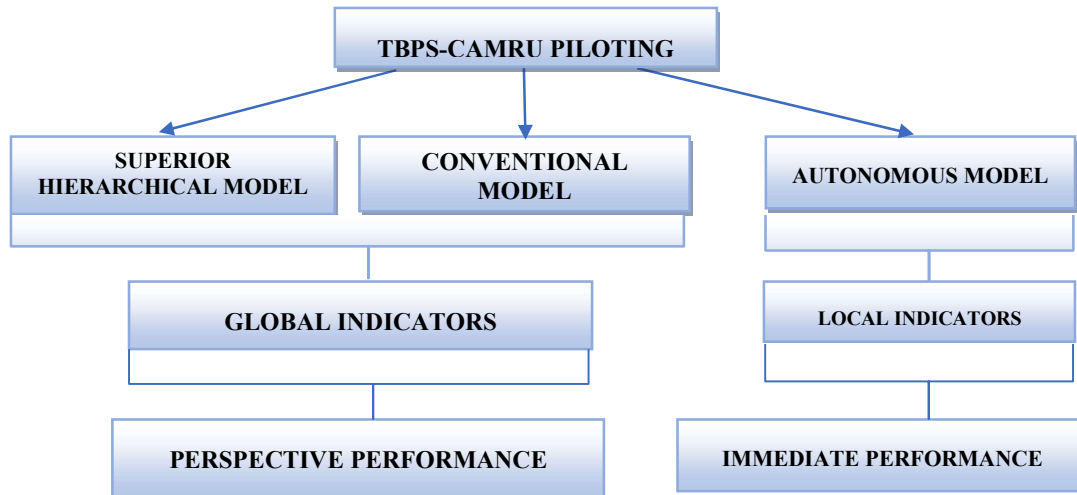


Figure no.5. Pilot models for TBPS-CAMRU synchronization
(Source: own processing)

6.2. Coordination of the dashboard for strategic piloting (TBPS)

TBPS coordination can be achieved in two stages:

- Stage I: establishing local level indicators for which an autonomous piloting model is practiced;

- Stage II: establishing the strategic level indicators for which either a conventional piloting model or a hierarchically superior piloting model is practiced.

These two stages can be alternative, complementary or simultaneous, depending on the stage of preparation of the strategic objectives at the time of starting the construction of the TBPS.

The consolidation of TBPS can be achieved either by the simultaneous centralization of all production structures, or by adding unit by unit (**Figure no.6**).

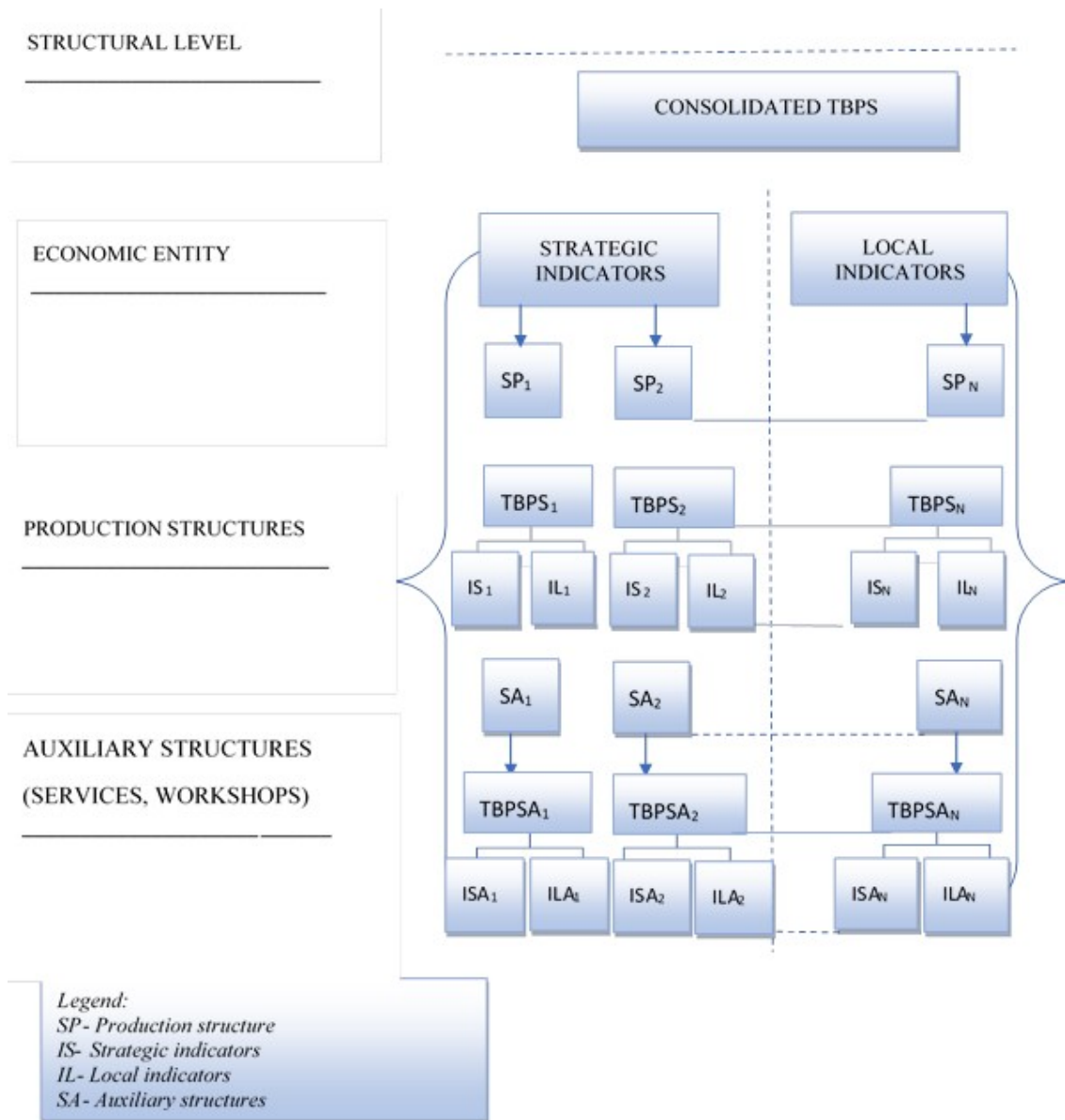


Figure no.6. Unit-by-unit consolidation of TBPS

7. Conclusions

Overall, good cost management with human resources can be one of the significant tools for increasing the performance of economic entities, by using the CAMRU concept, as an operational tool for sustainable growth of economic performance by reducing human resource dysfunctions and eliminating their effects as much as possible, respectively of the hidden costs.

Also, a better management of human resources costs is achieved through the strategic piloting of their activities with the help of the dashboard. By using this significant tool to increase the performance of economic entities, it is easy to highlight the malfunctions and manage them, in connection with the strategic objectives taken over in CAMRU. In fact, all the actions formulated and appropriated by the management of the economic entity as strategic objectives that will be included in the CAMRUs are transformed into concrete actions by highlighting the priority action plan with the help of TBPS.

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