

# INSTRUMENTS OF DEFENSE RESOURCES OPTIMIZATION. DEFENSE RESOURCES MANAGEMENT AND PERFORMANCE MANAGEMENT

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*Major decisions to allocate defense resources lead to high expenditures. What is more, they always generate extremely high public expenditures for long periods of time and that actually influences multiannual budgets. One solution to mitigate the great social impact of that is to plan defense resources by focusing on performance and transparency to the supporting citizens so that political and military decision makers are clear about the priorities and constraints placed by previous commitments on current decisions, as well as by the limitations posed by current commitments for future decisions. It is only thus that the inherent processes supported by defense resources allocation systems based on performance management reach maximum efficiency and effectiveness.*

**Key words:** *defense resources, optimization, defense resources management, performance management.*

## 1. INTRODUCTION

The ongoing metamorphosis of humankind engenders changes to the infinitesimal level of all fields of social life. Nowadays world is presented with a clear-cut dichotomy between globalization and fragmentation. In this respect, it is beyond any shadow of doubt that the underlying forces of this are the power drive that characterizes human beings, and the differences among civilizations: *“The key issues on the international agenda concern differences among civilizations. There is a power shift from Western civilization to non-Western ones. Global politics is multi-polar and multi-civilization.”*[1] Globalization has already shown its strength and tends to engulf fragmentation. Thus, nowadays mega-networks of all kinds –IT, product distribution, mobile phones, fast cross border transportation, the borderless products

that have conquered the life of young generations, along with other features of globalization play an active role even in those cases when, at least at organization level or at the level of formal statements, fragmentation becomes manifest. Moreover, globalization plays a perfidious role in motivating the actions of the great world players. These are keen on meeting their economic and financial interests related to ensuring their safe cheap and unconstrained access to resources and markets worldwide while striving for power and influence and taking measures meant to prevent competition from using the same resources. Hence, *“[...] Economically speaking, we live in something that is very close to One World. The trouble is that politically, it isn’t. [...] Hence we can see that globalization changes our world because it increases economic competitiveness and political defensiveness. Is there a solution*

*to this problem? It is of the yes and no that makes the global problem difficult". [2]*

In this context of globalization as an encompassing phenomenon, the concept of state security no longer refers solely to the military field. It acquires new meanings from fields like economy, finances, politics, society, environment, etc. that are well integrated, planned, balanced and correlated. Thus, it comes as no surprise that globally speaking the monopoly over the decision making process, or at least the influences the latter is subjected to, is manifest in all fields: social, political, environmental, military, etc. While the main instruments used to this purpose are of economic and financial nature. Currently, economy, which is an important pillar of a state influences the other fields but it is also subjected to their influence, as well.

The military field is part of the social environment and hence of its evolution. Consequently, the new technical, scientific and information discoveries have generated a breakthrough in the military since the latter is mostly sensitive to technological changes and the political will of society. In this respect, a study focused on the forecast for the defense market published by IHS Jane's Defence Weekly [3] outlines the factors that contribute to world competition in the defense sector: problems with national budget construction and assurance, customers' requests that are incessantly on the increase and changing, frequent political changes, and pressure of prices. The chapter on defense expenditures for the next four years (2014-2018) underpins all of the above. Other issues approached by the study are the evolution of the most important world markets in the defense field (Saudi Arabia, Australia, Brazil, the Great Britain, China, South Korea, India, France, Germany, Russia and the USA), and the estimation of defense expenditures for seven regions of

the world (Africa, North America, Latin America, Asia/Pacific, the Commonwealth of Independent States, Europe and Middle East). Thus, for the aforementioned time period, an increase of 5.3% in defense expenditures, and hence in the quantity and quality of defense resources, is estimated. Even though this increase is not of a significant nature since it actually refers to the technological update/upgrade required by likely future conflicts, it actually highlights nations' political will to preserve their power status that they have acquired at regional and international level.

Thus, the military field is completely dependent on the society it serves and as such does not cease searching for the best solutions in terms of efficiency and effectiveness to the goals established by the political factors. In this respect, successful strategic military plans build upon an optimal integration of strategic concepts and a planning of capabilities and resources made available by the civil political component that measures up to performance standards. Hence, the concept of optimization relies on interrelating the commitment of top level decision makers of a nation to the defense field with the rigorous analysis of the latter's requirements, affordable costs, necessary programs and capabilities needed. Basically, military planning is inherently related to judicious human, financial, logistics, information resources planning.

In conclusion, the military system is nothing but a resource consumer, even though its resource requirements are never fully met. As such, it needs to transfer the goals established by the political decision making bodies into capabilities in a transparent and optimal manner.

All of the above considered, the aim of this paper is to analyze, outline and describe the fundamental concepts and instruments that underlie the complex process of defense resources allocation so that the evolution and the dynamics of

the aforementioned research field is properly grasped.

## 2. DEFENSE RESOURCES MANAGEMENT

The question that emerges when first encountering the concept of “defense resources management” is **“Why approach defense resources management as long as there is already the well-defined concept of management?”**.

In order to provide an answer to this, the paternity of the aforementioned concept must first and foremost be identified. Thus, the first to use it was the North American public management system as a result of the differences between the increasing requests for resources on behalf of the military system and the responsibility of civil governmental authorities to meet these and their willingness to do so under constraints such as: the amount of resources could be reasonably assured and the arguments underpinning the requests were clear and transparent. These clear-cut limitations were actually the result of overlapping missions of the armed forces services that led to requests for resources that served similar goals but for different entities. Moreover, the economists were already convinced that the defense sector had proven inefficient from an economic and financial perspective. The evaluation criteria by which such a conclusion was reached were: efficiency, need and timeliness of resource consumption, as well as goal precision, since it is a well known fact that the very purpose underlying the existence of the defense system, that is **“national security”**, is immaterial and pretty vague for the common tax payer. Hence, the concept of “defense resources management” initially referred to defense expenditures.

Under these circumstances, the political and military decision making bodies had to search for scientific means by which to make resource requirements so that the

capabilities built/employed were large and flexible enough to counter any future unpredictable crisis and the planning of military activities could meet the challenges raised by a volatile security environment [4]. Having determined the fundamental needs of the defense sector, the issue of establishing, evaluating and justifying both defense programs and the solutions chosen to build them had to be tackled. In this respect, the approach was two-fold. First, an answer to the question: “How much is enough?” [5], had to be provided. Second, the best action plans had to be elaborated while assuring the abilities that are required by the swift adaptation to crisis situations.

The solutions to all of the above queries consisted in the identification and adaptation of those methods that had proven successful in private companies to the defense environment in order to optimize the allocation of available defense resources and hence to increase defense efficiency and effectiveness by adopting objective decisions. The result was the coinage of the **“defense resources management”** concept that managed to a certain extent to eliminate the differences created by the multiple constraints expressed as: necessary/allocated/executed/justified.

As for the proper definition of the aforementioned concept, there have been attempts on behalf of theorists in this direction but their explanations concerned mostly the instrument by which the management of defense resources is undertaken, that is the planning, programming, and budgeting system of defense resources.

All of the above considered, the concept of “defense resources management” and more specifically the nominal phrase of “defense resources” requires clarification. Thus, the term of “resource” alludes to *“the supply or the source of the means that may be used at a certain moment”* [6], while that of defense resources has acquired multiple

interpretations. For instance, the Military Lexicon defines it as “*the sum of means available at a given moment to meet the needs triggered by military actions*” [7]. This definition is not too different from the one provided by The Romanian Law on National Defense: “the sum of human, material, financial, and other resources assured and employed by the state with a view to supporting the defense of the country” [8]. In terms of the resources that are part of the defense area, the Integrated Concept on Romania’s National Security (in Romanian: *Conceptia integrată privind securitatea națională a României*) approved by the Romanian Supreme Council of National Defense (in Romanian: *Consiliul Suprem de Apărare a țării*; acronym: CSAT) in April 1994 identified these as “[...] *the capacity and possibility on behalf of the Romania to defend and promote its fundamental national interests*” [9]. As far as all of the above definitions are concerned, the similarities are worth noting: the role of state as a generator of unlimited possibilities for the defense area with a view to assuring citizens’ safety and national security. Consequently, if to all this the notion of “defense”, defined as “one of the main ways of conducting battles that focuses on stalling enemy’s offense; the sum of measures taken to serve this goal” [10] is added to all of the above, then the concept of defense resources refers to the sum of entities that generate forces, means and information available to the state and that, by their nature or destination, can be used by the state to stop hostile actions of an adversary that is viewed as an enemy.

Defense resources management is defined by specialists in many ways in a more or less complex manner. However, what underpins these explanations is the fact that this type of management is the instrument that supports the military in achieving the goals outlined by the political bodies. In this respect, W. Hinkle

and V. Gordon view this type of management as a complex process consisting in interrelated activities and that begins with the delineation of medium and long term objectives, continues with outlining plans aimed at reaching these, with budget allocation for the aforementioned plans, with their implementation and ends with feedback and plan review [11]. Referring to the same complexity, Mirela Pucau underlines the following: “*defense resources management can be defined as the sum of activities, skills, abilities, experience, competence and masterly endeavors to conceive, implement, correlate, coordinate and lead the process or processes meant to identify, evaluate, allocate and efficiently use human, material, financial, technological, information, cultural and other resources needed to generate and regenerate the forces, means and activities required to continuously optimize the national, European and international environment, as well as to put the concepts of security and defense into practice.*” [12] A more general definition of the same concept describes it as the specific system of accomplishing goals by employing instruments contributing to the analysis and evaluation of alternatives [13].

Basically, “*regardless of its definitions, the goal of defense resources management is assure an efficient and effective of limited defense resources in accordance with the multiple goals and priorities of national defense. [...] Any defense resources management system needs to assure the link between defense goals, military requirements and available resources*”.[14]

To sum up, defense resources management is a sequence of activities pertaining to planning, organizing, decision making, coordinating and controlling, all of which are part of the process of employing defense resources that

supports the implementation of the country's defense policy.

### 2.1. The role of defense resources management

And yet, **What is defense resources management needed for?** In this respect, its role can be described as aiming at allocating resources in the military field in order to support the decision making process by supplying relevant data while allocating the exact amount of time for the efforts made in this direction. Simultaneously, defense resources management is the unequivocal mathematical and transparent process of allocating resources. As a result of its salient feature that allows it to be used as a planning instrument that can be used in any field and hence contributes to the elimination of the arbitrary in allocating resources, it builds communication channels among political decision makers, military experts and citizens. Moreover, defense resources management provides leaders with adequate and efficient instruments that allow them to make reasonable and well argued decisions.

Another question tightly related to the previous ones concerns the **history of defense resources management**.

This type of management dates back to the '60s in the USA. During the Kennedy administration the Department of Defense, under the leadership of the State Secretary, Robert McNamara, identified a series of specific issues like:

The lack of planning, organization, execution and control on short and medium term;

- The shortage of instruments to evaluate the accomplishment of goals as compared with the resources allocated and with the ones employed;
- The absence of a clear correlation between strategic analyses, resource allocation and defense budget elaboration;
- Rivalries among services generated by inequitable

and subjective allocation of resources;

- The lack of a joint analytical grounding of resource allocation on behalf of all services;
- The absence of a unique plan in the field of defense planning on behalf of the State Secretary that should have framed an integrated vision on national security, priorities and inherent resources;
- The lack of unique budgeting for all services and hence the faulty perception that the budget was merely an instrument for financial management and not a management instrument that needs to identify priorities and balance resource allocation;
- The lack of a forecast for multiannual expenditures since budgeting was a yearly endeavor;
- The shortage of estimates on the expenditures generated by using armament during its whole life cycle.

The burden of all of the above, as well as the looming threat posed by the Communist countries, especially by the Soviets, the financial pressures generated by the US direct involvement in military conflicts [15] led McNamara to the reform of the whole system of defense resources management. The success of this endeavor was highly supported by his wide experience in managing important private companies – he had been Chief Executive of the Ford Motor company and as such had innovated a lot at management level-, by his knowledge of system theory, statistics, etc. One of McNamara's priorities was to turn the goals established by the political decision makers into public policies and, hence, into complex models of planning supported by coherent systems of budget planning. Charles J. HITCH, Under Secretary of State in the Department of Defense brought an important contribution to the aforementioned efforts

by introducing the methods of operational research in high level policy. In this respect, his scientific preoccupation with the development of models aimed at correlating human activities with expenditures and performance contributed a lot. It is thus that the Defense Planning, Programming, Budgeting System, as an instrument of defense resources management, is framed.

The success of restructuring defense resources management based on the direction formulated by McNamara led to its optimization, as well as to the clarification of its three most important elements and their inherent roles: planning- as a strategic long term endeavor, programming- as a medium term breakdown of the activities required by the planning stage, and budgeting- as a short term effort that involves identifying the costs of each activity by estimating its evolution towards meeting the goals and objectives already established.

Despite the success of McNamara's reform in the field of defense resources management, there were no substantial changes in the USA in the "60s and the "70s. The causes were more of a psychological nature and were related to the unfavorable opinion of the US citizens on the Vietnam War. That led to a softened stance on behalf of politicians as far as the identification of other likely threats to the US national security was concerned. Consequently, the Congress, the political decision maker, rejected McNamara's criticisms of the defense program on grounds that they were nothing more but arguments in favor of transforming the US into a "world policeman". Moreover, the structures within the military system did not join their efforts to outline a planning concept based on uncertainties. What they actually did was to focus their efforts on countering the main Soviet threat and a few other crises that they viewed as important.

However, the "70s is the time when the US defense resources

management system is imported and implemented in various forms, entirely or partially, fully or less adapted to the national cultures of Western countries like: Australia, Belgium, Canada, the Great Britain, Norway, the New Zealand and Sweden [16]. Moreover, the volatility of the security environment generated by the by the Soviet invasion in Afghanistan in 1979 and by the events in the Persian Gulf and Middle East in the late "70s and early "80s led to a revival of the philosophy underpinning defense resources management and to the emergence of the concept "regional threats". This concept generated the necessity to build capabilities different from those targeting a total war on behalf of the Union of Soviet Socialist Republics (USSR) in Europe, namely smaller scale capabilities for deterrence and defense. Thus, the need to build a rapid deployment task force and a central command structure [17] led to specific defense program. The latter was not a success in terms of planning under uncertainty. However, it generated new capabilities and, most importantly, led to the adaptation and guidance of political and military decision makers towards the realities underpinning the geopolitics of the last decade of the "80s, both of which were tested in Irak in 1990.

The methods employed in planning under uncertainty had worked pretty well until the "80s when, the change in the approach to defense resources management that occurred alongside with the geopolitical permutations of the time forced the political and military decision makers, as well as the strategists to reconsider, even though not entirely, their stance on an imminent war between the East and the West. Thus, all of the above made them focus on the likelihood of wide spread small scale confrontations that could occur in important regions of the world. In this respect, the ultimate threat envisaged by the aforementioned specialists was the simultaneous emergence of such

conflicts. The 1990 experience in Iraq showed both the limits of classical methods and of the small changes in the defense area from the “80s since the USA was not operationally ready for such minor threats. More specifically, even though the USA had the advantage of qualitative forces and excellent capabilities, it was not ready to act swiftly politically or militarily in order to remove non-standard threats [4]. However, with a view to all this, the paradigm of defense resources management formulated in the “80s is the closest possible to planning under certainty.

## 2.2. Current approaches to Defense Resources Management

As far as the question: **What is the current approach yielded by defense resources management (DRM)** goes, the answer is that the current DRM is based on the principles of planning, programming and budgeting established by McNamara in the “60s [11]:

- The process of decision making in the military system must be initiated to solely serve national interests.
- Defense needs and costs must be balanced since, unavoidably, the important decisions in the defense area are made within limited resources.
- Multi-annual plans are necessary in order to forecast the consequences of current decisions.
- Explicit and objective analyses must underlie the decision making process in order to assure the latter’s complete transparency.

Current resources management relies on three fundamental activities that uphold a completely transparent system so that current commitments and results are tracked, controlled and recorded. These are as follows:

1) *Establishing practical objectives. It is common knowledge that defense objectives are part of national policy.* Consequently, they

must be perfectly aligned to the other national objectives. Moreover, they need to be formulated in such a manner that they are achievable and measurable in order to guide resources allocation and management to the end of meeting the national interests in terms of defense. As a result, the objectives must be formulated by taking into account available national resources, as well as the costs estimated based on the resources required to accomplish them. Therefore, planners have to adjust their objectives until the final costs envisaged or these are well defined. All of the above is very well summed up by Russell MURRAY [18]. According to him, there is only one criterion that contributes to the identification of what is the desirable content of a policy (to be read as objective), regardless of how satisfactory that was: *“My criterion for what a policy statement should say, whether it was satisfactory, was whether you could distinguish by their actions those who had read it from those who had not.”*[19]. Thus, the assessment of an objective is best done by evaluating the actions of those who decided implementing it upon having perused/understood it. Basically, this iterative process inherently reduces the uncertainty level and increases the chances to perform well in accomplishing objectives.

2) *Force planning and subsequent financial needs* involves the development of multi-annual comprehensive and realistic plans. Moreover, it is the stage that normally follows the setup of realistic objectives. In this respect, the adequate elaboration of plans is based on transparently encompassing all major political decisions concerning resources allocation, as well as on efficient methods of easily turning requests into yearly budgets. Since resource allocation decisions are based on estimates of future costs and performance, force and financial planning is adjusted annually in accordance with the realities of a given time period and

cost fluctuations. Consequently, the purpose of such an activity is to support political decision makers in making decisions concerning national defense. The details related to resource allocation become the task of the specialists in the military field who make the necessary adjustments in order to develop realistic multi-annual budgets.

3) *Use of independent analyses of Defense Resources Management* is the most difficult, controversial and yet important initiative required to effectively allocate resources. Impartial evaluations made by disinterested parties objectively support the political and military leadership.

In conclusion, nowadays, the concept of Defense Resources Management is defined by the elements from within the planning, programming and budgeting system that are aligned to the surrounding environment. Thus, strategic planning identifies strategic goals and determines the inherent activities and their sequencing through medium term programming and by budgeting their costs on short term. This is a two way process since, based on ad-hoc constraints bearing direct impact on budgeting, the action plans (i.e. programs) need adjustment and that triggers the review of strategic planning.

At the end of the '90s, Defense Resources Management faced challenges generated by the geopolitical and geo economic transformations that emerged worldwide. These led to deficiencies/mismatches in force planning in the defense area, great budget constraints, massive downsizing of military personnel, legal restrictions (especially in East European countries), as well as important issues related to the understanding and implementation of defense resources management systems at national level. All of the above impacted the international community and, in this respect, the North Atlantic Alliance is a very good example. The solution to the deficiencies was the elaboration and implementation of capabilities

based planning system. This proved efficient and effective in generating a flexible, mobile and adaptable force. Even though the concept emerged at the beginning of the 21st century, it is evolving as a result of both the complexity of the current defense and security environment and the need to become aligned to the existing planning processes.

As far as the concept of capability is concerned, there is still a high degree of confusion about it and, as a neologism in the Romanian language, it is often defined as capacity or adaptability. The term actually refers to the ability to manage the capacities available at a given moment in time. In the military field, a capability refers to the sum of abilities, skills, competences developed, as well as to the available defense resources.

Thus, capabilities based planning *"[...] introduces the novelty of integration...[author note:of all forms of defense planning]... in a more flexible framework focused on the adaptation to the current security environment by identifying the necessary capabilities, analyzing the options of developing them in terms of costs, effectiveness, risks, feasibility, use of standard modules within the constraints imposed by the availability of defense resources"*[14].

### **2.3. The Romanian approach to Defense Resources Management**

With a view to all of the above, the inherent question is: **What is the Romanian approach to Defense Resources Management?**

It is worth reminding that Romania is part of the former communist countries and, as such, its defense planning inherited from communist times used to be excessively centralized, rigid and completely dissociated from the missions of the armed forces and inherent costs. The forces were mostly worn out both physically and psychologically and hence unable to react to the new threats and risks emerging with the radical changes in the world's geopolitics. Under these



circumstances, Romania adopted and implemented a new way of defense planning based on planning, programming and budgeting as described by the US specialists beginning with the '90s. This new direction of Romania in defense resources management was regulated by the Law on defense planning no.473 of 2004 which is also in full compliance with the commitments made to NATO. This was subsequently followed by a number of legal provisions and documents concerning both the national level and the military system: the National Security Strategy, the Defense White Paper, the National Defense Strategy, and the Military Strategy, orders of the Romanian Minister of Defense, all of which were meant to regulate the functioning of defense planning and, inherently, the whole Romanian defense resources management system. The full implementation of an integrated defense planning requires long term reforms and Romania pledged to implement them and showed commitment in doing so.

As already mentioned, the Romanian defense resources management system is based on the one developed in the USA and adapted to national features. The two systems share the same goal: to connect defense goals and objectives with the resources required and allocated; the same stages: planning on long term, programming on medium term and budgeting on short term; the same desideratum: to establish common objectives for the structures within the defense system concurrently with identifying and establishing priorities for resource allocation as required jointly by the services. One major difference between the two systems resides in the means of developing the program structure. While in the USA this is triggered by missions, in Romania it is framed by force categories. In Romania, DRM as a process is based on the interactions among the three main systems: the Planning, Programming, Budgeting and Evaluation System; the Requirements Generation System and the System of Defense Acquisitions

Management. Basically, these include all programs and activities unfolded at national level as part of Romania's contribution to the collective defense mechanism from within NATO and the European Union, to other international organizations/institutions or are part of the bilateral/multi-lateral relations signed by Romania with other partners.

Currently, the Program for Government 2013-2016 established the direction to be followed by the Ministry of National Defense. In this respect, Romania's priority is to consolidate its position within the international organizations which is part of. To this end, the focus is on accomplishing the commitments made as a member of NATO/EU by making the capabilities based defense planning process more efficient and adaptable to the processes employed by partner countries. In this respect, Romania is making efforts to diminish the deficits in capabilities as identified and listed in the Critical Capabilities Package issued during the Lisbon Summit in order to implement the project: NATO Forces 2020 [20] that is exclusively focused on developing capabilities through the Smart Defence [21] initiative of NATO, as well as through the latter's equivalent at EU level: Pooling & Sharing [22]. All of the above are nothing but the result of NATO's new vision on defense planning launched in 2009 and known as NATO Defence Planning Process – NDPP. This is actually the institutional framework created by allies to support one another's efforts to develop their own capabilities and forces, as well to cohesively approach the issues the Alliance needs to tackle and thus eliminate the overlaps among member states. In line with this approach, Romania has harmonized its defense planning system to NDPP by changing the time frame for its defense planning from six to ten years and, consequently, harmonizing procedures in order to develop its capabilities as part of a broad vision and, intrinsically, making the necessary legal changes –a new defense planning law– and

issuing the subsequent regulations needed at institutional level.

In our opinion, the future development of the Romanian defense system needs to be focused on efficiency, flexibility and transparency in the context of increasing regional and international risks and threats to national security. Other factors that also play an important role in this development are Romania's partnerships with world organizations and the tendency to preponderantly allocate the national budget to fields viewed as priorities (i.e. education, health, infrastructure investments, etc.). In order to meet the requirements and overcome the constraints already described, an efficient implementation of an optimal performance management system is needed.

#### 2.4. Performance management

Performance management is quite a new concept advanced in the international debates among specialists in management, despite the theories dating back to the 18th and 19th centuries. In terms of conceptual delineations, the term of performance can be viewed from different perspectives [23]. According to the Dictionary of Romanian Language (in Romanian: Dictionarul Explicativ al Limbii Romane, acronym: DEX) [24], it refers to: *"the (exceptional) result obtained in a field"*, or *"an accomplishment in a given field"*, to mention just a few of the plethora of meanings associated to anthropology, biology, culture, pedagogy, sociology, philosophy, economy, didactics, etc. Thus, the term is related only to results, that is to quantifiable outputs of an activity or process. The common denominator in this case is the reference to overcoming a barrier established by the initial forecast of the result yielded by an activity or process. In other words, performance is about surpassing average results. However, current theories call "performance" even the results that are below average or below the

standards initially established. In this respect, it is worth noting though the socio-linguistic difficulties posed by this term as it is explained, understood and used in the Romanian and the English languages: *"...the definition provided by the dictionary [author's note:DEX] includes the term into a category of excellence from the very beginning [...]. But such a category does nothing but to impose constraints. Thus, the current use of the word in the Romanian language can mislead, especially when it is used along with the neologism of 'management'. Moreover, there is no verb entry in DEX that is associated to the same area of meanings as the noun. [...] ...the definition provided by Oxford Advanced Learner's Dictionary takes a two-fold view on the term of performance, which is actually a valid one if the term is to be properly approached. According to the definition provided, the noun 'performance' refers to 'how well or badly you do sth.; how well or badly sth works', and, to accomplishing a specific task, activity, etc. 'the act or process of performing a task, an action, etc.', a meaning that is to be found under the verb entry, as well."* [25]

All of the above considered, it is important to underline that the term "performance" cannot be equated to that of "result", that is to "what results from an action, a consequence, effect" [24]. Performance is attributable to human actions, even though some of the current uses of the term refer also to technology. Hence the question referring to how performance can be reached can only be answered by advancing the phrase: performance management. Technically speaking, performance management refers to the features of a device, system or technical process that usually works within specified parameters. However, these features can always be improved as a result of technological evolution. This is not the case, though, with the human being. The latter can evolve, but to what point? How much can a human being be improved within its biological constraints? This is where

actually performance management steps in and places the individual within lucrative groups and processes so that organizations can benefit.

Thus, what is performance management after all? There have been various definitions of this concept in time. One of these focuses on the evaluation of the results yielded by specific actions. Others refer both to such an evaluation and to the process itself that generates the results and its monitoring in order to intervene when needed. In this respect, Bititci & McDevitt [26] claim that performance management is the process used by companies to manage their performance in accordance with their corporate goals and functional objectives.

To sum up, *performance management is the science and art that makes available to all organization members –managers and employees, alike- the theoretical and practical instruments that are needed and convenient, at the same time, with a view to professionally motivating them to attain organization goals in an efficient and effective manner.*

#### **2.4.1. Roles and benefits of performance management**

In terms of the roles played by performance management these can be summarized as: assuring the support needed by organization employees to focus on the alignment of individual professional objectives to those of the organization. It is thus that motivation for achieving performance standards is assured, and this can lead to increased productivity at organization level. Moreover, the transparent break down of organization goals into objectives and the dissemination of the latter at all levels, assures a clear understanding of organization vision on behalf of all employees. Performance management assures the implementation of “win-win” strategies that actually contribute to the employees’ direct and unrestrained involvement in the evaluation activities inherent of this concept. The effects of unfolding activities become visible as a

result of performance management instruments that allow managers to monitor the accomplishment of specific objectives and of performance indicators. That leads to saving time, to optimizing ongoing processes and to increasing the efficiency and effectiveness of production flow. Last but not the least, the greatest benefit possible generated by performance management consists in the performance itself.

From another perspective, performance management contributes to the establishment of the roles and functions of each and every structure within an organization alongside with the setup of performance standards and indicators. As a result, a direct automatic relationship is established between roles and standards and that allows for the implementation of medium and long term plans. To this end, vertical communication and understanding performance indicators become mandatory requirements for each organization unit. Last but not the least, measuring and evaluating results, ensuring feedback in an objective and productive manner are other important components of performance management.

The loop described by the performance management process is closed through feedback. According to Daniels AUBREY, for this to occur, two important elements are needed: forecast result (i.e. quantifiable data) and desirable behaviors (i.e. actions) that contribute to accomplishing the former. Thus, the term feedback must not be mistaken for general information or data. Feedback refers to the information related to performance and that allows an individual to adjust result [27]. Feedback becomes really important in the measurement and complex analysis of organization performance and determines intervention when needed. In this respect, in his book: *Perform or Else: From Discipline to Performance*, Jon McKenzie underlines that, since the performance of every organization is in a continuous change as a result of feedback and under the influence of internal and external factors,

it is important for the outputs of an organization to become inputs. That creates a cyclical process that is adaptable and useful for making those adjustments needed for an organization to prove efficient and effective [28].

In conclusion, performance management is an elliptical process that links employees' individual professional objectives with those of the organization by planning future performance and optimizing processes. Consequently, the components of this process cannot be isolated: they are interlinked and generate final products that underpin organization development goals. In this respect, the trends in performance management underline the need to concentrate on medium term planning, since this allows for a greater predictability of short term result and, consequently, interventions within the process can no longer influence it negatively. Moreover, this type of management is about creating a certain flexibility in defining and describing the responsibilities of organization components with a view to encouraging employees' initiative and creativity and developing and maintaining an ongoing dialogue between managers and their subordinates. In this respect, as Codreanu A. [25] notes, performance management can be undertaken *"only through partnership [author's note: between managers and employees], a proactive attitude, focus on mutual benefits rather than on individual ones, skill improvement and competence development, open and quality oriented attitude"* and, consequently, *"one can make the transition between a view in which performance means hard work to one in which performance means efficiency"*. It is thus that actually the views on performance management underline the importance of identifying and delineating the sum of factors underpinning performance.

Most of the above considerations are anchored in theories developed based on realities from private companies. However, public management raises just as many

challenges. There are specialists who track the origins of performance management back to the evaluations of high officials of the Wei dynasty (3rd century) or, even before that, during the Han Dynasty [29]. Similarly to the private environment, the public field needs to continuously adapt to its external environment as a result of citizens' requirements, changes in the private environment and international mutations. Nonetheless, when adapting to all of the above, there are minor delays and even reluctance because of legal constraints and bureaucracy. As a result, *"even for governments and non-profit organizations the focus is on efficiency [...] at a time when activities are required to unfold with the same precision as those of any business"* [28]. Under such circumstances, efficiency and effectiveness must be understood in terms of maximum standards, while performance management is a useful and necessary instrument to this end.

In the case of the military environment, which is part of public management, performance management adapts to the former's features and underpins the activities of structures, their inherent systems and processes. Thus, it supports force training and readiness for battle, development and maintenance of capabilities, assurance of armaments through acquisitions and maintenance, and last but not the least, assurance and deployment of operations. The ultimate proof of effective performance management in the military is winning battles with minimum resource waste. However, this is an extreme case and, evidence of system functioning in peace time is preferable.

As already highlighted, the international environment impact the defense area. Concerning this, the sociologist Morris Janowitz describes the outlook on the modern armed forces: a professional force that is no longer rigid, inflexible or costly for society and relies on capabilities, a diminishing of the civil-military discrepancies by increasing the visibility of military's inclusion into

society as a citizen whose task is to defend his citadel, an increase in the flexibility of the military leadership process though an efficient merge between the management and leadership skills, the emergence of a prototype of the military who can adapt to contemporary internal and external requirements and, last but not the least, the adaptation and modernization of armed forces' missions in accordance with the security needs of the society is serves [30]. In this respect, Janowitz underlines the following principle: *“One cannot be a good military without civil orientation and one cannot be a good civil leader without a minimum military background”* [30]. The role played by performance management in achieving all of the above development directions in the military field becomes more than obvious. To accomplish the goals of modern armed forces available resources must be managed in accordance with performance indicators, processes must be judiciously planned, and actions must be efficiently executed.

The only stakeholder and contributor to the military is society. The latter generates feedback in appreciation of having had its need/request for stability and national/regional security met. This is actually the *raison d'être* and outcome of the military, after all. As such, performance management, is one of the guarantees that the armed forces can fulfil their strategy.

### 3. CONCLUSION

In conclusion, the development and maintenance of modern armed forces relies heavily on performance management. Consequently, a defense system built on performance principles requires, besides training an hard work, a proactive attitude on behalf of its members that involves individual skill and competence with a view to accomplishing organizational goals.

A defense system relies on resource allocation and, in this respect, performance management is a major guiding framework. Thus, Defense

Resources Management alongside with Performance Management play the role of instruments that maximize the efficiency and effectiveness of the defense resources allocation process and, hence, of instruments regulating all processes from within the military establishment.

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