

MANAGEMENT IMPROVEMENT IN ORDER TO ENSURE THE ACQUIREMENT AND INCREASE OF PERFORMANCE IN PUBLIC ENTITIES

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Abstract: *The concept of performance is difficult to define, as the existing approaches in the specialty literature is somewhat ambiguous. The defining of the concept of performance in public administration entities must cover multifaceted issues. In this respect, the following dimensions were identified: the connotations of financial result, the quality and the number of services offered to the public, the number of users who used the services of the entity, the professional quality of the human resources existing in the entity, the credibility of the entity, the classification in the public financial resources allotted to the entity, the efficient use of the financial resources allocated to public services, the attraction by the entity of additional financial resources in order to achieve the proposed objectives, the results that the public records as a result of the services provided by the entity, the existing competition on the market of services provided also by the entities in the private sector. By integrating the above dimensions, we reviewed the concepts of performance in a multifaceted approach (from the overall, to the economic, respectively the accountancy dimension), ultimately proposing a redefinition of the concept of performance.*

Keywords: performance, public entities, management

1. Approaches on the concept of performance and the assessment of performance in public entities

The general acceptance has a wide scope; the notion of performance refers to a result obtained by someone in a sport competition, or a particular achievement in a certain field of activity (Explanatory dictionary of the Romanian language). The presentation of this definition only serves as a reference point in our approach

of identifying an appropriate method of presenting the performance in the investigated field (in public administration entities).

From the point of view of economic theory, the performance of an entity is defined by comparing the results obtained with the consumption of the factors of production that contributed to their achievement, or by comparing the forecasts with the real achievements. According to the same approach, the performance of the entity is also defined through global productivity. Global productivity expresses the aggregate efficiency of using all factors of production at the level of an economic entity.

In defining the performance, emphasis is put on efficiency, efficacy, economy and productivity, appreciated as forms of performance. One of the most recent economic approaches on performance defines performance in public administration entities through a three-dimensional logic: the logic of efficiency, the logic of efficacy, and the logic of budgeting.

By analyzing the economic approaches of the concept of performance, we retain two ideas specific of this area: comparing forecasts with achievements, respectively its defining through global productivity. In terms of the first approach, the comparing of forecasts with reality is an important milestone to be taken into account when defining performance in the public administration sector. Taking global productivity into account for defining performance in the public administration sector is not a necessary element, given that it is a sector characterized by the offer of services.

A variation in the performance approach from an economic point of view can be represented by the managerial performance approach. In this sense, the issue of performance is based on the following coordinates: economy, efficiency and effectiveness. This trio represents the main elements of public performance based management that are considered to have a significant impact on the process of achieving performance. The first component of the attempt to define public sector performance was taken from the economic approach and is based on a comparison of forecasts with achievements or, in other words, with effectiveness. In an attempt to define performance in the public sector, both economics and efficiency shall be taken into account.

However, the definition of performance in public sector entities cannot be separated from the measurement. In this sense, performance measurement can be effective in public sector entities, if it is clearly understood what is measured, which means that entities shall have clear objectives.

The indicators of public sector performance are valuable management tools, only if used appropriately. Their values indicate whether or not resources are wasted, or whether managerial actions are appropriate. Based on research over three years and involving more than 500 mid-level and senior public sector

managers using performance indicators, this author classifies the research results into four categories: concepts, preparation, implementation and use. At the same time, the components and activities shall be considered within each of the four groups, when implementing performance indicators as management tools. These activities help the entity to adopt performance indicators for better outcomes and, on the other hand, through the indicator system, management actions can also be evaluated.

In the context of a limited approach of the notion of performance in public sector entities in Romania, we note the proposal of a new facet of performance measurement in public sector entities, namely, coercive performance, that is, this type of performance is seen as "the degree to which the value restraint of a type of budget revenue X leads to the occurrence / increase of a category of extra budgetary income or the restraint of the institution's activity". We appreciate that the use of this approach by the "actors" involved in evaluating the existing performance in public sector entities would be of interest, especially in the context of the mutations in the field, against the background of the economic crisis.

Unlike national accounting regulations that determine the standard format and format of financial statements, International Public Sector Accounting Standards are based on the principle of deregulation, according to which only the minimum information of the components of the financial statements shall be presented, which shall have different titles, as well.

The research of the concepts of performance in public sector entities demonstrates the difficulty of defining it, due to the following factors: the typology of public sector entities; variety of perceptions of performance concept; informational asymmetry of users of performance information; the nature of the public service offered; the complexity of the economic and social environment; the upward trend of consumers; the discrepancy between the number of consumers and that of taxpayers in the components of public resources; the low interest of managers in identifying new sources of funding; the lack of correlation between financial performance and non-financial performance, respectively the influence of the political system.

By resorting to the peculiarities of public administration entities, we define performance as the extent to which the entity meets the expectations of citizens through the services offered. Although they are interested in the quality of the services provided, the correlation between the quality and the financial resources of the entity must not be omitted.

2. Performance management in public entities

The main goal of performance management is to increase individual and organizational efficiency. Performance management is an evolutionary process in which personal skills and organizational parameters improve over a period of time. The operational objective of performance management is the continuous improvement, measured by all relevant indicators.

The performance management is a system that includes:

- Goal setting methodology,
- A process of measuring performance,
- A differentiated payment system,
- Career management.

These elements taken as a whole will have a much greater contribution to the performance of the organization than individual elements. A performance management system is a strategy that links all activities within the organization in the context of human resources policies, organizational culture, style, and communication systems.

The performance management pursues **two key objectives**:

- Objective and rigorous assessment of the annual performance of employees;
- Establishing the bases for the professional and spiritual development of each employee.

Performance management has also been approached as a "regulatory loop", linking organizational strategies and objectives, performance measurement, performance training, performance guidance and leadership, and rewarding performance. From this point of view, performance management never closes a complete cycle. The process is both evolutionary and iterative. As a result, the components of a performance management system should never be seen as isolated and the results should be the basis for establishing the entity's development objectives. Only by closing the feedback loop, the human resources strategy can become an integral part of the entity. Achieving the objectives of an entity's staff must be consistent with the achievement of the entity's objectives.

Performance management is achieved through a variety of tools and activities within the organization's various levels. These may include: strategic planning; defining the objectives, priorities and organizational values; identifying and using the organization appropriate performance goals and measures, key processes, functions and employees; evaluation; personal development plans; different payment systems depending on the achieved performance.

The performance management cycle consists of four stages:

- Performance planning (before the performance period), which involves: communicating the pursued objectives and organizational behavior; setting department objectives and communicating these goals; review of the description of the posts in relation to the objectives of the organization and its departments; establishing and communicating performance expectations from employees and teams;
- Reverse connection (during the performance period): establishing the connection and obtaining feedback; feedback analysis; providing continuous feedback and continuous training;
- Evaluation and development (after the performance period): evaluation of results and behaviors; establishing the hierarchy of general performance; setting rewards; conducting debates on performance review / development; development of the performance improvement plan;
- Rewarding

The first stage is conditions the second, the second conditions the third, and the third conditions the first and the fourth stages.

The key elements of MP are:

- Establish MP objectives and expected performances specific of these objectives for the next period, usually one year;
- Periodic review of MP - performances are evaluated at regular time intervals, usually quarterly, during the implementation period;
- Performance evaluation, which has a strategic role in human resources management. It is done formally (the extent to which employees meet the expectations of performance in their work shall be determined regularly, it allows the organization to review the contents of the job sheet, additional tasks and results) and it is also performed in an informal manner;
- The results of the MP process can be used to make decisions about the development of the organization's specialists, salary rise, employee promotion, and the establishment of individual and collective training needs for employees.
- The multidimensional "balance sheet scorecard" used for more than a decade can still be used, provided that the content and production procedures shall significantly improve;
- Assessing financial performance also requires radical changes due to regulations adopted under the pressure of recent scandals involving various corporations;

- Daily business increasingly requires a precise measurement of the contribution of human resources to performance;
- Measurement should not be limited to the most visible aspects, but should focus on the most difficult limits to be measured, it requests a thorough analysis of the past events produced in the company;
- In the improved MP system, a closer link should be established with the entity's human capital analyses.

3. Promotion of the performance and increase of efficiency in public entities

In recent years, we have seen a move towards a more modern concept of leadership: **Leadership oriented on results**. It is related to the clear setting of targets, measurement tools, performance indicators and also to the coordination of programs and projects.

The strategic plans of public sector organizations shall reveal the contribution in order to achieve the desired results. Those plans shall reflect the required performance of the organization in the gathering and use of funds based on the principles of economy, efficiency and effectiveness. It seeks to improve the leadership and management of the increase in labor productivity, in general, by defining the achievements more accurately. At the same time, there shall be considered the risks that could jeopardize the achievement of the objectives, by designing and implementing a control regime for risk management.

The approach is to focus on control tools and to check risks occurrence and mitigation of risk impact on the fulfillment of the objective.

Consequently, establishing a hierarchy of objectives is the basis for promoting performance, growth of efficiency and effectiveness in public structures and among their managers.

The results-based approach is supposed to answer questions such as: "*What is the performance?* "," *What results have been obtained?* "," *Have the requirements and objectives of the program or activity been met?* "

The main purpose of this type of approach is the evaluation of the achieved performances, respectively the extent to which the requirements regarding the economy, efficiency and effectiveness of the implementation and running of a program or activity have been met.

Starting from this type of approach, comments are made on how the "rules" (objectives, targets, standards and regulations) or the criteria of analysis in the stage of plan drawing up have been followed. If the establishment of the criteria is a complex activity, it is possible to call upon some experts in the analyzed areas in order to develop and establish relevant criteria that are reasonable and tangible in their application.

Taking into account the established criteria, the activities of the entities are examined and evaluated, by identifying the findings (incompliance, infringements and deficiencies) according to which there are drawn conclusions and recommendations, aiming at eliminating shortcomings and improving performance.

The analysis of performance goals / standards shall rely on facts and not on assumptions or value judgments. This section does not involve analyzing knowledge or skills, it only focus on results. The comments shall highlight the opinions on success / achievements and provide explanations for the situations where objectives were not reached or were only partially achieved.

The objectives / performance standards to be defined:

- shall clearly present what are the expected performances / results of the employees is in the next period, taking into account the tasks / responsibilities provided in the job description;
- shall indicate the steps to be taken to improve current performance;
- shall clearly express the link with the departmental objectives of the area;
- shall provide the basis for the monitoring and evaluating performance;
- shall reflect both quantitative and qualitative aspects of performance.

Performance goals / standards should not be limited to a one-year period (shorter deadlines can be set and achieved). The most widely used planning, decision-making and control system is The Objectives Management.

The notion "Management by Objectives" (MPO) was introduced by Peter Drucker in 1954 in "The Practice of Management," which is also called Goal Management or Result Based Management. The essence of all MPO programs is a set of procedures, which begins with the setting of objectives and continues with a planning phase, a control process and a periodic review system, followed by a performance assessment.

The key to the success of an MPO program is the high degree of involvement of managers and subordinates at each level of the entity. MPO is interested in setting goals for each manager and unit, in line with the entity's objectives. The aim of the MPO is to give the subordinates the opportunity to express their views in setting goals and to give them a clear picture of what they have to do in a well-defined time period. It is desirable to establish strong links between planning and control functions and to overcome any obstacles that could lead to a poor planning efficiency.

A performance indicator is a quantifiable measure that reflects the critical success factors of an entity, department, or project.

The definition is a bit complicated but once you understand what it is about, you will notice how useful performance indicators are. Also, key performance indicators (KPIs) can actually show you the direction of the project.

Performance measurement systems are the premise and foundation of the Performance Management process. These will facilitate the measurement and improvement of top management activity. By defining the objectives and mechanisms of Controlling, it is created an indicator-based management system that allows the analysis of the causes of deviations and the early detection of solutions for combating them.

In the context of developing the concept and implementation of a performance indicator system, and according to the accumulated experience, here are the following challenges that shall be taken into consideration and removed, at the same time:

- Removing the dominance of financial indicators: financial indicators are certainly the result of the activity, but at the same time, they don't represent the premise of success;
- Focus on important information: from the multitude of information from different sources that every entity faces, there shall be selected and identified only those activity-relevant indicators that shall be converted into performance measure indicators (KPI).
- Establishing a link between strategic and operational control: performance measurement indicators (KPI) shall facilitate the measurement of the objectives set in the company strategy and shall also connect to the operational control system.
- Standardization and systematization: To ensure the existence of transparent and available information throughout the entity, the definition of indicators should be harmonized. In order to lead towards strategic objectives, indicators shall be unified and transposed into an integrated cause-effect system.
- Direct referral to addressees: Performance measure indicators relevant to goal management are the elementary basis for the management reporting, relying on addressees. To create such reporting, it is necessary to link the defined indicators to a complex and integrated IT system.

The system is totally inappropriate for new economic configurations, characterized by rapid and unpredictable changes. There shall be an evolution from logic of an a priori planning and a posteriori discovery to a dynamic and reactive logic: measure / action / reaction.

Conclusions

Performance is not an end in itself, but a vector that leads to results. The results depend on the level of performance of employees of any entity. Used by many specialists as an alternative term for the traditional "evaluation" system, the term "performance management" is the process of creating an environment where people feel motivated to value their skills and qualities to the utmost.

The more accurate defining of the achievements of public sector entities and the establishing of the hierarchy of objectives is, as formerly presented, the basis for promoting performance, for increasing efficiency and effectiveness. The key to the success of a *Management by Objectives Program* is the high degree of involvement of managers and subordinates at each level.

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