

# PERFORMANCE EVALUATION STUDY OF PUBLIC ADMINISTRATION INSTITUTIONS

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## Abstract

Efficiency of public sector enterprises activity is a complex problem which requires complex decisions in public services. Successful public institutions have to improve their activity methods by integrating technologies of management and administration. Public institutions should remember principles of quality management as well as the importance of planning, organizing, and control and evaluation systems. One of the most important factors determining efficiency of institution's activity is an employee. Only properly motivated employee can reveal own potential in full and to use his/her professional abilities to perform qualitative work in full. The paper aims to analyze activity of municipal administration, to identify efficiency determining factors and problematic areas of activity on base of public administration institutions management dimensions. Summarizing the results of the research the statement could be made that efficiency of analyzed municipal administration subdivisions activity is determined by both external and inner factors of organization's environment. During the study some problems were determined related to subdivisions managers very increased work load and lack of skills for efficient organization of subordinates' work, which could be solved by organizing trainings of management skills improvement for subdivisions managers.

*Keywords:* public administration institution, activity evaluation, management.

*JEL Classification:* D23, M21, M53.

## Introduction

In the present complicated and dynamic world, business enterprises as well as state institutions and municipalities (local governments) are forced to adjust to the constantly changing conditions. Efficiency of public sector enterprises activity is a complex problem which requires complex decisions in public services. Successful public institutions have to improve their activity methods by integrating technologies of management and administration. Public institutions should remember principles of quality management as well as the importance of planning, organizing, and control and evaluation systems.

Selection of public administration model influences formation of institutions' inner structure. After evaluation of researches performed by public administration theoreticians it is possible to state that modern model of public administration institutions is mixed and based on traditional public administration. Taking into account that municipal administrations are very young organizations of public administration, their inner structure is based on managerial principle of activity management which is acknowledged by traditional public management model. Peculiarities of traditional public administration institution are hierarchy, distribution of authority and specialization. Principle of specialization allows reaching higher activity efficiency because employees can prepare themselves very well for the work in more narrow area of activity. This is especially related to administration of public services.

One of the most important factors determining efficiency of institution's activity is human resource. According to M. Armstrong (2006), Human Resource Management (HRM) is a strategic and complex approach to people, who are one of the most valuable organization components and who contribute to the achievement of organizational goals both individually and collectively. Such an approach explains the fact that HR is an active factor of any changes having its own culture and preconception, which can promote or prevent the ongoing changes. Only properly motivated employee can reveal own potential in full and to use his/her professional abilities to perform qualitative work in full.

Management problems of public administration institutions are being widely analyzed in scientific studies of foreign and Lithuanian authors. The aspects of public sector efficiency and management modernization have been analyzed by Barton (1992), Thom & Ritz (2008), Niven (2008), Conaty (2011), Raipa (2007), Puškorius (2010) and others. Llorens & Battaglio (2010), Gould-Williams & Mark Gatenby (2010), Jonsson (2006), OECD (2007), Jagminas & Pikturnaitė (2011), Chlivickas (2010), Šiugždinienė (2008); Vienaziūdienė et al. (2010) et al. analyzed the problems of human resources management in the public sector.

**The goal of the article** is to analyze activity of municipal administration, to identify efficiency determining factors and problematic areas of activity on base of public administration institutions management dimensions.

**Research methods.** The study was performed by using methods of descriptive content analysis and synthesis (scientific literature and content of documents) questionnaire and focus group.

### **Theoretical aspects of management of public administration institutions**

During the last decades of XX century many countries in the world including Lithuania started the performance of reforms of public sector by which it was striving for transformation of ideal, legal and rational bureaucracy described by M. Weber and increase efficiency of activity of public institutions. According to the theoreticians of these reforms (Osborne and Gaebler, 1992; Hughes, 1998; Pollitt and Bouckaert, 2003), inflexible centralized bureaucracies developed during industrial period and working according to the strict rules and regulations, keeping the order of hierarchic subordination are not efficient and productive already. They cannot act successfully in the rapidly changing society and economic of knowledge. Traditional bureaucratic management model is stiff and caring only about structure and processes therefore it should be replaced by flexible and more rapidly acting modern management model oriented towards results that is based on principles and methods of modern management successfully tested in the market. This striving is the main stimulus to proceed to new public management (NPM) based on business sector experience and market conditions by updating structures of administration system, control methods and administration culture considering challenges of new period. Niven, (2008) highlights that enhanced productivity, performance improvements and strategy execution will be transformed from private sector for every public sector.

As in business sector, activity of organizations of public sector is based on mission-oriented tasks, to meet stakeholder's expectations in environment marked by shrinking budgets, strict regulations and changing workforce demographic. Nowadays organizations of public sector are suffering both social and economical pressure for greater efficiency, quality of service and effectiveness providing public services. Besides as well as business organization they have to reach not only financial results, but align employees with organization goals, enhance resource allocation decisions, improve collaboration and most critically execute their strategies (Niven, 2008). In striving to satisfy social, economical and even political; interests of parts interested, organizations of public sector have to be constantly striving for efficiency of activity. This is stimulating the organizations of public sector for changes, development of process management activity indices, systems of financial management and activity evaluation etc. (Conaty, 2011).

Possibilities of development of public sector activity efficiency are being perceived as supply of more qualitative public services with the same recourses. Efficiency of public sector activity could be reached by (Barton R., 1992):

- increasing quantity of production (services), while keeping the same number of employees;
- developing quality of production (services), while the number of employees of organization remains the same; more rapid and qualitative supply of service;
- using of little recourses, while quantity of services remains the same; service supply time is shortened, input of recourses decreases;
- supplying the same amount of services with the same input but higher quality;
- small increase of input; big increase of quantity and quality of services.

Efficiency of public sector could be reached by implementing these changes:

- *Work process.* Public organization in striving for efficiency has to perform operative changes of restructuring of work process. There is a striving for improvement of indices of supplied services by using reorganization of work processes and technological innovations.
- *Employees behavior.* More attention is given to support of attempts of employees. There is orientation towards psychological perspectives, evaluation of needs of employees, enhancement of their behavioral motivation. The focus is to the striving for development of employees' qualification, evaluation of employees' activity, mechanism of compensation; to involve the employees to decision making and development of career possibilities in organization.
- *Management process.* There are widely used managerial competencies, clients' needs, and organization's environment. Feedback to environment is being strengthened. Systematic research of needs of consumers of services are being performed, basis of relationship to different authority levels and contacts is being extended, models of general quality management are being implemented (Raipa A., 2007).

Broadbent & Laughlin (2009) highlight that systems of public management have to be oriented towards defining, controlling and managing achievement of outcomes, and at the same time they have to be used as means to reach activity results not only on the level of individual but organization as well.

In 1990 in USA there was a methodology of business management (Balanced Scorecard) created which is making accent not only on quality or processes but organization's activity evaluation is summarized as well. Methodology is based on balanced and even development of organization by developing core perspectives:

- Learning and Growth Perspective – employees training, knowledge development, development of interrelationship in the collective.
- Business Process Perspective – documentation and management of enterprise processes.
- Customer Perspective – orientation towards client's needs and demands.
- Financial Perspective – orientation towards finance management, efficient and exact accountancy and deliberate distribution of recourses.

Methodology states that organization reaches the most efficient growth when all these fields are growing in proportion, on even rate while excessive growth of one of these fields causes unnecessary costs but gives limited increase of enterprise efficiency. If one of these essential fields is forgotten and undeveloped, organization's development is weak (Niven, 2008).

Based on 1937 theory of F.Taylor, L. Gulick formulated the main functions of public management: Planning, Organizing, Staffing, Directing, Coordinating, Reporting, Budgeting (acronym POSDCORB) (Mora & Ticiu, 2008). Planning function includes determining of goals of both organization and individual by interrelating them, selection of proper methods for implementation of planned activity. Strategic planning principles that are common in business sector should be applied in public sector as well (Bryson&Roering, 1987). Planning procedure starts from the top, i.e. plans of organization of public administration are being created with consideration of strategic activity plans of the country, sector where organization is working, municipality and goes down to the level of institution, department, and employees. Referring to the strategic plan of the city, municipal administration has to prepare institutional activity plan of own organization. Organization includes formation of formal organization structure, sharing of work and management functions, their coordination and performance. Staffing function includes recruiting and training staff, creation of proper labor conditions. Directing entails making and embodying decisions, by preparing orders, instructions and controlling their implementation. Coordination is implementation of relations between performed separate works, reporting is presentation of information to the persons who control the work performed or are responsible for performance of these work, presentation of information on performance of and results of work as well orders to subordinates. Budgeting includes the form of accounting, fiscal planning as well as regulation (Johnson, 2006).

Another important direction of public sector management is management of human resources (HRM). Human factor is the most important factor determining efficiency, productivity, capability to meet stakeholders' interests of organization activity (Jagminas & Pikturnaitė, 2011; Llorens & Battaglio, 2010; Šiugždinienė, 2008; Sakalas & Vienazindiene, 2010). Organizations of public management a complicated essential task have to solve how to create a solid, stable, professional state service capable to implement policy of state service and serve to society effectively and with responsibility. Usually people think on quality of state management according to how efficiently they are attended in state institutions and how rational is dealt with their business. Human resource management has to ensure readiness of personnel and willingness to perform activity (Sumetzberger, 2005). One of the main challenges of modern period to public administration is to increase competence of human resources, i.e. trust in their abilities.

Performance measurement in the public sector is important tool for increasing accountability and activity efficiency. Performance measurement may provide data on how effectively and efficiently public services are delivered (Greiling, 2005; Fryer *et al.*, 2009; Liundberg *et al.*, 2009). Cappelli *et al.*, (2011) highlight that assumptions of transformation and changes in public sector are created by „quality-oriented public administration“ and propose to use TQM and EFQM models for activity evaluation because they are making accents on self-evaluation process as a standard managerial procedure in a public administration. Besides it is highlighted that clear determination of activity evaluation indices and selection of proper methods is necessary.

Having evaluated peculiarities of performance management of public sector theoretical findings and performance measurement the empirical research has been performed covering planning, organization, control functions and HR development issues.

## Research methodology

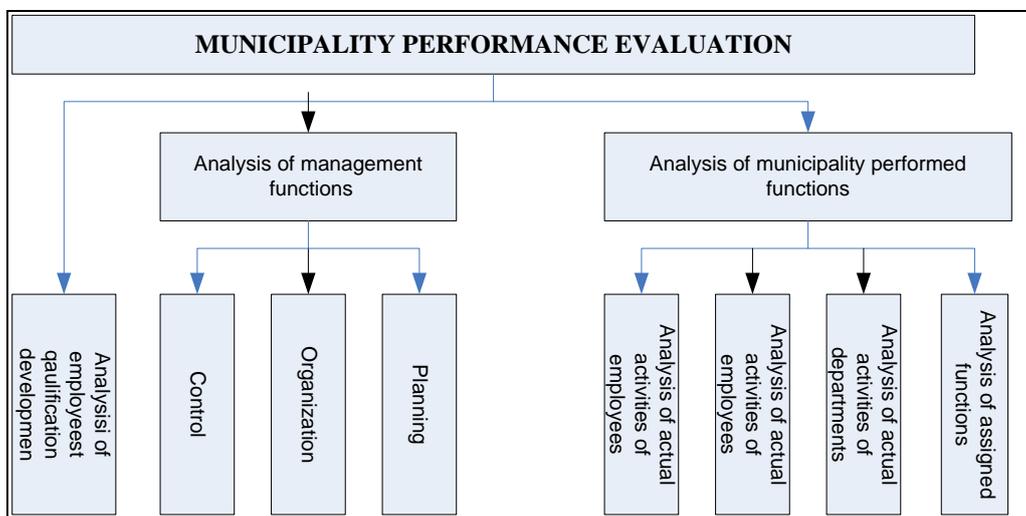
The research methodology of the article is based on approach of coordination of qualitative and quantitative research.

Qualitative research during manifestive analysis of documents is applied as the main source of information in analyzing normative basis of activity of Lithuanian municipalities. Formal data are being collected revealing conformity of the activities performed by administration subdivisions to the functions, goals and tasks attached.

Quantitative research by using written questionnaires is performed in order to find out the attitude and opinion of municipal employees to activity of the institution, realization of planning function, work organization, performance of control function, and organization of development of employees' qualification.

The method of Focus group is being applied in order to verify additionally if received results of the research and showed up tendencies are approved. Structure of participants of Focus group discussion was homogeneous, i.e. it corresponded to such criteria of participant selection as experience, competence, position, and that was one of the basic conditions of group creation stimulating discussion and determining quality of the collected data.

Logical scheme of the research presented in the Figure 1.



**Figure 1.** Logical Structure of Research

Analyzing functions, goals and tasks attached to every subdivision there was a goal to find out what activities are appointed in the regulation to be performed by every subdivision, if goals and tasks risen to every subdivision are named, if there are activities that should be performed by subdivision as determined by legislation but not appointed, and what activities are appointed to every employee of particular subdivision. Analyzing activities performed by subdivisions in fact there was a striving to find out what activities are being performed by every subdivision in fact and if there are activities that are not performed or partially performed by every subdivision, if there is a performance of activities not described in regulations of subdivision and what activities performed are duplicating activity of other subdivisions. Performing analysis of functions and work of every employee the research was performed of activity performed by every employee in fact, if employees are performing activities not described in description of position and if activity performed by every employee are not duplicated with activity of other employees. The research was trying to find out what are the reasons limiting employees to perform their work properly or perform it in time.

Evaluating implementation of planning function the verification was made if planning of subdivision activity and every employee activity is being performed, for which period plans of subdivisions and every employee activity are being created. Evaluating implementation of organizing function the research was made how tasks are delegated, if time for activity performance is described, if indices of achievements of every employee / subdivision activity are named clearly, if distribution of work load and employees supply with work instruments / resources needed to perform the task is objective. Evaluating control function the research was if control of activity / plans is being performed, how often control of activity / plans is performed and who performs control.

Evaluating development of employees' qualification in municipality the research was performed if plans of employees' qualification development are being created, if financing is given and if it is sufficient, if qualification development is corresponding to training needs of employee and organization and if analysis of employees' qualification development is being performed.

Discussion of Focus group is raising the following basic questions: 1) if municipality is really characterized by such tendencies that showed during the research as insufficient attention to performance of planning, organizing functions and qualification development? 2) What are the main reasons limiting employees to perform their work properly? 3) What are the common complaints regarding the municipality activity?

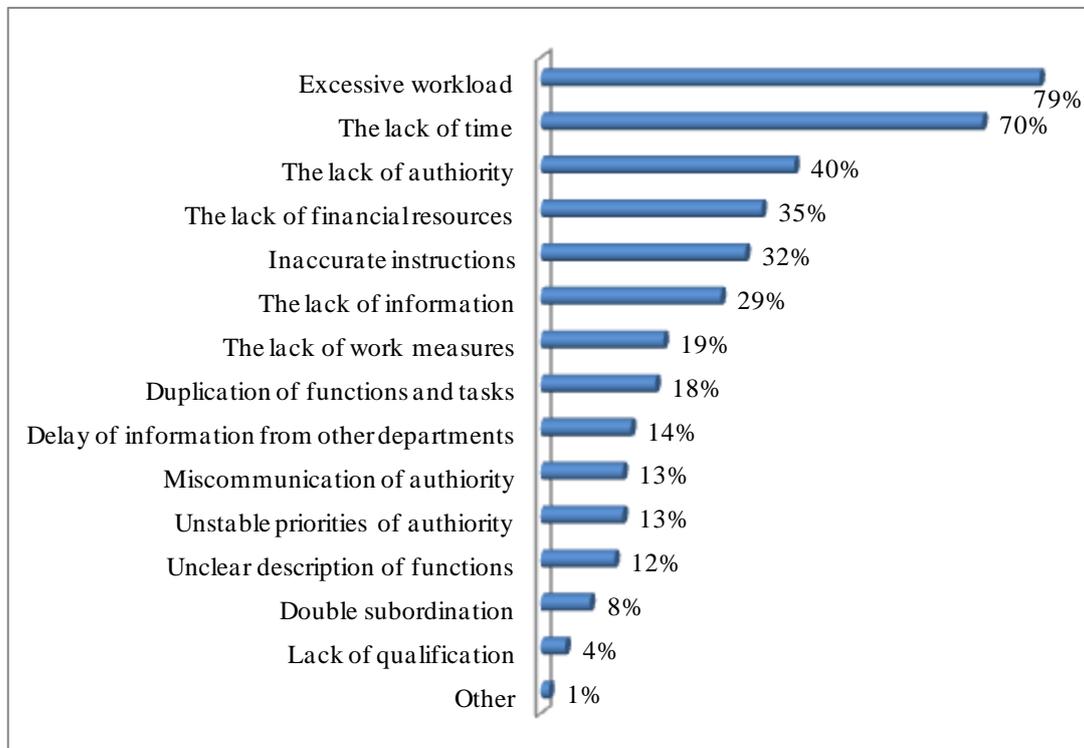
### Research results

Correspondence of activities performed by administration subdivisions to the functions, goals and tasks attached. This research used available documents of government and municipality (legislation, decisions, strategies, methodologies, instructions, regulations, descriptions of positions).

Having performed analysis of correspond ace of activities performed by administration subdivisions of analyzed municipality to the functions, goals and tasks attached and according to the regulations of subdivisions activities and description of positions it was determined:

- Municipal administration subdivisions activity regulations have the tasks determined but somewhere there is a lack of the goals of subdivision activity.
- Not all descriptions of municipal administration subdivisions employees positions have purpose of positions and activity field indicated as required by the decision of Government of Lithuanian Republic regarding "Approval of description of positions of civil servants and evaluation methodology" (2008 04 24).
- Not all functions attached to subdivisions employees are foreseen in regulations of municipal administration subdivisions activity for implementations of tasks.

While researching the reasons why employees of municipal administration subdivisions cannot perform their function properly and in time the following predominant reasons were determined: too big work load, not enough time given to tasks performance, lack of authorization, means required and financial resources', inaccurate orders and not enough information for task performance (see Figure 2).



**Figure 2.** Reasons limiting employees performing functions

Having analyzed complaints regarding the activity of subdivisions and individual employees of administration of municipality researched the following predominant complaints were determined:

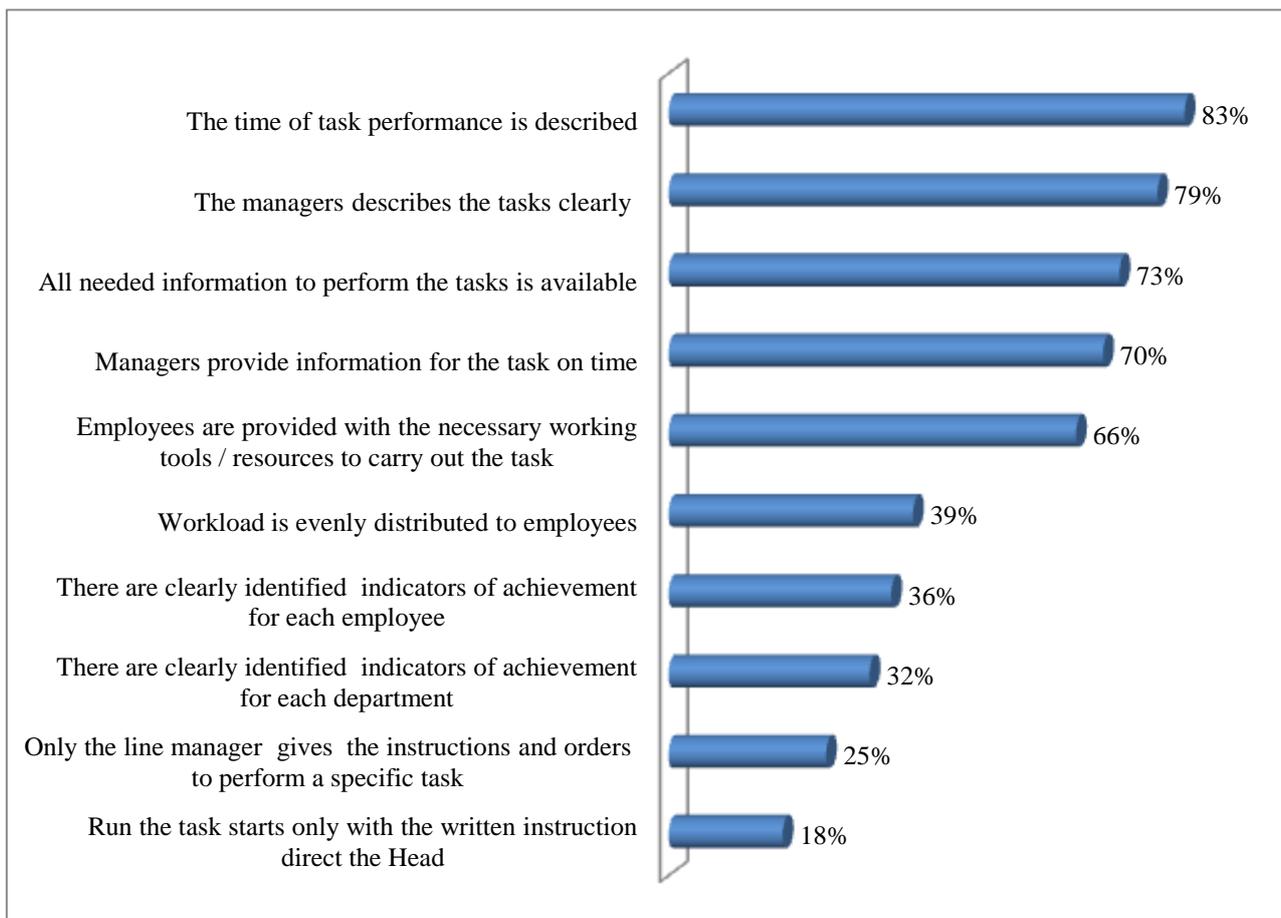
- lack of municipal employees competence,
- unethical behavior,
- jobbery,
- inattentive work of employees,
- illegal decisions,
- violation of public order of municipality citizens.

According to the research methodology the diagnosis of analyzed municipality subdivisions management was performed by evaluating the main functions: planning, organization and control.

Referring to the research data it was determined that both the activity of subdivisions (approved by 57%) and activity of every employ (approved by 54%) is being planned in the municipality. According to the opinion of employees who participated the questionnaire, usually activity plans are created for a year and a month, and plans of subdivisions activity usually are created for a year. It could be stated that the initial management function, the planning, is missing proper attention in municipality.

Having analyzed the employees' research results reflecting labor organization in municipality, positive and negative aspects were determined. As quality in municipal administration it could be noted that there is determined time for performance of the activity; manager's tasks are formulated strictly and clearly; all information required to perform the task is available, information for task performance is being received from managers in time. The research revealed specific problematic aspects: uncertainly determined indices of every employee and subdivision activity achievements, uneven distribution of work load.

Comprehensive attitude and opinion of municipal employees on subdivisions labor organization is presented in Figure 3.



**Figure 3.** Evaluation of labor organization in municipality

Having analyzed the research results the statement could be made that control function in the municipality is realized good enough. The statement that municipality performs the control of activity / plans got strong enough approval (75 % approved). Having performed more detailed analysis of employees' opinion it was stated that control of activity / plans is being performed mostly every quarter and every year by direct manager.

Having studied the performance of municipal administration employees' qualification development it was stated that not enough resources are given to development of employees' qualification, real volume of qualification development is unknown, development of qualification only partially corresponds to of employees learning and organization needs, employees are unmotivated to raise their qualification, have no time for this or trainings organized do not correspond their learning needs. The research revealed that municipality is trying to provide itself by employees having proper education and take care of their further training and development of qualification by applying different methods. In the discussion of Focus group which was striving to verify the adequacy of the research results obtained, there was little discussion, the participants agreed with the results bar none.

Thus, distribution of the main management functions activity fields in different chains of this system allows determining of purposes, activity fields and interdependence of collectives, separate individuals by revealing their importance in the changing processes of society development in time and space.

### Conclusions

Summarizing the analyzed results of the research the statement could be made that efficiency of analyzed municipal administration subdivisions activity is determined by both external and inner factors of organization's environment. External factors such as constantly changing requirements of legislation, social economical situation, political decisions, and untenable demands of clients can not be affected or changed by municipal administration. Factors of inner environment directly determining efficiency of municipal administration subdivisions activity can be affected, changed or developed by municipal administrations.

Having performed the research the following factors that determining efficiency of municipal administration subdivision activity can be distinguished: properly planned work; clear and particular determination of every subdivision's activity goals; clear naming of subdivision's goals and tasks; proper distribution of workload and resources; delegation of indices of activity achievements and tasks; dispersion of information; insurance of feedback; determination of activity indices and control of their achievement; employees' competence; stimulation of employees and constant development of their qualification; coordination of organization's and employee's interests.

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