Use of knowledge from performance management at public administration organisations

Miroslav Hrnčiar[1]
Zuzana Fabiánová[2]

[1] Žilinská univerzita v Žiline, Fakulta riadenia a informatiky; Univerzitná 8215/1; 010 26 Žilina; miroslav.hrnciar@fri.uniza.sk;
[2] Žilinská univerzita v Žiline, Fakulta riadenia a informatiky; Univerzitná 8215/1; 010 26 Žilina; zuzana.fabianova@fri.uniza.sk;

Abstract Managing performance at public administration organisations requires the appropriate acquisition and use of information on performance. This article analyses the reasons for measuring performance, as well as the performance measurement process itself. The starting point is a descriptive model of a performance measurement system, while determining the requirements for its elements and relationships.

Keywords Performance, public administration, performance management system, performance measurement

1. REASONS FOR MEASURING PERFORMANCE OF PUBLIC ADMINISTRATION

Performance management in public administration or performance of public administration are terms that still meet with insufficient acceptance from the side of both employers and employees at public administration organisations. Managing performance means getting information from performance measurement, transforming this information through analysis, evaluation and comparison into knowledge and using this knowledge in favour of the organisation's improvement and learning.

Public administration may in the broader sense of the word be understood as a service to citizens, because it is performed by bodies of its individual components in the public interest. The role of public administration is to satisfy to the highest possible quality the needs of citizens and other stakeholders. The provision of these services or activities by the public administration is financed from public finances and is subject to public scrutiny. Representatives of public administration are therefore forced to constantly seek to streamline and rationalise the performance of tasks by means of the implementation of processes at the organisations they manage. These representatives (the organisation's managers) are the main recipients of information from measurement.

There are a number of reasons for measuring performance at public administration organisations. Performance measurement provides its recipients the following information:

– data on the measurement object at a defined moment or over a longer term,

– the possibility to compare different characteristics of multiple objects of measurement,

– a description of the primary and secondary characteristics of the measurement object,

– the possibility to provide data from the measurement object also to persons who do not have the possibility to directly participate in observation of the object,

– evidence on whether an effect has actually occurred. [1].

The primary pre-requisite for promoting approaches and tools for raising performance at public administration organisations is an understanding of the sense and essence of the process approach and thereby also obtaining the relevant reasons for measuring performance in public administration. Besides the basic requirement due to which performance measurement is conducted – to **know the level of the organisation's performance** – there are available also other reasons; information gained from performance measurements serves as a basis or tool for:

– implementing a formal **evaluation** of the organisation,

– **checking** the fulfilment of objectives and tasks,

– **budgeting** funds for the next period,

– **motivating employees** to achieve better results,

– **understanding** (knowledge) of the working of ongoing processes in the organisation,

– continuous **improvement** of the organization.

The performance of an organisation is dependent on its employees' performance. We can, therefore, talk about the performance of an organisation on two levels: individual performance and organisational performance.

1.1 Organisational performance

The process by which the organisation's management influences its performance toward achieving objectives is termed organisational performance management. An efficient organisation is one that from the long-term aspect achieves the performance objectives defined in its strategy. The process of performance management begins by setting a vision, mission and strategy. It continues through setting specific objectives that may be set in a quantified form, through to transformation of these objectives into individual targets for each employee.

Objectives must meet the following requirements:

– be specific, clearly and understandably formulated,
– be achievable but challenging,
– enable the creation of feedback on tasks performed,
– be respected and accepted by the employee.

1.2 Individual performance

The individual performance of an organisation's employees is affected by subjective and objective factors that differ particularly in the degree by which the organisation can influence them. Under the influence of subjective factors a given employee's job performance varies over time, even when working conditions are constant. Objective factors are not directly related to employees themselves and an employee in the position of an operator (executor) often cannot influence them. These factors are of a systemic nature and it is the task of the process owner to control them. Therefore, an organisation must pay attention to them, examine their effect on job performance and take corrective action.

Subjective factors include, in particular:
– innate abilities of an employee for a given job (talent) of a physical or mental nature,
– acquired skills of an employee for a given job, which the employee acquires in the process of education and professional experience,
– resistance to stress, whether mental or physical.

Objective factors include, in particular:
– organisational support for work, with clearly defined rules and methods of workflow management, relationships between seniority and subordinacy, timely and precise definition of work tasks, their supervision and the provision of information flows,
– quality of the technical and technological support for work, corresponding to the nature of the work that the employee performs,
– working environment tailored to the nature of the work that the employee performs,
– culture of the organisation.

2. ANALYSIS OF THE PROCESS OF PERFORMANCE MEASUREMENT

The process of measuring performance is one of the support processes that help managers take correct decisions concerning measures for improving the working environment, employee adaptability, setting strategies, goals and procedures, as well as allocating resources. The process of measuring performance comprises the following steps:
– setting the objectives of performance measurement,
– setting the criteria and method of performance measurement,
– preparing the system of performance measurement,
– implementing the process of performance measurement,
– collecting and evaluating data and performance,
– interpreting the outputs of performance measurement,
– improving the system of performance measurement.
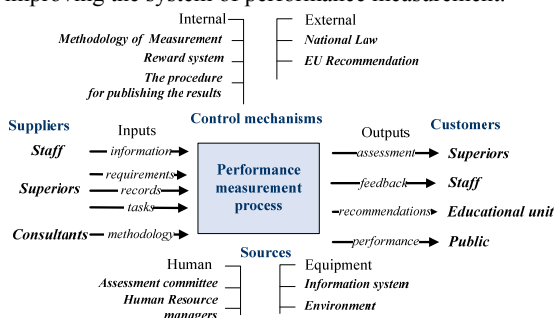
Users of information on performance are in general subjects that for various reasons have an interest in this information. They may be divided into internal and external users of information and perform works. A typical example of an external user of information on performance is a superior entity (an organisation), which is usually also the provider of funds. The superior entity receives this information primarily as the basis for decision making, guiding and influencing the further development of the organisation examined. Other external users of information on performance are recipients of the results of the organisation's activity, citizens (customers) and other public administration entities. Internal users of information include senior staff of the organisation and the organisation's employees.

Several parties are involved in the process of performance measurement at an organisation:
– the organisation's managers – are involved in creating the methodology for performance measurement,
– the organisation's employees – may be in the position of an operator of the implementation process or an operator of the performance measurement process,
– external partners (consultants) – are involved in designing and implementing the performance measurement system, or in evaluating the outputs from measurement.

3. REQUIREMENTS FOR A PERFORMANCE MEASUREMENT SYSTEM

Requirements represent a set of expectations placed on a system, processor product. In the case of a system measuring organisational and individual performance these are requirements ensuring that the system corresponds to the purpose for which it is created. The requirements placed on a system of measuring organisational and individual performance may be grouped into three categories: requirements placed on properties and requirements derived there from relating to elements and relationships forming the system itself.

3.1 Required properties of a system of measuring organisational and individual performance

A system of measuring organisational and individual performance should be verified with regard to its meeting specific requirements concerning this system's properties. These should be set so that the system enables its users (senior staff and evaluated employees) to credibly prove performance and identify areas of potential for improvement in the organisation, or in an individual.

In general, it is possible to express the required properties of a system of measuring organisational and individual performance in the following points:
– flexibility – the guiding principle is that the system should be flexible. Emphasis is placed on achieving set objectives; provided compliance with key procedures is guaranteed, evaluators and staff are entitled to exercise their own opinion;
– equality and diversity – the system must be designed so as to support objectivity and eliminate discrimination. Employees who have the feeling that they are not treated equally, do not put all their potential into performance. It is beneficial for the whole organisation if its employees are convinced that their co-workers, direct superiors and evaluators treat them fairly;
– process ownership – there must be named an owner of the performance measurement and evaluation process, who is responsible for the quality of outputs from the evaluation process, as well as for the effective use made of resources in the process of measurement and evaluation;
– involvement of employees – employees who are fully involved in setting objectives, assessing progress, solving problems, identifying development needs and future planning;

- impartiality – feedback and evaluation are based on objective evidence on the attainment of work objectives and proof of the relevant competencies, skills and knowledge;
- possibility of detecting reserves in performance – by means of the system of measuring organisational and individual performance it must be possible to draw attention to specific points in the process or specific competences where it is necessary to improve the performance level of an individual or organisation;
- continuity of the process – evaluation is an ongoing process. Dialogue between evaluated employees and evaluators is a continuous process – not just an activity performed at the end of the year. Appropriate feedback is a guarantee of solving problems and achieving good performance in real-time (without any delay);
- balancing the degree of centralisation and decentralisation in evaluating performance, with the aim of exploiting the advantages of different approaches. [2]

To the last property it is necessary to add that the history of performance evaluation systems shows that a standardised and centralised approach to evaluation was considered to be more effective and simpler in application than individual competencies and a system of evaluating targets. Only recently, together with advances in management theory, have other, more efficient, ways of evaluating performance also been developed. The current trend towards management of competences and to a system of setting individual tasks and objectives has led to the creation of a large quantity of innovative, hybrid and other methods of evaluation, procedures and criteria for different categories of employee. Detailed and traditional systems of evaluating performance are gradually being replaced by systems focused on individual competencies and goals to be achieved.

3.2 Required elements of a system for measuring organisational and individual performance

A system of measuring organisational and individual performance must be made up of elements ensuring the implementation of the process in a sufficiently predicative way. This concerns the following main elements:

- the sponsor (customer) of the evaluation, who assigns the task of measuring performance and uses outputs from the measurement for improving the organisation's results;
- object of evaluation (organisation, employee), who is involved in setting performance objectives and who fulfils the set tasks and obligations for the organisation;
- evaluating subject (evaluation commission), which prepares and implements the process of performance measurement, collects measurement outputs and formulates conclusions and recommendations;

Subsidiary elements used in a system may, in particular, include:

- approaches, methods, tools (individual tools and their use in the evaluation process);
- evaluation criteria (indicators with benchmarks, a list of required capabilities for a particular job, a list of tasks implemented);
- a presentation element of the system, which in a clear way presents for the sponsor of the evaluation process as well as for

evaluated employees the results of the evaluation (evaluation report, comparative analysis, evaluation of trends);
- an element linking the outputs from the performance evaluation to the system of improving performance at the organisation.

3.3 Requirements for relationships in a system of measuring organisational and individual performance

The nature and degree of linkage between individual elements of the system are determinant for its functionality and meaningful use. Relationships are defined by the respective responsibilities and powers deriving from the arrangement of the organisation and its resulting tasks and obligations. The most important relationship is between two basic elements of the system for measuring organisational and individual performance. This concerns the relationship between the evaluated object (the organisation, organisational unit, individual in the organisation) and the evaluating subject (superior, evaluation committee, superior organisation).
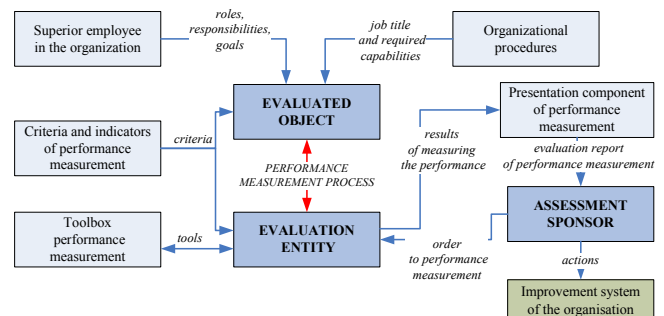
4. CONCLUSION

Use of knowledge from the performance management process rests on two basic pillars – for obtaining feedback for the needs of identifying tasks already performed and for detecting potential for improvement in the performance of organisation or individual staff, which represents a look ahead, i.e. feed forward – using knowledge for improving the organisation. A properly designed and used performance measurement and evaluation system respects both these key aspects.

Sources

1. DEMKE, Ch., HAMMERSCHMID, G., MEYER, R. *Measuring Individual and Organisational Performance in the Public Services of EU Member States.* European Institute of Public Administration, Publication Service, EIPA, 2008. ISBN 978-90-6779-208-0
2. WAGNER, J. *Měrení výkonnosti. Jak měřit, vyhodnocovat a využívat informace o podnikové výkonnosti.* Praha: Grada Publishing, a.s., 2009. ISBN 978-80-247-2924-4
3. STACEY, Ralph, GRIFFIN Douglas. *Complexity and the Experience of Managing in Public Sector Organisations.* Routledge. 2006. 197 s. ISBN 0-415-36732-8