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Towards excellence in public administration: organisation theory-based performance management model

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The purpose of the paper is to develop an integrated performance management model as an important pillar of excellence in public administration. The model is based on organisation theory where an organisation is a set of dynamic relationships between people assuring the existence, development, and specific characteristics of the social unit (e.g. enterprise, public sector organisation) and rational achievement of the social unit's goals. It covers the sequential phases of the management process that consist of specific approaches and include the most useful indicators (measures) associated with the various stakeholders. The indicators reflect the effectiveness of a social unit and the efficient execution of all processes/tasks. The proposed model represented the basis for research on the use of performance management tools, approaches, and indicators on a sample of 104 public administration institutions in Slovenia. The paper provides an important contribution to the public administration performance management body of research. First, the proposed model extends and improves existing models as it consistently follows the governance-management process to assure excellence. Second, the model is developed on the basis of organisation theory which assures repetitive use of the model over many time-periods. Third, all social units' stakeholders are included in the model. The model represents an original solution and is applicable in any type of public administration organisations, with some modifications also in any kind of private or public organisations, all striving for excellence.

Keywords: excellence; performance management and performance measurement; public administration; organisation theory; social responsibility

1. Introduction

Public administrations around the world face multiple pressures to innovate and improve efficiency and effectiveness, and to reduce their demands on taxpayers, while maintaining the volume and quality of services supplied to the public (Brignall & Modell, 2000). Performance management is the process of setting goals for a social unit (i.e. an institution or a company) and managing effectively to achieve those goals to eventually bring about the desired outcomes (Poister, 2010). Performance management models (also referred to as performance measurement models, excellence models, and quality improvement models) offer a transparent method for managing the performance of public administrations, and are widely discussed in the literature. Quality programmes and techniques applied in public administration have highlighted stakeholder-centred commitments and continuous performance improvement (Holzer et al., 2009). Sanger (2008) argues that despite many different performance management initiatives, significant improvements in performance and results-based accountability have not been fully achieved, and research

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is still needed to identify the key determinants of successful design, implementation, and use of performance management models. We believe that the existing models can be improved by taking into account the organisation theory by which the connection between business (the level of social unit) and organisation (the level of individual) is clear for the purposes of holistic analysis. In the paper we strictly differentiate between a social unit (an institution or a company) and an organisation. We use the term ‘social unit’ when referring to a public administration institution. We define ‘organisation’ as a set of dynamic relationships between people assuring the existence, development, and specific characteristics of the social unit and rational achievement of the social unit’s goals. Therefore, we will not use ‘organisation’ as indicating a social unit (an institution or a company).

The aim of the paper is to develop a conceptual framework of an integrated performance management model for public administration that clearly incorporates the organisation theory. Further, the proposed model represented the basis for a questionnaire used in a survey that was conducted on a sample of 104 public administration institutions from an EU member state (Slovenia). The paper’s main contribution is that it extends and improves the existing performance management models used in public administration. The model clearly covers the sequential phases of the management process that consists of specific approaches and includes the most useful indicators (measures) associated with the four main groups of public administration institutions’ stakeholders, that is, employees, customers, owners – the state, and ‘other stakeholders’ (local community, media, etc.).

The paper is divided into five sections. Section 1 is the introduction. Section 2 presents the literature review on the performance management issues in public administration. Section 3 outlines the proposed integrated performance management model for public administration based on the developed theory of the organisation. The research results are presented and discussed in Section 4. Section 5 concludes the paper, summarising the findings and introducing avenues for future research.

2. Literature review

All parts of the public sector face (or have faced) major management change as a response by governments to wider social and economic changes. If public administration institutions (social units) are to anticipate new problems and challenges, respond to them effectively, and chart their own course for moving into the future, they will need to think and act strategically and be able to manage for results (Bryson et al., 2014; Calogero, 2010; Micheli & Neely, 2010; Moore, 1995; West & Blackman, 2015). The paper addresses performance management at the operational and strategic levels because the authors believe that strategy can only be successfully implemented if it is coordinated with operations. This means that public administration institutions shift from simply measuring performance to incorporating the resulting information into systematic efforts to actually improve performance (Ballantine et al., 1998).

Performance management models have been growing in sophistication. Initially, they were close to ‘performance auditing’, aimed at pointing out breakdowns in operational controls and the implementation of functional responsibilities and areas for cost reduction and operating improvements (Hollings, 1996). Performance management models were first focused more on performance measurement than on performance management. This traditional view has been criticised due to the exclusion of non-financial dimensions of performance (Atkinson et al., 1997; Gosselin, 2005; Kloot & Martin, 2000; Verbeeten & Booms, 2009). In the public sector, given that objectives are often stated in non-financial terms, non-financial performance measures are needed as conventional

financial reporting will not fully capture performance (Guthrie & English, 1997). Moreover, studies show that performance measurement diversity benefits performance of social units (Ittner et al., 2003; Van Der Stede, Chow, & Lin, 2006).

Excellence in public service delivery has been one of the key themes of international public sector reforms. A large number of tools and concepts have been built up to help governments with service improvement (Bovaird & Loeffler, 2008; Denhardt & Denhardt, 2015). Some of these are legislative (Bovaird & Halachmi, 2001), for example, the Government Performance Results Act (GPRA) in the USA, the Best Value in the UK, or the Bassanini reforms in Italy. However, others are essentially voluntary – for example, the use of the European Foundation for Quality Management (EFQM) Excellence model and other quality management systems. In Table 1 we present a brief overview of the different performance management models used in public administration, including different tools and concepts that are directly or indirectly related to performance management.

Many quality management and business excellence tools/models are in use in private and public organisations, with each bringing benefits but also having various weaknesses when applied in practice (Banister et al., 2015; Dahlgaard et al., 2013; Tomažević, Seljak, & Aristovnik, 2015). Common Assessment Framework (CAF) and EFQM model are the most frequently used excellence models in public administration in the EU (Tomažević, Seljak, & Aristovnik, 2014a). CAF is used in all the EU Member States, although with different levels of intensity (Žurga, 2008). In the USA, the Baldrige Performance Excellence Program has become the highest level of performance excellence at both federal and state levels (Holzer et al., 2009; National Institute of Standards and Technology, 2011). Hartley and Downe (2007) argue that award schemes (based on performance management models) may have multiple benefits including service improvement, public sector reform, quality improvement, increased trust from the public, increased effectiveness, enhanced innovation, and sharing good practice, although the empirical evidence is thin (see also Radnor, 2009; Tomažević, Seljak, & Aristovnik, 2014b). Other performance management models that are also used in the public sector include benchmarking (Magd & Curry, 2003) and the lean approach (Radnor et al., 2006; Womack & Jones, 2005).

Although existing performance management models come from different perspectives, they all highlight the fact that performance in the public sector must necessarily be seen as a multidimensional concept (Emery et al., 2008). Still, many public administration institutions approach performance management very mechanically, with an emphasis on collecting and reporting data, often simply to keep regulators happy. It is important that social units move beyond performance measurement towards true strategic performance management, leading to enhanced learning, better decision-making, and performance improvement (Heinrich, 2002; Sanger, 2008). Theorists and practitioners have been seeking a solution that offers a simple, systematic, and useful performance management model for a wide range of social units. The most frequently used performance management models in public administration were formed on the basis of the knowledge and experience of experts from practice (European Foundation for Quality Management, 2015) and did not take into consideration the findings of the organisation theory. We want to emphasise that such models may cause problems when applied to other social units with different characteristics (e.g. public administration), or when used over a longer period of time, since they are not universal enough and largely include temporary points of view of a business in observed social units (e.g. it is not clear why strategic planning is not an initial part of the model and how to directly connect it to other enablers where some of them are in a form of processes and some in a form of stakeholders, etc.). We argue that the main deficiency common to all the existing models is that they are not able to

Table 1. Overview of the performance management models used in the public administration.

Tools and concepts that are directly or indirectly related to performance management	Description
Balanced Scorecard (BSC)	BSC is a strategic management system (not only a measurement system) that enables social units to clarify their vision and strategy and to translate them into action. It provides feedback around both the internal business processes and external outcomes to continuously improve performance. The BSC suggests that a social unit must be seen from four perspectives, focusing on customer-defined quality service, financial accountability, internal work process efficiencies, and the learning and growth of employees. The BSC evolved into the principles of the Strategy Focused Organisation (as a social unit) and further into the new strategy execution closed-loop management system. The BSC underlines the fact that performance must be evaluated by multiple stakeholders who have potentially contradictory expectations
Public Sector Scorecard (PSS)	Despite successful BSC implementations in the public sector, there are certain difficulties in its use for public sector social units (e.g. the financial perspective is not the prime performance criteria for the public sector). Therefore, the BSC has to be modified for use in the public sector. PSS extends and adapts the BSC to fit the culture and values of the public sector. In particular, it has an outcome focus and takes into account the much wider range of stakeholders in these sectors. It also has greater emphasis on service and process improvement and on culture, risk management, and working across institutional boundaries
ISO standards	The International Organisation for Standardisation (ISO) is a worldwide federation of national standards bodies from more than 140 countries. The most widely known standards in a public service context are ISO 9000 and ISO 14000. The ISO 9000 series is a device for establishing an effective quality system and for improving a social unit's performance, focusing on customer satisfaction. The public sector uses the ISO 9000 certification to control the process of quality systems, from identifying goals and expectations to reviewing improvements based on ISO 9000 standards. ISO 14000 is a set of standards that offers a systematic approach to environmental management. ISO standards and management systems built upon them are based on the principle of 'quality assurance'. ISO 26000 CSR (Corporate Social Responsibility) standards include directions for sustainable development and CSR – setting out

(Continued)

Table 1. Continued.

Tools and concepts that are directly or indirectly related to performance management	Description
EFQM model and CAF	<p>an understanding of CSR, the principles of CSR, stakeholders, main topics of CSR, and implementation of CSR within a social unit</p> <p>EFQM model is based on nine criteria, five 'Enablers' (i.e. what a social unit does), and four 'Results' (i.e. what a social unit achieves). 'Results' (customer results, people results, society results, and key results) are caused by 'Enablers' (leadership, people, strategy, partnerships and resources, processes, products, and services) and feedback from 'Results' helps to improve 'Enablers'. The EFQM Excellence Model is the foundation of the CAF aiming to assess the quality of public administration bodies. CAF defines performance as a combination of customer/citizen-oriented results, people-oriented results (performance and satisfaction), society-oriented results (societal and environmental performance), and finally, key performance results (in relation to the mandate and specified objectives of the social unit)</p>

Sources: European Foundation for Quality Management (2015), European Institute of Public Administration (2015), Emery et al. (2008), Holmes et al. (2006), Holzer et al. (2009), International Organization for Standardization (2015), Kaplan and Norton (1996, 2001, 2008), McAdam et al. (2005), Moullin (2002, 2011), Niven (2008), Northcott and Taulapapa (2012), Pramon et al. (2015), Piementel and Major (2015), Radnor and Lovell (2003), and Van Dooren, Thijs, and Bouckaert (2004).

clearly link together the social unit and the individual member of a social unit. This can be overcome by incorporating the organisation theory we discuss in detail in the next section when we conceptualise the improved performance management model.

The next section proposes a model of particular use to public administration as it incorporates a concept of excellence (achieving effectiveness and efficiency) based on social responsibility (considering all stakeholders). The model was initially developed and used as the basis for research on the use of performance management tools, approaches, and indicators for Slovenian public administration institutions. However, with some adjustments it can be applied to other areas of public sector and internationally. The proposed model is based on the 'developed theory of the organisation' that was initially developed by Lipovec (1987) and later refined to the context of the governance-management process by Rozman (2008, 2012; Rozman & Sitar, 2007).

3. Integrated performance management model for achieving excellence in public administration

3.1. Problematics of management in public administration

Public administration institutions (social units) are striving to achieve improvements in different areas to satisfy the needs and expectations of different stakeholders, such as

- Improving customer satisfaction through the reduction of administrative burdens to assure more time-efficient operations and services of highest quality and reliability;

- Improving employee satisfaction through state-of-the-art human resources management (HRM) methods (e.g. competence models, career planning, and teamwork);
- Improving the satisfaction of superior institutions while introducing more cost-efficient services to cut costs in national budgets; and
- Improving relationships with other partners (e.g. suppliers, local community, other public sector institutions, and private businesses) and improving technology for communication within public administration and with other stakeholders (e-government, and single point of entry).

Most minor improvements and system reforms in public administration usually do not put enough focus on the systematic coverage of all management functions, while the majority of the effort is focused on higher levels of authority without communicating and delegating the desired changes to the lower levels. Sometimes improvements are only focused on one type of stakeholders (e.g. customers) and do not take others into account (e.g. employees and local community). It is also not unusual for a specific public administration reform to only be in force for the mandate of one political side and to be deemed ‘senseless’ when another party comes in power. Also, it is also not unusual for even well-prepared plans to lead to a reality in which the execution fails.

3.2. Proposal of integrated performance management model

Based on the literature review and anecdotal evidence (Aristovnik et al., 2016; Courty & Marschke, 2003, 2004; Kovač & Kern Pipan, 2005; Micheli & Manzoni, 2010; Moynihan, 2005; Radnor, 2009; Staes & Thijs, 2005), we argue that there is still much space for the development of ‘better’ and/or ‘more integrated’ performance management models. The authors believe that such a model has the following characteristics:

- (1) Integrated – that means that it
 - (a) includes all key strategic and operational points of view in all parts (business functions, processes, and projects) and on all hierarchical levels of the social unit;
 - (b) systematically covers all management functions (the majority of authors (see e.g. Schermerhorn, 1999) mention planning, organising, leading, and control);
 - (c) covers all important approaches (enablers) and indicators (results) and allows the specific ones to be added for different types of social units;
 - (d) distinguishes between the organisational and business parts of the social unit through approaches (enablers);
 - (e) distinguishes between efficiency and effectiveness through indicators (results); and
 - (f) takes the needs and expectations of all stakeholders into account.
- (2) Enables comparisons between years or shorter periods over a longer period.

A few definitions must be given for a common understanding of the area under discussion, if one is to design a systematic, holistic, and logical performance management model. When describing the model, the term ‘organisation’ will be understood as a ‘set of relationships between people, which ensures the existence, development, and special characteristics of the social unit and rational achievement of the social unit’s goals’ (Lipovec, 1987; Rozman, 2012). Within such a definition, ‘organising’ means establishing the relationships and structures – technical, communicational, motivational, and authoritative – in which the social unit will operate in the most successful way (Rozman &

Kovač, 2012). Here, we are talking about dynamic relationships. The result might be either an improved organisation ensuring the development of the social unit or a deteriorating organisation leading to the destruction of the social unit.

The term ‘management’ is also understood and defined differently by different authors, and sometimes confused with governance or leadership. An exhaustive definition of management was given by Slovenian organisation theorist Lipovec (1987). According to his findings, management is an organisational function or process:

- (1) Which assures that the (technically divided) operations of specific individuals remain a part of a unified process of achieving the objectives of the business (the technical aspect of management);
- (2) Which receives its task and authority for the execution of the task from governance as its executive and confidential body (the social aspect of management); and
- (3) Which executes its task with the help of other people in the process of planning, delegating, carrying out, co-coordinating, and controlling, as initiated in governance (the process aspect of management).

Some authors define ‘management’ mostly from a process point of view (e.g. Daft & Marcic, 2011; Rozman & Kovač, 2012; Schermerhorn, 1999) as the achievement of the social unit’s goals in an effective and efficient way, through planning, organising, leading, and controlling. As with the view of management as a connection of four functions (planning, organising, leadership, and control), Rozman (2012) developed a new, more systematic, and integrated scheme of the (governance-) management process. It consists of (see Figure 1) the following:

- Planning (phase 1) and controlling (phase 6) the business at the social-unit level where the effectiveness of a social unit is the ultimate objective;
- Planning the organisation (as a set of relationships; phase 2), actuating the organisation (phase 3), and controlling (phase 5) the organisation at the individual level (employee or other stakeholder), through which rational achievement of a social unit’s goal(s) is achieved; and
- Additionally, execution is added as a phase 4 in the model, although it itself is not a sequential phase of management process but is tightly connected with all five phases of the management process.

The terms governance and management are mentioned because the activities start with governance (owners) and continue in management. Since a large part of excellence in public administration is closely connected with management, the term ‘management process’ will be used in the following text. The proposed integrated performance management model consists of effective operations at the level of the social unit as a whole, as well as ensures rationality in co-coordinating the interests of different stakeholder groups, which constitutes the socially responsible aspect of management. Excellence is, therefore, achieved when both effectiveness (reaching the goals of all stakeholders) and efficiency/quality are assured. The first can be achieved at the level of a social unit as a whole and the second at the level of an individual stakeholder. The phase of ‘Planning the organisation’ is, alongside the phases of ‘Actuating the organisation’ and ‘Controlling the organisation’, one of the key parts differentiating the proposed model from existing models. In this part the planned business of the social unit as a whole is adapted to the individual level (employee or other kind of stakeholder). Phases of planning the business,

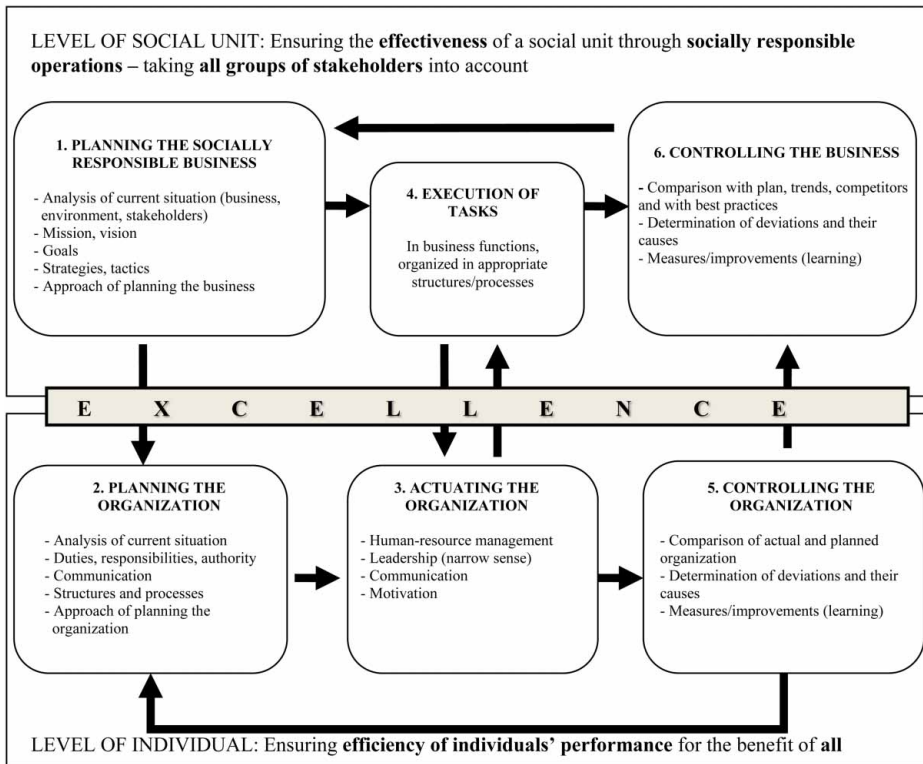


Figure 1. Conceptual framework of the integrated performance management model.
Source: Based on Rozman (2012) and Rozman and Sitar (2007).

planning the organisation, and actuating the organisation have to be performed before the execution phase. Phases of controlling the organisation and controlling the business have to be performed after the execution phase.

Discussion is now common on the differences between operations and management of public-sector social units and private-sector companies. There are certainly a number of specifics in the functioning of each, which are minor in the area of efficiency/quality but significant when speaking about goals. Social responsibility, defined on a basis of the stakeholder theory of Crane and Matten (2007), is a method of systematic management and execution to achieve the mission and strategic and tactical goals of the social unit where the basic activities are directed towards coordinating and satisfying the needs and expectations of all stakeholders (Tomažević, 2010, 2014). With such a definition social responsibility represents the basic goal of public administration. Taking into account the situation in the global economy, where in recent years it has become increasingly obvious that profit is not sustainable as the basic goal of social units, it is possible to claim that social responsibility will increasingly become the issue that differentiates successful social units from unsuccessful ones in the private sector as well.

3.3. Approaches and indicators

The proposed performance management model attempts to extend and improve the existing excellence models (e.g. EFQM, CAF 2006). It is designed with the intention of

accompanying the logical and systematic approach of discussed organisation theory. It clearly covers the sequential phases of the management process and includes the most useful indicators (see [Appendix 2](#)), connected to the various stakeholders, which are set in both planning phases (i.e. Planning the business and Planning the organisation), and checked in both controlling phases (i.e. Controlling the business and Controlling the organisation – see [Figure 1](#)). The model is divided into two main parts: (1) management functions which relate to the operations of a social unit as a whole (planning and controlling the business) and which are connected with effectiveness through socially responsible business and (2) the individual level (employees and other stakeholders), including the functions of planning the organisation, actuating the organisation, and controlling the organisation.

Each of the five phases of the management process within the model (1–6, except 4) is broken up into a number of approaches (enablers; see [Appendix 1](#)). These approaches represent the basic steps each manager should carry out to assure systematic, professional, and transparent management and consequently to assure quality/efficiency in achieving the goals of a social unit. We propose 74 approaches to assure effectiveness in the first (upper) part and efficiency in the second (lower) part of the model. This does not mean that there should not be some less or more detailed or additional approaches determined for a social unit. At the same time, it is anticipated that all management functions and therefore all approaches are implemented within the framework of social responsibility (i.e. taking all stakeholders into account).

The proposed model includes 51 indicators (measures) that represent its third part (besides the upper and the lower part of the model) – they are not denoted separately in [Figure 1](#). These indicators should be used by social units to periodically measure the satisfaction of specific stakeholders (e.g. employees, customers, and owners – the state for public sector institutions and others) on one side, and the efficiency of key processes on the other. The indicators and their desired values should be set in the phase of planning the socially responsible business and in the phase of planning the organisation. Their attainability should be checked in the phases of controlling the business and controlling the organisation so that potential deviations could be identified and then abolished in the following periods, some in the short term and others in the long term.

The approaches and indicators that are listed within specific phases of the model result from the existing literature or were introduced as best practices either in the private sector (e.g. Marolt & Gomišček, 2005; Singh Soin, 1999) or in Slovenian public administration institutions (Hadzimulic, 2007; Kovač & Tomažević, 2007; Nemeč, 2007; Pretnar & Marčetič, 2006; Žnider, Šarkan, & Špindler, 2007). They are also mentioned by numerous other authors from the Slovenian and European region (e.g. Žurga, 2002) or are adjusted on the basis of experience of CAF 2006 and EFQM models for the public sector.

The proposed model can also be used as a tool for the analysis of the current situation or to find out the ideas for specific improvements or even to stimulate the generation of innovative ideas and their implementation. In that sense, the proposed model is useful if the social unit wishes to use it only as a broader framework, or otherwise it can be adjusted in specific parts according to the characteristics and requirements of a particular social unit. The basic conditions that ensure the successful use of the model are management and other employees' commitment to excellence. The management setting a good example in that manner represents an important contribution towards acceptance, and later also to the active creation of changes by employees and other stakeholders.

4. Results on the use of integrated performance management model and discussion

The proposed performance management model for public administration formed the basis for a comprehensive questionnaire, which was used in a survey carried out in June 2009 in Slovenian public administration institutions. The main purpose of the research was to gain insight into the use of excellence tools, awards, events, approaches, and indicators. The main goal of the research was to thoroughly analyse the area of performance management and excellence and to look for eventual differences between different types of social units as well as to form the guidelines for potential improvements.

To ensure integrity and a systematic approach during verification of the situation and of plans in the field of excellence in Slovenian public administration institutions, all the parts of performance management model were transferred to the questionnaire, despite the risk that there would be fewer responses and a lower quality of answers than would be the case with a shorter questionnaire. The questionnaire was sent for completion by representatives (top managers) of 203 institutions in Slovenian public administration:

- Public Administration Bodies (126): Ministries (15), bodies of ministries, (40), government offices (13), administrative units (58),
- Municipalities (11),
- Social work centres (62), and
- Selected institutes/offices (4).

The response rate was 51.2%.

The statistical methods for data processing included frequencies, arithmetic mean, ANOVA (*F*-test), and the Pearson Correlation Coefficient. The eight-page questionnaire's main section included questions about the frequency of use of 74 approaches (see [Appendix 1](#)) and 51 indicators (see [Appendix 2](#)) in the surveyed public administration institutions in 2008, as well as estimates for 2011 that were made in 2009, when filling in the questionnaire. The three-year gap was chosen on the basis of EFQM experience and practice since such time intervals allow the social units to improve over time. Furthermore, it was estimated that 2010 was too close for any major changes to be planned in the studied areas since they are not primarily of an operational nature, but require longer time periods to gain the support, to make the decisions, and to implement them into practice. The correspondents could give a mark between 0 and 5 (0 = we do not know, 1 = we do not use, 2 = we use very seldom, 3 = we use occasionally, 4 = we use, 5 = we regularly use). The average marks are presented in [Table 2](#).

There were no major differences between the marks for approaches for both years, but some differences occur when analysing the indicators. Positive changes were planned for all aspects by 2011 compared to 2008. Increases from 2008 to 2011 are higher where the average mark in 2008 is lower and lower where the mark in 2008 is higher. Our study has shown that Slovenian public administration organisations are aware of the importance of performance management and resulting excellence. Moreover, they are eager to develop in this direction (the data for 2008 was compared with the plans for 2011), and they expect the institutions at the top of the state hierarchy to support them and lead by example.

In the study, data were also collected on differences between the types of social units – public administration organisations (see [Table 3](#)). We tested the hypothesis that there are differences between different types of public administration organisations since in the period from 2006 to 2009 efforts towards quality/excellence were very different across

Table 2. Summarised average marks (real 2008 and estimate for 2011).

	Year				
	2008		Estimate 2011		Difference 2008–2011
	<i>N</i>	Average mark	<i>N</i>	Average mark	
Excellence – total – approaches and indicators	104	3.78	104	4.19	0.41
Approaches – total	104	3.82	104	4.26	0.45
Planning the business	104	3.85	104	4.25	0.39
Planning the organisation	104	3.78	104	4.21	0.42
Actuating the organisation	104	3.88	103	4.29	0.41
Controlling the organisation	103	3.87	102	4.37	0.50
Controlling the business	102	3.73	101	4.33	0.60
Execution	104	3.84	104	4.40	0.56
Indicators – total	104	3.74	104	4.09	0.36
Indicators – employees	103	3.82	102	4.30	0.48
Indicators – customers	102	4.29	101	4.55	0.26
Indicators – state	104	4.13	103	4.38	0.25
Indicators – other stakeholders	103	3.16	102	3.64	0.47
Indicators – efficiency of processes in actuating the organisation	103	3.77	101	4.20	0.43
Indicators – efficiency of processes in execution	103	3.35	101	3.92	0.58

different areas of the Slovenian public administration, mainly due to the emphasis the superior social units were demonstrating in that direction.

As it was expected, the averages are the highest for administrative units, which have made an enormous effort on performance management over the past five years under the guidance of the Ministry of Public Administration (Kovač & Grošelj, 2007). The lowest cumulative average marks are shown for government offices and for the column 'Other', which represents three municipalities and two public institutions. On the basis of the *F*-test, which was calculated for each parameter in a questionnaire (in Table 3 there are only groups of parameters), we can establish that the averages for specific parameters differ in the majority of cases. Statistically significant differences appeared with relatively low level of risk in cases of indicators-total ($F = 3.3, p < .05$) and for some groups of indicators. Statistically significant differences were not found for approaches-total ($F = 1.2, p > .05$) or in any of groups of approaches. If in future, the Ministry of Public Administration intends to implement specific approaches and indicators and find out the differences between the types of social units, the collected data could be analysed in greater detail.

The nature of public service management is changing and we argue that, while some of the changes strengthen it, others create major problems because they involve the adoption of models based on the private sector without regard to the distinctive purposes, conditions, and tasks of the public sector. Such models therefore often fail to consider characteristics of the public sector, for example, the interconnected nature of public services, the need to build consensus across many different stakeholders, and the fact that accountabilitys replace profit and competition in driving behaviour. The research results identify opportunities for further research and other scientific and practical work in the area of performance management and excellence in public administration. However, there is also a

Table 3. Comparison of different types of public administration institutions regarding the use of elements of performance management.

	Ministries	Bodies within ministries	Government offices	Administrative units	Social work centres	Other	Total
Excellence – total – approaches and indicators	3.5	3.7	3.4	4.0	3.7	3.3	3.8
Approaches – total	3.7	3.8	3.5	4.0	3.7	3.4	3.8
Planning the business	3.7	3.8	3.5	4.0	3.8	3.6	3.9
Planning the organisation	3.6	3.8	3.3	3.9	3.7	3.4	3.8
Actuating the organisation	3.8	3.8	3.5	4.0	3.8	3.4	3.9
Controlling the organisation	4.0	3.8	3.6	4.1	3.7	3.1	3.9
Controlling the business	3.3	3.6	3.5	4.1	3.4	3.2	3.7
Execution	3.8	3.9	3.6	3.9	3.8	3.4	3.8
Indicators – total	3.4	3.5	3.3	4.0	3.6	3.3	3.7
Indicators – employees	3.4	3.4	3.5	4.1	3.8	3.4	3.8
Indicators – customers	4.2	4.1	3.3	4.6	4.2	3.3	4.3
Indicators – state	4.2	4.1	4.1	4.3	3.8	3.7	4.1
Indicators – other stakeholders	3.3	2.9	3.6	3.2	3.3	2.9	3.2
Indicators – efficiency of processes in actuating the organisation	3.4	3.4	3.4	4.0	3.7	3.6	3.8
Indicators – efficiency of processes in execution	3.0	2.9	2.8	3.6	3.5	3.0	3.3

justified fear that the economic crisis, which has given priority to short-sighted cost cutting, will cause a slowdown in the development of Slovenian public administration. It would be much more constructive if the crisis was used to spur radical reforms to ensure the long-term excellence (effectiveness and efficiency) of public administration and consequently of the whole state, since public administration plays an important role as a service to business entities and residents.

5. Conclusion

Performance management is relevant at all levels in all public administration institutions (social units). It provides a means of improving social unit's performance by linking and aligning individual, team, and institutional objectives and results. It also provides a means of recognising and rewarding good performance and managing underperformance. Effective performance management enables employees to understand the goals of the social unit and to identify how individual outputs contribute to the achievement of social unit's objectives. It is now viewed by public sector practitioners and academics as an effective vehicle for achieving the public institution goals that stakeholders have been promised and that they expect to be fulfilled to their satisfaction.

The paper shows that although some of the existing performance management models are highly developed and used in the public sector, they can be improved incorporating the organisation theory. We proposed a performance management model based on the literature review and practical (public and private) experience that enable a clear analytical linkage between the level of a social unit and the level of individual (who by relationships become a member of a formed social unit). The study provides an important contribution to the public administration performance management body of research as follows: (1) the proposed model extends and improves existing models as it follows the governance-management process consistently to assure effectiveness and efficiency; (2) the model is developed on the basis of organisation theory which assures repetitive use over many time-periods for management and execution, measurement, and constant improvement; and (3) all stakeholders are included in the model – they are embedded in the decision-making process, and into all of the social unit's activities – this represents a socially responsible component of a model.

The study was subject to the following limitations. First, the questionnaire was very long and required senior managers to use a considerable amount of their precious time. There was a risk, therefore, of a low response (though this did not occur). Additional questions that could clarify further issues (the real data for indicators, the evidences for approaches, etc.) were not included in the questionnaire and could represent avenues for future research. Second, the data pool was enormous and required a sound selection of areas to analyse. Some data could be analysed with cluster analysis, but this would already impinge on the anonymity of social units. Third, due to the study's limited extent, it was not feasible to verify the importance of the model parameters (approaches and indicators) listed in the questionnaire with experts from the theory and practice in organisation/excellence in public administration. Fourth, with the execution of comparable external assessments, it would be possible to check the influence of subjectivity when filling in the questionnaire. The surveys should be executed also with different groups of stakeholders (i.e. employees, customers, etc.) in order to get the holistic insight. Fifth, the model itself could be tested in practice over a longer period of time – measuring the changes in performance of different types of public administration social units, which (1) do not use any performance management model; and (2) which already use any other performance management model.

As regards practical implications, the proposed model offers a comprehensive basis for understanding and implementing essential managerial practices through which any public administration institution could achieve excellence using indicators for measuring performance. The optimal way to use the proposed model is in the everyday functioning of any manager since it represents a systematic and holistic approach for the management and execution, measurement, and constant improvement of any business. The model can also be used as a tool for self-evaluation or for external evaluation of excellence.

In future, it would be worthwhile to conduct also a comparative study with other types of social units in the public sector, and with comparable social units in other EU countries. Next, we suggest conducting a series of in-depth case studies where the proposed model can be further elaborated. Future research would also benefit from testing the model outside the public sector.

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Appendix 1. The approaches of the proposed integrated performance management model for achieving excellence in public administration

Planning a socially responsible business (phase 1 in the proposed model – see Figure 1)

- (1) Periodical analysis of an organisation's internal situation (strengths and weaknesses): business; quality of business; existing mission, vision, policies and values; strategic and tactical goals, as well as strategies and tactics from the previous period;

- (2) Periodical analysis of organisation's external situation (opportunities and threats): environment (external influencing factors);
- (3) Periodical analysis of stakeholders: their goals and past/current/future relationship between the stakeholders and the organisation;
- (4) Mission, vision, and values: the organisation forms/updates the mission, vision, and values, and taking into account all stakeholders;
- (5) Goals – the organisation defines: strategic goals (indicators) of business – considering internal and external influencing factors and in cooperation with all groups of stakeholders; annual (tactical) goals (indicators) of business in cooperation with all groups of stakeholders;
- (6) Strategies/tactics – the organisation defines: strategies to attain the strategic goals; tactics to attain annual (tactical) goals; processes (key processes, supporting processes, and their sequence) for the accomplishment of strategies and tactics; process-based goals (costs, assets, stakeholders, duration, information, documents, etc.); and
- (7) A procedure for planning the socially responsible business: the organisation defines the procedure of planning the business, taking into account the time (when to plan), people (who plans), procedure (the sequence of planning phases), documents (regulation), and communication (with all involved); the organisation regularly checks the suitability of the planning procedure; the organisation introduces measures required in case of deviation from the anticipated process of planning the business; the organisation verifies the efficiency of measures to improve the procedure of planning the business phase; the organisation adopts its plans prior to the period they relate to.

Planning the organisation (phase 2 in the proposed model – see [Figure 1](#))

This part is essential for effective and efficient execution of tasks. Due to a lesser emphasis on planning the business in the public compared to private sector, the duties/responsibilities/authorities of employees in the public sector should be even more emphasised and taken into account. In the public sector the majority of the business plan is defined by external, superior social units (institutions), and therefore those preparing the business plan do have a relatively low influence on the plan itself. The proposed integrated performance management model includes the following approaches for planning the organisation:

- (1) Analysis of current situation: existing duties, responsibilities, authorities, and communication of employees as well as structures, connected with the mentioned elements; roles of individual groups of stakeholders, except employees; existing organisational processes (planning, execution, and control);
- (2) Duties: The organisation as a social unit defines: duties for specific jobs, according to defined goals, strategies, and tactics; roles of specific groups of stakeholders, except employees;
- (3) Responsibilities: The organisation defines: responsibilities for execution of duties with an emphasis on an individual's personal responsibility;
- (4) Authority: The organisation as a social unit defines: employee authorisation for the execution of duties; methods of delegating the duties, responsibilities, and authorisations, as well as empowerment of employees;
- (5) Communication: The organisation as a social unit defines: holders, paths, and deadlines for communication by leaders with employees and among them; systems for informing all stakeholders;
- (6) Organisational structures and processes: The organisation as a social unit defines: the organisational structure that every stakeholder is familiar with; the actual job systemisation; planning, actuating, and controlling the organisational processes (methodology, holders, documentation, audits, learning, improvements, etc.); system of indicators for efficiency of organisational processes; and
- (7) Procedure for planning the organisation: The organisation as a social unit: defines the procedure for planning the organisation, taking into account time (when to plan), people (who plan), procedure (the sequence of planning phases), documents (regulation of organisation), and communication (with all stakeholders); regularly checks the suitability of the planning procedure; introduces measures required in case of deviation from the anticipated

organisation planning procedure; verifies the efficiency of measures to improve the organisation planning procedure; and adopts the plan before the beginning of the period for which it refers.

Actuating the organisation

The key task of the managers within this phase is to recruit, introduce, allocate, develop, motivate, and lead the employees as well as to communicate with them. In a similar manner, they should also interact with other stakeholders. The Actuating the organisation phase is crucial, yet is often not thoroughly enough understood and the phases of management process are not executed sufficiently systematically and consistently.

The integrated performance management model includes the following approaches for actuating the organisation:

- (1) **HRM:** The social unit defines the processes of recruiting and selection of new employees with adequate competences (knowledge, abilities, personal and social characteristics); introducing new employees via mentorship (also in the case of allocation and/or advancement); education and training in order to introduce, motivate, and retain good workers – specialists as well as managers; knowledge management (planning, organising, and controlling the activities, connected with knowledge) – for employees and other stakeholders; moving the employees to other jobs or into other organisational units inside the organisation, as well as external fluctuation – leaving the company or pensioning off; decentralisation of human resources management (HRM) functions – from the personnel department to leaders;
- (2) **Leading in a narrower sense:** The social unit defines the processes of influencing employees and other stakeholders by leaders, taking into account the principles of direction towards the people, leading by example and accessibility of leaders; including the employees and other stakeholders (in planning, projects, participation at conferences, etc.); stimulating employees and other stakeholders towards inclusion, learning, and giving proposals for improvements, as well as to planning, execution, and control of improvements; stimulating and supporting the teamwork and the exchange of best practices within the organisation and with the stakeholders; executing personal evaluation/personal development interviews with employees and of processes to take measures on the basis of identified improvement opportunities;
- (3) **Communication:** The social unit defines the processes of communicating the mission, vision, and values of the social unit to all stakeholders; the processes of communicating the goals, strategies/tactics to employees; the system of communicating/reporting in support of the execution; the system of conflict management; the culture of open formal and informal communication in all directions of the organisational structure; and
- (4) **Motivation:** The social unit defines the system of motivating and rewarding for all groups of stakeholders so that reward is tied to responsibility; sanctions for not attaining the goals, not respecting the rules and agreements (known in advance and consistently executed); material rewards for proposals for improvements and innovations of employees; non-material rewards for proposals for improvements and innovations of employees (selecting the best employee, the best team, etc.); performance appraisal of employees and appraisal of leaders with the aim to improve their competences; safe and pleasant working conditions, considering equal opportunities and support of employees when balancing professional and private life; leaders' support for execution of tasks and attaining the goals with the aim of assuring a pleasant atmosphere, trust, and commitment of employees; employee satisfaction surveys and other methods of gathering feedback from employees and measures on the basis of identified weaknesses, as well as the control of executed measures.

Controlling the organisation

The integrated performance management model includes the following approaches for controlling the organisation:

- (1) The organisation checks the real duties, responsibilities, authorities, communication, structures, and processes, and compares them to those planned.

- (2) The organisation looks for deviations between planned and actual duties, responsibilities, authorities, communication, structures, and processes and tries to identify the causes.
- (3) In order to eliminate the deviations of the actual compared to planned, the organisation takes measures – and introduces changes on the basis of facts (improvements and innovations).

Controlling the business

The controlling of the business phase is the last phase of the management process. The integrated performance management model includes the following approaches for controlling the business:

- (1) The organisation tracks what was planned in the planning the business phase (mission, vision, goals, strategies, and tactics);
- (2) The organisation designs the system of comparison of actual results with the planned ones; comparison with trends and results of competitors and with other best practices. determining the deviations between actual and planned situation and causes; and
- (3) The organisation designs the processes to introduce the measures to implement change (improvements and innovations).

Execution of tasks – operations

The phases of 'Planning a socially responsible business', as well as 'Planning the organisation', and 'Actuating the organisation' are followed by the 'Execution of tasks' on the basis of business functions or other forms of organisational unit. The tasks have to be executed in accordance with adequate structures/processes, through which the organisation performs and achieves results. Besides the basic business functions (purchase, finance, 'manufacturing', HRM, sales, etc.), which are directly connected to the organisation's core business, there are also some other supportive functions that have to be executed, such as R&D, accounting, safety, logistics, legal affairs, investments, etc.

The integrated performance management model includes the following approaches for execution, which is not a sequential phase of management but is tightly connected with all five phases of the management process:

- (1) The organisation defines the systems of managing relations with existing stakeholders and developing new partnerships, joint introduction of improvements, recognising and rewarding the contribution to the common success; customer relations management (planned communications (web pages, e-mail, annual reports, brochures, press conferences, and customer counsellors)), customer support, care for service quality as the duty of each employee, accessibility of services, responsiveness to demand and complaints, and stimulation of creativity and innovation in customer relations); and efficient change management.
- (2) The organisation develops its image to gain higher recognition and a better image in public.
- (3) The organisation disseminates best practices from a specific area of the organisation to other parts, or to other organisations.
- (4) The organisation actively contributes to the development of society, taking into account the rights and interests of future generation.

Appendix 2. The indicators of the proposed integrated performance management model for achieving excellence in public administration

Although not denoted separately in the figure, the proposed model also includes indicators that constitute the third section of the model. In the execution phase, the individuals, organisational units, organisation as a whole, as well as external stakeholders should – as efficiently as possible – achieve the results, defined as goals in the first three phases of management process. The first four groups of indicators determine the effectiveness of a social unit since they are connected with the satisfaction of different groups of stakeholders – employees, customers, owners, and other stakeholders (suppliers, local community, media, etc.).

Indicators – employees

Level of achievement of the plans of recruiting, introducing, rewarding, advancement, and employee development;

- (1) Share of budget for education/training;
- (2) Number of days of education/training per employee per year;
- (3) Efficiency of training regarding the use of acquired knowledge at work;
- (4) Frequency of rewarding individuals and teams;
- (5) Share of appraised employees, also from external institutions;
- (6) Evaluation of managers by employees regarding goal setting, assuring the assets, communicating/informing, delegating, motivating, rewarding, stimulating innovation, and competencies development;
- (7) Atmosphere at work (openness, transparency, constructive problem-solving, involving in making-decisions processes, quality of relationships with colleagues and superiors, etc.);
- (8) Working conditions (workplace, working time, balancing work and family life, etc.); and
- (9) Number of projects for improvement of employee satisfaction in a year.

Indicators – customers

- (1) Customer satisfaction regarding the politeness, professionalism, tidiness, attentiveness, flexibility, reliability, responsiveness, accessibility, correctness, speed, understandability of procedures and information, involving the customers in the processes of decision-making, quality and price of services/products, consulting, and technical support;
- (2) Annual number of administrative affairs, share of solved administrative affairs (per employee or per capita within the area, covered by an organisation);
- (3) Number of affairs that need renewed proceeding or refunding of costs;
- (4) Time needed for processing the administrative affairs or time to form the services;
- (5) Number/share of complaints on solved affairs;
- (6) Proportion of praises from customers among all customers' opinions; and
- (7) Annual number of received proposals for improvements by customers, proportion of useful proposals, and proportion of realised proposals for improvements.

Indicators – state (or other superior organisations–owners in the private sector)

- (1) Level of achievement of the budget;
- (2) Number/dimension of investments in new buildings/equipment;
- (3) Costs of salaries and bonuses (value, structure);
- (4) Costs of specific processes/organisational units (value/structure);
- (5) Costs of an administrative affair (costs of salaries, material costs, and total costs);
- (6) Level of achievement of the plan for buildings, equipment, material, energy, and transport;
- (7) Level of achievement of the plan for the purchase and use of information-communication technology;
- (8) Costs of safe and proper use and maintenance of premises, equipment, material, energy, and transport;
- (9) Costs/quantity of electricity, water, and other fuels used; and
- (10) Number and results of evaluations, audits, and controls.

Indicators – other stakeholders (e.g. suppliers, political representatives, civil society, local community, media, and foreign organisations of public administration)

- (1) Frequency/quality and up-to-date cooperation with other stakeholders;
- (2) Number of cases of organisations' functioning having a negative impact on the environment;
- (3) Number/frequency and impact of social and environmental activity programmes;
- (4) Share of budget for social and environmental activities;
- (5) Number of publications about organisation/employees in media; and
- (6) Evaluation of a specific group of stakeholders regarding general image, performance of organisation, and the contribution of the organisation to society.

Two additional groups of efficiency indicators were defined.

Indicators of efficiency of processes within the phase of actuating the organisation

These indicators should be defined within the 'Planning of organisation' phase and are connected with efficiency in the area of HRM:

- (1) Share of employees who know and understand the mission, vision, values, and goals of the organisation;
- (2) Share of employees who know the connection between personal goals and the goals of their organisational unit;
- (3) Level of achieved required qualification;
- (4) Share of employees who have filled in the employee satisfaction survey;
- (5) Share of employees who have taken part in a performance evaluation/personal development interview in a calendar year;
- (6) Utilisation of working time;
- (7) Level of absenteeism, level of fluctuation;
- (8) Number of accidents at work and expenses for higher security and health at work;
- (9) Share of employees who have taken part in social events organised by the employer;
- (10) Share of employees who have been involved in social and environmental programmes; and
- (11) Participation in contests/awards for quality or in quality/excellence projects (ISO, CAF, etc.).

Indicators of efficiency of processes within the phase of execution–operations

- (1) Effectiveness of improvement programmes and innovation of processes/structure;
- (2) Number of effective changes in existing internal organisational acts, and number of new organisational acts;
- (3) Number/share of employees who offered recorded proposal for an improvement;
- (4) Number of received proposals for improvements per employee or organisational unit in a year;
- (5) Share of useful proposals out of all proposals for improvements, share of realised proposals;
- (6) Frequency of introduction of new tools and approaches for continuous improvements and rise of efficiency; and
- (7) Frequency of best practice sharing within the organisation and with other organisations.