SUSTAINABLE PERFORMANCE OF PUBLIC ORGANIZATIONS: SHAPING A COHERENT SYSTEM FOR IMPLEMENTING AND MEASURING THE CONCEPT

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Abstract:
The paper addresses a topical issue at the international level due to the present pressure exerted by an increased public debt on most national budgets, but especially in Romania where there is also a large gap between the scientific literature regarding the concept of public organizations’ performance and international literature. The gap is not only in the literature, but also in practices. Performance measurement may generate benefits for public organization and for society as a whole; it may help to improve public management, only if an internal system geared towards achieving sustainable performance was implemented. Otherwise, if public policymakers will continue targeting only the measurement of performance will increase and perpetuate the “performance paradoxes” cases. The objective of the paper is to design an internal system for public organizations oriented toward performance and its continuous monitoring, not only on its final measuring and reporting. To this end, I propose some modern tools adapted to public organizations’ characteristics, as instruments of a public management oriented towards obtaining sustainable performance.

Key words: public sector, public organizations, sustainability, performance

1. Introduction

Performance is a very common term in the contemporary world both at individual and organizational level and even at the state level. What we understand by performance is different depending on the environment in which it is analyzed. The performance of a private company ultimately translates by obtaining profit by increasing the value of the firm and the methods for obtaining and measuring performance are relatively easy to build as the immediate and future target is known, it is easily identifiable and measurable. Of course, we do not share the idea that measuring a company’s performance is easy; and in the private sector there can be seen reactions from employees that cannot be fully anticipated, but we analyze in comparison with the performance in the public sector. The need for obtaining and monitoring the performance in the public sector is undeniable especially due to the present pressure exerted by an increased public debt on most national budgets. The
real challenge lies in the construction of an implementing, obtaining and monitoring performance system that would be fully functional. And this task is not easy in the public sector both overall and at the level of public organizations.

In recent years more and more governments have introduced various management methods based on performance, but few are successful examples and they have improved their methods over time while learning from malfunctions from past practices.

The major factors that hinder the successful implementation of a system for obtaining and measuring performance in the public sector are:

- **The lack of an organizational culture based on performance.** This organizational culture is formed in time; it must be understood and adopted by each public employee and manager. Corruption is a phenomenon that must be eradicated in view of creating a culture based on performance. Imposing a system of obtaining and measuring performance without consulting the employees will generate repulsion from them and speculative behavior, finally resulting in a false performance, or in a scripted performance, unsustainable.

- **The lack of a long-term thinking and approach** regarding the activity and decisions at the level of the public organizations. Public managers seek to obtain short-term results, in the election cycle, in order to demonstrate how performing voters are. But in this way they lose sight of just what is most important, namely the impact of their decisions and the sustainability of results.

- **Difficulties in identifying and measuring outcomes.** Often the outcomes are confused with output because the latter are more easily identified and measured. In order to have a close dimension of the public organization performance, it should analyze what “it produces for society” in terms of outcomes; these are directly related to the mission and reason for existence of the organization.

- **The emphasis on measuring performance as final activity report,** implementing some performance management systems focused on measuring the concept, and less on its obtaining method. If there is no internal system focused on obtaining performance, then its simple measurement based on some indicators has no real value, but on the contrary can be a dangerous practice if the reporting results influence the funding of the organization or the salaries, and the employee activity. In this case the phrase "what you measure is what you get" is very true. There is the risk that the activity of the members of the public organization to be guided only by the indicators to be reported at the expense of other requirements and to the detriment of innovation which will lead to a lack of progress of the organization in the future. Things that are not measured will be neglected in order to achieve better results regarding the things that are measured.

The performance measurement systems in the public sector generally focused on the input-process-output relationship omitting the outcomes that are often difficult to quantify, but should not be overlooked because the outcomes represent the role of the organization. **Thus, based on this relationship, it is analyzed a performance that**
resides in the past, and which not necessarily reflects the future performance of the organization (Meyer MW, 2002).

What we want is to obtain a sustainable performance of the public organizations and of the public sector overall. **Sustainable performance is a real performance, which demonstrates that the organization is moving in the right direction; it is a perpetual performance, projected into the future, integrated in a long-term strategy, expected and desired by stakeholders.**

A private organization produces profit and shareholder value, but a public organization what produces or should produce to fulfill the role? A public organization must also produce value for stakeholders. What translates this value in the public sector? Obtaining value in the public sector means getting outcomes in a cost efficient way. Public organizations should be focused on citizen and on the impact that they produce on citizens. In this regard a distinction should be made between output and outcome. Martin Cole and Greg Parston in the book "Unlocking Public Value" define "outputs as being the products, goods or services delivered by a public organization. Outcomes are the impacts, benefits or consequences for the public that those goods and services are designed to attain ". The same authors, based on the book "Measuring performance in public and nonprofit organizations" by Theodore Poister show that "outputs represent what a program actually does, whereas outcomes are the results it produces" (Martin Cole, Greg Parston, 2006, pg. 20). In other words, the performance of the public organizations must rely on getting outcomes, and not just on outputs because outputs that do not contribute to enhancing the outcomes can be obtained and therefore they do not generate an increase of the public value (for example, the increase in the quality of the higher education in Romania is an outcome, increasing the number of students is an output that does not necessarily contribute to generating value, meaning generating quality for education). But any organization is subjected to some budgetary restrictions, that is why the cost elements should be analyzed. Results are desired but not at any cost, especially during the current period when the public debt affects the national budgets.

**Sustainable performance of a public organization** is given by the value created by the organization for its mission targeted stakeholders. Public value does not represent just obtaining outcomes, or only cost reductions, "it is about doing both in a balanced approach and understanding the strategic trade-offs available along the way" (Martin Cole, Greg Parston 2006, pp.63-64).

The citizens assess the public sector’s performance through the benefits they get from public spending, so based on the results generated by the public programs (OECD, 2004 pp.2).

2. **A Balanced Scorecard approach to public value creation**

The characteristics of an optimal obtaining and measuring performance in the public sector are (Mihaiu D., 2014): *It must be shaped according to what the community expects from the organization; It must be complex to be able to respond to*
different functions and objectives; It must be built so as to serve the informational needs of the internal and external users; It must include performance indicators capable to measure the fulfillment level of the objectives set prior and all the dimensions of the performance; To be valid; to be transparent and fair; to be flexible but also stable; to not generate perverse effects; To be subjected to the external audit.

As it can be seen from the above characteristics, building a system for obtaining and measuring the performance of a public organization must take into account its internal and external perspective of the performance, and also its multiple dimensions. These requirements are so necessary and so often elusive because (MW Meyer, 2002, pp.21): (1) Measuring the performance from an external perspective translates heavily into the activity and internal management of the organization. Performance measurement from the internal perspective is often difficult to understand by the external stakeholders; (2) No one-dimensional performance measurement pattern will provide a representative picture of the performance of the organization. The multidimensional models can provide a more complete picture of the organization's performance than the one-dimensional models, but it is difficult to collect and combine data to obtain a comprehensive assessment of the organization’s performance.

In this respect, a coherent system for obtaining and measuring performance in the public organizations that would largely meet the characteristics of an optimal system must be structured as follows: (a) Implementing a system that would track the internal performance’s obtaining and monitoring and that would assist the decisions and actions of the internal stakeholders. In this respect, we consider as being appropriate the use of Balanced Scorecard and Strategy Maps, which are multidimensional performance management and strategic management tools; (b) Implementing a model that would analyze the performance achieved by the public organization, from the perspective of the external stakeholders. In this regard, we propose the use of an Accenture's Public Sector Value Model. To measure the public value created by the organization the outcomes derived from the organization's mission must be taken into account, those that are of interest for the external stakeholders targeted by the mission.

Figure 1 Creating a coherent system for sustainable performance implementation and measurement in the public organizations

Source: author’s own elaboration
It is crucial to know what the organization’s performance is materialized in, how it can be obtained and measured. The starting point in this approach is represented by knowing the mission of the organization. The organization's mission forwards justifying the necessity of the existence of the public organization in matter, its role in society. A public organization is performing if it successfully fulfills its role, generating value for the stakeholders targeted by the mission.

So after identifying the mission we must identify stakeholders and their expectations, and then defined outcomes that are intended to be obtained to create stakeholder value (figure 2). Outcomes will be contained identification of organizational strategy, developed themes, objectives, actions, indicators for measuring the results. So after identifying the mission one must identify the stakeholders and their expectations, and then the outcomes that are intended to be obtained in order to create stakeholder value (figure 2) must be identified. The identified outcomes will be contained by the strategy of the organization, developed in themes, objectives, actions, indicators for measuring the results.

**Figure 2 Identifying the public organization’s outcomes process**

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Balanced Scorecard is a tool developed by Robert Kaplan and David Norton in 1990 which helps to clarify the organization’s mission, and to implement the strategy in appropriate actions (R. Kaplan, D. Norton, 1996). It is a useful strategic management tool which aims to achieve performance. Mohan Nair defines the Balanced Scorecard (BSC) as „a methodology to solve challenges in balancing the multiple perspectives demanded of strategy with its execution. BSC attempts to move business from monitoring to measurement; from measurement to management and from management to direction setting (Nair Mohan, 2004, pp.2 and 30)‟.

In the original version, using the Balanced Scorecard, the organization's strategy (we address the case of the private organizations) is transposed into four perspectives: financial perspective; customer perspective; internal business perspective; learning and growth perspective (Paul R. Niven, 2008). These perspectives must be adapted to the specific of the organization. In the case of the public organizations, which are generally nonprofit organizations, their mission is essential to the society. It would be advisable, in this regard, including a distinct perspective that would monitor the mission through the outcomes generated for the targeted external stakeholders of the mission.

Accenture’s Public Sector Value Model is based on two dimensions of the performance in order to generate public value: outcomes and cost effectiveness. The model assumes that public sector value is created through generating improved outcomes in a more cost-effective manner (Accenture, pp.3).
Using together the two instruments: the Balanced Scorecard (used together with Strategy Maps) and the Public Sector Value Model will provide a comprehensive view of the organization's strategy, of its method of implementation and of the impact of the organization's activity over the society. The role of the public organization is to contribute in a certain way, according to its mission, to the increase of the social welfare of citizens. So the final performance of the public organization is given by the impact of its activity results on the citizens. By incorporating a new perspective in BSC, namely the mission, it can easily be able to use the Public Sector Value Model which uses outcomes that create public value (those outcomes that derive directly from the public organization's mission and that aim external stakeholders).

To exemplify this system proposed for obtaining and measuring performance, it will be presented the case of a university. Many universities have adopted the BSC as a strategic management and performance instrument, such as: Virginia University, The University of West Indies, The Ohio State University, The University of Edinburgh, Davenport University, and University of California.
3. Conclusions

In this article, one first objective was to define the concept of sustainable performance of public organizations, seen as a real performance, projected in the future, that minimizes cases of speculative behavior, integrated in a long-term strategy, expected and desired by stakeholders. Sustainable performance of a public organization is given by the value created by the organization for its mission targeted stakeholders.

Another objective was to shape a coherent system for implementing and measuring the sustainable performance of public organizations. In this sense we propose to use the Balanced Scorecard (together with Strategy Maps) and the Accenture Public Sector Value Model. Using together the two instruments (the Balanced Scorecard used together with Strategy Maps and the Public Sector Value Model) will provide a comprehensive view of the organization's strategy, of its method of implementation and of the impact of the organization’s activity over the society.

To exemplify this system proposed for obtaining and measuring performance, it was presented the case of an university. The next step in this research is the development of the proposed system for a public organization, starting with the outlining of the mission and ending with the definition of indicators and measuring the public value creation.

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4. References


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