



THE PUBLIC SERVICE AS A 'PERFORMING ORGANISATION'

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Executive Summary

As Malta's term to lead the EU Presidency between January and June 2017 is under way, the main political issues that are on the political agenda and that are ultimately discussed by the EU citizens are the immigration crisis and Brexit. Both issues are undermining the foundations of the European Union and had stalled the EU project of becoming stronger and more unified, at least for the foreseeable future.

There is another fundamental issue that is a growing concern amongst the EU member states, that of detachment between the political class, the public administrations and the citizens. Although this issue is now defined as a major challenge to the EU, there is no clear focus on how to overcome this problem. Dealing with such a massive task is not easy especially when considering the long list of factors and the continuum of stakeholders at play.

One silent reform that could bring a real change in the day-to-day lives of EU citizens is the way public services are offered and managed. Public services are expected to meet the aspirations and the needs of the various spectra of groups within a society in a timely manner. Red tape and bureaucracy have become commonly used 'buzz words' and such a perception is weakening the good work done by the respective public administrations of the EU member states. A holistic performance management approach incorporating Key Performance Indicators (KPIs) could be the answer to streamline and improve the quality of public services while strengthening the efficiency and effectiveness in the way the services are offered to the citizens.

This document was prepared between September 2016 and March 2017. It includes a literature review (Section 1) and an analysis of a survey conducted with all the European Commission and EU member states (Section 2) regarding the implementation and use of KPIs. The questions asked are detailed in the Appendix. The aspiration of the authors is that the theoretical and practical underpinnings outlined in this document be a channel to bring the citizens closer to the public administrations, the political class and ultimately the European Union.

1 Literature Review

1.1 Introduction

The use of KPIs brings to light the differences that exist between private and public oriented organisation from three different perspectives: the context, the working arrangements and the managerial dynamics. While on one hand, a private-oriented organisation embraces the managerial philosophy of getting things done as quickly, cheaply and effectively as possible in order to maximise profits, on the other hand the public service cannot be regarded as a profit-making organisation. The public service acts as the government machinery to implement policies and to serve the citizens in a timely manner. This entails that the public sector's focus is wider and operates within a different framework and set of parameters than those of a private enterprise, not simply that of managing the organisational resources. There are a number of public service contextual factors that are to be considered, such as complexity, the rising citizens' aspirations and political interference.

The difference in private and public sector organisations is also manifested in the specifics of KPIs. As an example, financial measures that are normally present within the private sector cannot be employed in, or easily transferred into, the public service. It is not possible to refer to share prices or to use financial ratios such as Return on Capital Employed (ROCE) or Earnings Per Share (EPS) in order to measure the efficiency of the public service operations.

Literature reveals that public service KPIs could be developed within different governing layers: within the ministry, within the departments, agencies or units forming part of the ministry, between different ministries, at a national government level, between the national government and sub-national levels of governments, between a ministry and the national government policies, priorities and strategic actions (Rozner, 2013). The most apparent two governing layers are the national and ministerial levels although the tendency is to have a multi-level governing relationship, especially with the ongoing relationship with the European Union (EU). Although differing governing layers exist, it is not possible to separate national from ministerial and departmental operations. Nationally-set KPIs influence significantly KPIs at ministerial level. Therefore, KPIs set at an operative level mirror the national policies crafted by the political class. This modus operandi entails that the KPIs point of departure are the national policies decided by the national governments.

In order not to complicate matters, this paper refers to the public sector, which is essentially the wider apparatus of the status that includes authorities and agencies, and to the public service, which refers to governmental departments operating within ministries, interchangeably.

1.2 The idea of a performing organisation and its relevance to the public

KPIs are a tool to assist an agency to manage its resources better in order to achieve the desired outcomes and to ensure that an organisation is on the right track as crafted by its strategists (Mackie, 2008). Despite that traditionally the concepts of productivity and performance have been associated with the private sector, scholarly literature suggest the public service has become closely related to the dynamics of a performing organisation. In fact the need to improve public service productivity has gained traction globally. While public-oriented organisations aim to introduce KPIs within their managerial engines, it is emphasised that the public service is significantly different from the private enterprise and there is no scope to emulate lock, stock and barrel the commercial dynamics of the private sector into the public sector (Public Policy Forum, 2014).

The public-oriented governing framework poses questions that merit an evaluation: how are KPIs relevant to the public service? What are the main causes that render the exercise of introducing KPIs within the public administration a worthwhile exercise?

Historically, performance management gained significant importance in the post-1979 era when the New Public Management philosophy was conceptualised, which essentially involved a series of business-like governmental reforms that were aimed to render the public sector more efficient and competitive in its resource use and service delivery (cited in Mackie, 2008:12).

As from 1982, there has been a growing interest in identifying the characteristics that lead to performing organisations. Studies conducted by Collins and Porras in 1997 and Luadicina in 2005 highlighted the main characteristics that are crucial in achieving high performance and analysed the high performance characteristics by taking into consideration the highly volatile and complex environment that is most often associated with a public-oriented organisation that includes time, cost, quality, flexibility, the quality of delivery and support to clients (cited in de Waal, 2007).

The changes in the business environment were not only attributed to the private sector but more importantly to the public service. These studies were conducted in addition to the publication of Osborne and Gaebler (1992) entitled 'Reinventing Government' that emphasised the private sector performance oriented philosophies in the public domain through a number of stances: the government through the public service is to be driven by missions rather than rules, the government is to be results-oriented by funding outcomes rather than inputs, the importance to meet the needs of the customer (the citizen) not the bureaucracy, the need to concentrate on earning money rather than spending it, the strategic importance of investing in preventing problems rather than curing crises and to decentralise authority. This view entailed that the core of the public administration became business-like in a continuum of aspects with the resulting effect of embracing business concepts such as Human Resources Management, Total Quality Management, re-engineering, more rigorous discipline and more budgetary control through accrual accounting.

Perry and Kraemer (1983) went a step further and viewed public management as a merger of private sector philosophies and the traditional concerns of public administration. In essence, it means that the operations of the public service are formulated through a sharper cutting edge in terms of risk-taking, flexibility, performance management and goal achievement, but it has to work within the framework and values of democracy.

More recent publications such as the one authored by Thornhill highlighted the reasons why public service productivity is critical in modern economies (Boyle, 2006). In addition to being the largest employer in most developed countries, the public service consumes the citizens' tax resources and provides a continuum of services not only in the social domain but also business services to large private enterprises. This entails that there is a correlation between public service productivity and economic attainment on a macro-scale. Such reasoning put the subject of public service performance high on the political agenda of many governments as they came under increased pressure to reduce taxation and to ensure that tax revenues are spent effectively (Martin & Smith, 2005: 599).

Authors such as Pollitt and Bouckaert (2011) focused on the societal and political pressures which impinge on the public service, thus providing a more holistic perspective to the subject. Three main overarching objectives for the public service were specified. First, to ensure that there is value for money in its operations and capital investment. The emphasis on value for money was put forward by Public Choice Theorists who argued that the government is too big and should not hinder economic growth. On the contrary, the efficiency of the public service is to stimulate economic development. Effectiveness in spending public funds is strongly related to the level of efficiency especially in meeting specified targets and in curbing the natural bureaucratic processes existing in the public service sphere. The second objective is to improve the quality of public services and to satisfy the aspirations of the citizens. The quality of public services offered to the public has also been highlighted in the light of new public management philosophy especially when considering the view that the citizen is effectively a client or a customer. Throughout the whole process of service delivery the services offered in the public domain are to be at the same level of the private sector. The third objective is to make the government more efficient and effective, which is the ultimate aim of a performing organisation.

1.3 Using KPIs within government operations: a survey of international experiences and studies

From an international practical perspective, the idea of introducing KPIs within the government operations has been assessed for a long time. In fact, Sweden has been measuring public sector productivity as from the mid-1980s. Finland and the UK are widely regarded as the European leaders in this area. A number of studies were conducted to study this subject throughout the years such as the one carried out by Afonso, Schuknecht and Tanzi in 2003 that examined the performance and efficiency

of the public sectors in a total of 23 industrialised countries. When it comes to national policy, the study found that countries with a small public sector and having expenditure of less than 40% of the GDP, have a tendency of scoring better than larger public sectors especially in the administrative and economic performance. On the other hand, larger public sectors tended to score higher in attributes such as more equal income distribution. When assessing the public sector efficiency, smaller public sectors tended to fare better than medium and larger ones (Boyle, 2006).

More recently, in 2004, the European Union, during the Dutch Presidency, investigated the public performance in the EU member states and four major non-EU Anglo-Saxon countries by assessing four main areas: education, health care, law and order, and public administration. When reviewing public administration, four criteria were used: the level of bureaucracy, transparency, effectiveness and corruption. The first three criteria were assessed through a business survey with the business community in a number of countries and the corruption criterion was reviewed through the Transparency International Composite Index. The study combined the government functions into one overall public sector performance index and it was concluded that there is little correlation between public sector performance and the level of public spending. It was also revealed that Finland is the most efficient public service when considering the moderate costs injected. Ireland scored above average at low costs. High performing countries were also Sweden, Denmark and Austria, but they registered relatively high spending costs. Countries such as Australia, Canada, Spain and the Czech Republic achieved an average performance but with fairly low government spending. The US and the UK were scored low on both fronts (Boyle, 2006). In general, these findings suggest that direct spending and public sector performance are not in any way related.

The idea in introducing KPIs spread among most industrialised countries. In a survey conducted in 2007 among the Organisation for Economic Co-operation and Development (OECD) countries, it was discovered that more than 75% have introduced an initiative related to performance management in government. The most common triggers of performance management were financial control, productivity, efficiency, results based on management, improvement in public service delivery and strengthening accountability (Mackie, 2008: 12). This entails that performance management is nowadays an essential element of the public service dynamics.

Studies concluded that results are to be interpreted with caution since a number of limitations were discovered that are to be given due consideration. Productivity varies across years and therefore to assess a given year, a time-series analysis needs to be conducted. Most sub-units within a large public sector are contextualised into their specific cultures and *modus operandi* and therefore the tendency to use and interpret results for all sub-units would lead to an incorrect evaluation (Boyle, 2006). A discussion of the public service contextual challenges and limitations is detailed in Section 1.5 of this paper.

1.4 Developing KPIs in the public service: the advantages

Two pertinent questions in the literature of public service performance are commonly asked. First, how could the public service be transformed into a performing organisation? Second, how could KPIs contribute towards more accountability, transparency, effective delegation and a sense of ownership? What are the main advantages?

To answer these two main questions, this section is structured into four main sub-sections: the classification of KPIs, their apparent advantages, the development of performance indicators, and the agencies responsible for maintaining KPIs.

1.4.1 Classifying Key Performance Indicators (KPIs)

OECD member countries group KPIs into five main categories: KPIs measuring the economy (obtaining the resources at the least cost), efficiency (the outputs produced vis-à-vis the resources used), effectiveness (the achievement of the set targets), service quality (the level of standard achieved when delivering a particular service) and financial performance (the ability to control expenditure within the available budget) (Wall & Martin, 2003: 497).

Boyle (2005) classifies KPIs from a process point-of-view: input, activity, output and outcome indicators. Such a classification is indeed the most popular and known method. Input indicators refer to the resources injected, most often in the form of financial allocation, on a particular activity or a specific programme. Activity indicators incorporate the courses of action, the work done and the programmes developed to achieve a particular objective. Output indicators measure the services delivered by the public service such as the number of applications or grants processed. Therefore outputs refer to the tangible immediate results achieved following the completion of a particular activity. Outcome indicators are the long-term achievements which are not directly controlled by the programme in action, although outcomes are effectively influenced by a specific action or programme.

1.4.2 The advantages of using KPIs in the public service

KPIs cannot be considered as a tool in isolation, on the contrary they are considered as vehicles to achieve the organisational objectives and to improve its performance. The rationale for using KPIs within the public service lies in the increasing citizens' demands vis-à-vis the services delivered by the government and the related accountability factors. KPIs are also an attempt to respond to the legislative scrutiny of the government operations. Ultimately, performance is reflected in the shift from an input or programme oriented approach to a more performance-based budget (Rozner, 2013).

Performance management was introduced in order to measure the processes and outcomes of the public services offered and this would in turn increase its efficiency

and effectiveness. Bird (2005) highlighted a number of advantages as a direct consequence of performance management oriented public service. The most evident advantages include the ability to capture data across a number of measures and services, the opportunity to create measurements through a number of sub-units within the public service against a pre-set performance threshold targets and, in Rozner's (2013) terms, to measure performance across different geographical locations. Rozner cited the health sector as the most evident example of obtaining information on different geographical regions.

KPIs are to be interpreted as a measurement benchmark of two main different governing layers: a tool through which the performance of specific operational activities (first layer) and policies (second layer) are analysed. Therefore, KPIs provide sufficient intelligence at a micro-level in order to assess whether the ultimate national policy objectives are being met.

In addition to measurement advantages, KPIs also help to provide more accountability and transparency to the government from a parliament and policy-level perspective since the greater the level of information available, the greater the level of accountability attained (Wall & Martin, 2003). Performance management is ultimately there to check on the performance of organisations, to hold managers accountable and to provide a measurement for citizens in order to measure the quality of the service being delivered. Bird (2005) mentions the Citizen's Charter and the Patient's Charter as examples of British performance minimal standards introduced in the UK in the 1990s. These standards were similar to those embarked upon by the Maltese public service at the turn of the new millennium when the Quality Service Charter was implemented and it introduced standards on the time allowed to answer a citizen's email or answer a query through a telephone call. Recently, Malta's public service embarked on a holistic exercise to cut down bureaucracy and simplify administrative processes in all policy domains. A study in the Malaysian public sector, for instance, showed that KPIs are perceived as an objective measurement tool that is after all appreciated by the organisation members (Ferry, 2016).

KPIs are also regarded as effective managerial tools that can be utilised by public managers. Behn (2003) proposed a number of managerial purposes that KPIs could help the public service to achieve. KPIs can be used as an evaluation tool to assess how the department or unit is performing and therefore it gives public managers more power controls and attainment visibility in order to ensure that public service employees are doing the right thing. Power control is not achieved through authoritarian measures; on the contrary managers develop a management quality and a relationship with employees based on trust, commitment, a role model based on enthusiasm, respect, credibility and a strong set of ethics and standards (De Waal, 2012: 33).

Doing the right thing is the basic foundation for an effective and an efficient public service. KPIs could render the public service into a high-performing organisation and be able to adapt more quickly to the rapid changing environment, therefore

departments can continuously improve and reinvent their core capabilities. De Waal (2007) explained what can be seen as a contradiction but in practice is achievable, namely that of being sensitive to environment changes but at the same time having a long-term vision. The resulting effect is that the organisation becomes operative through a continuous improvement process (De Waal, 2012).

Behn (2003) proposed other advantages when using KPIs. They provide a direction on how public money should be spent within an agreed financial framework; in De Waal's (2007) perspective a high performing organisation achieves a sustainable growth. KPIs are also a means to motivate public employees in order to improve their performance and work better with the internal and external stakeholders, including the citizens. KPIs can also be used as a vehicle to promote the department, unit or agency among politicians, legislators, the media and NGOs. KPIs provide an opportunity to learn from past mistakes and celebrate success. Success celebration would ultimately unify the energies of the public employees. Such a positive atmosphere could ultimately be a strong bridge to develop the public service workforce (De Waal, 2007).

1.4.3 Developing effective KPIs: contextual and process-oriented factors

A major challenge is to develop effective KPIs that are SMART which denotes that KPIs are to be specific, measurable, achievable, relevant and time-bound (Boyle, 2005). Being specific means that the KPI is to communicate clearly what the government intends to achieve. If for instance the government wants to increase the number of students at tertiary level of education it has to be made clear at the outset. It is important that the KPIs are measurable throughout the entire process and are eventually achievable since setting indicators that cannot be realised would be futile. KPIs are also to measure the most relevant results to achieve a particular outcome within a particular time-frame.

The European Commission (2004) also developed a criterion against which KPIs are to be assessed. The indicators are to cover a sufficient large percentage of the programme measures, specifically three quarters of the expenditure involved in that particular measure. Specific measures are initiated in a continuum of areas ranging from housing, foster care, educational and environmental initiatives, health care and social security. It is important that the KPIs are developed in policy areas that have a large budget and are strategic themes such as education and health care. The indicators are to be simple, which means that managers would be capable to handle the information retrieved.

De Waal (2010: 92) emphasises that developing KPIs should not be an exercise in a vacuum. Rather, it is necessary to see their development within a wider context and setting. He suggests six different factors which are crucial when developing KPIs in the public service. First, it is important to improve the aura of public sector managers by creating an inspirational leadership and by being a role model for employees in order to achieve excellent results in terms of client focus, continuous improvement and

quality. Second, it is crucial to strengthen the resoluteness of management who could be able to instil confidence in their employees and take decisive action when required especially by dealing with non-performers. Third, becoming more innovative in order to be better abled at servicing the clients in improved ways. Public service organisations are to continuously regenerate their administrative process and think out of the box on how they can deliver a better service in order to increase their social value added, contrary to being a burden. Fourth, improve the performance management process of the organisation by incorporating critical success factors and KPIs with client dedication. It is essential that the critical success factors and KPIs are communicated effectively within the public service. Fifth, the processes leading to the services delivered to the general public should be improved and simplified so that the public service is able to meet the customer's aspirations satisfactorily and in a timely manner. Sixth, increase the quality of the workforce through an effective training programme and recruitment process.

Developing KPIs also entails several steps, the first of which is to identify the existing indicators, the performance remits that the present KPIs cover, the gaps that exist and how the new KPIs fill in those lacunae (Boyle, 2005).

In addition, Rozner (2013) emphasised that the development of KPIs is to be linked with the strategic goals that are set out at various levels through various means: the annual budgetary process, the national development plans or strategies and the ministry-level strategic and operational plans. The emphasis on the strategic objectives and the general organisation purposes was highlighted by the Auditor General of British Columbia (2010). Having a solid strategic framework and a link of the KPIs, at an organisational and departmental level, enable public organisations to have clear objectives. Such a strong inter-organisational link allows employees to understand their function in a clearer manner (Ferry, 2016) and value more the developed KPIs.

Developing KPIs can be a tricky exercise especially when the use of data is involved given that data of only one year will not be sufficient as a basis to set up a KPI. In reality, data of the last 2 to 5 years is essential in order to design future KPIs. A number of questions are to be analysed in parallel with the development of public service KPIs: What target levels can be achieved within the constraints of your budget resources? What programme changes will be needed in order to achieve the set targets? How long will it take to achieve the targets? How is the progress to be achieved at a short-term and medium-term perspective?

1.4.4 Who is responsible for the development and management of KPIs?

Most often the managers of the programme in question are responsible to develop and maintain KPIs since they have the information at hand. Responsibility varies from one country to another given that the public service structure differs. What is most important is that the department or ministry in charge evaluates the performance for achieving such targets from time to time. If an increase in budget is required, the

department or ministry concerned would be required to present the target levels achieved correlated with the budget levels across time (Rozner, 2013).

In countries such as Taiwan, Hong Kong and Singapore, performance management is driven largely from the top and are focused mostly on the delivery aspect of the public service and customer orientation. The so-called Target-Based Management Process (TMP) was driven by top-management and the overall vision and priorities were disseminated at an operational level within the departments. Performance management techniques are also handled by agencies that are close to the centre. Agencies in the form of efficiency units provide intelligence to the centre in order to ensure that the performance management programme is effectively resulting in more value for money and accountability. In Singapore, the Ministry of Finance acts as the central co-ordinating body while in Taiwan the Research, Development and Evaluation Commission acts as the watchdog of performance management (Taylor, 2007). In all cases, the involvement of the centre or of the central agencies is of fundamental importance in leading a performing public service that is broad and complex.

1.5 Using KPIs in the public service: contextual challenges and limitations

A number of factors could potentially affect the final outcome of a particular policy or programme, not just the performance of public service employees. The analysis of performing management would be simplistic if the contextual evaluation is left out (Boyle, 2005). The development, measurement and communication of KPIs within the context of a larger and complex public service is a major challenge from a number of perspectives and includes the following:

1.5.1 Contextual limitations resulting from the democratic process and the political sphere

From a purely legalistic and bureaucratic perspective, there is lack of information on the market value of the government output since in the process of delivering the service, the public service has to face policy decisions, judiciary complications and the long-process of preparing laws (Handler, 2004).

The difference between the public and private sector also features when considering the broad group of stakeholders that a public service has to deal with. A business enterprise is most often directly concerned with stakeholders, employees, customers and lending banks. The public service has a much wider circle of stakeholders and includes the continuous interaction with the Government, taxpayers and the citizens making use of the service. As an example, a potential conflict can arise between taxpayers and users in social services who ultimately have different objectives even though both categories of citizens are public service clients.

Other pressures are exerted from the political sphere or from a societal perspective. When discussing the KPIs subject it is important to consider the increasing

expectations in the level of services offered by the public service. Research published by Blaug, Horner and Lekhi (2006) shows that societal satisfaction has remained static even in situations where there has been an improvement and there is an overwhelming perception of the need to improve public services. This shows that public servants have to deal with citizens with a predisposed mind and with very high expectations.

To add to these challenges, the public sector has to function within a tight and complex democratic process that is heavily influenced by the political sphere and by the legalisms stemming from the principles of accountability, transparency and meritocracy. Any procurement or calls for applications have to be channelled through an elaborate system of checks and balances which are non-existent or are much more flexible in the private enterprise.

The political sphere plays an important role in the level of public service performance. Pirotta (1997) argues that administrative reform is inseparable from political reform, just as administration and politics share overlapping boundaries. There may be a tendency to separate the two spheres but in reality such as a separation of public administration from politics is not possible.

The question is whether to have a political-administrative model based on adversarial style of management or a model that is founded on the premise that both spheres have to work in a more co-ordinated manner. Svava's (2001) complimentary model is based on the premise that elected officials and public servants have to work together for a common objective. Therefore, complementarity entails separate parts but the parts come together in a mutual and inter-dependent manner. This complementarity aspect presents a challenging route for the public service in pursuing long-term projects which can have a lasting performance effect. The public officer has at times a different perspective of policy-making than the political executive and is more focused on elements of permanence and expertise, while the political executive tends to be more short-sighted and dictated by populist sentiments.

1.5.2 The nature of the public service: its complexity and the danger of fragmentation

There are other impinging factors, in addition to the democratic and political spheres, that help to shape the nature of public administration: its complexity and ambiguity (van Dooren & Thijs, 2010). Smith (1990) highlights the organisational complexities that are found within a large public service which is made up of several sub-units leading to multiple administrative layers. Having such a large number of sub-units makes it difficult to achieve collective action from a number of perspectives. First, the departments within the public service have different objectives, in van Dooren's and Thijs's (2010) terms leads to indeterminate objective functions. This is particularly evident in the relationship between central and local authorities especially in the health sector. Second, even if the departments or sub-units have the same objectives, they might have different needs and costs. The different needs and costs are the result

of public services which encompass a wide variety of services to the general public, from security, to education, health and social services. Third, the different departments use different levels of managerial competence, any lack of it especially in highly specialised jobs leads to technical deficiency. The fourth challenge stems from a logistical and measurement point-of-view, in a way that the central governmental agencies would not be aware of if the department concerned is manipulating the data in order to be seen in a favourable light.

1.5.3 Technical deficiencies: paralysis of too much data?

Technical faults and manipulation of data also feature as a strong challenge when designing KPIs especially in the public domain where there are large volumes of data available used by a continuum of users, which data can be easily manipulated. If this happens, the whole exercise of KPIs will be undermined. The most apparent risk is the handling of a lot of information emanating from strategic reports, audits, evaluations, budgets and other means of communication. This entails that the skill to select the right data is one of the main challenges for effectively implementing performance management (van Dooren & Thijs, 2010). This issue is particularly important when managers are to take decisions based on information at hand. Two main questions have to be asked: Which data is important? What data segment is to be selected for the decision to be taken?

There are specific technical risks when handling data: first, it is important that the correct data is extracted from a complex and an elaborate database. Otherwise if data is extracted incorrectly, a wrong platform will be provided to measure the inputs and outputs, outcomes and to effectively analyse KPIs. The Finnish Government Institute for Economic Research (VATT) pursued research on the efficiency of spending in health and education and was unable to produce the required annual figures since it was limited by the availability and cost of appropriate data, specifically the vocational education domain data (Mizell, 2008). Second, overemphasis may be on those performance indicators that are easily measurable such as the literacy levels and the percentage of students attaining higher education level. There are other indicators that can be tricky to measure such as the contribution of the education sector to competitiveness, the GDP and to a number of market niches.

Data chaos was one of the factors that affected the entire process of KPIs design and which was reported by an Audit Commission in Hong Kong in 2005. The Commission reported insufficient data, inappropriate choice of KPIs, the choice of KPIs that were not meaningful and KPIs that tend to focus on the quality of work rather than on the effectiveness of the programme. Data was an underlying issue since it was found that there were instances of poor record keeping and misleading information (Taylor, 2007).

1.5.4 Considering data and resource limitations when evaluating KPIs

Data to evaluate a KPI may be incomplete at the time of evaluation. A number of researchers such as Moyinhan and Vakkuri & Meklin highlighted that public authorities experienced difficulties to obtain useful data at the time of reporting (Cited in Taylor, 2007). It is also possible that data changes frequently and renders the exercise either fallacious or impossible to conduct. Evaluation of KPIs is also difficult in policy areas where several initiatives are introduced simultaneously (Bird, 2005) such as a number of social security measures as part of a budgetary process. Another serious limitation that may potentially arise at the evaluation stage is the importance of financing effectively the performance targets intended to be achieved. Under-resourcing leads to a low-achievement not because of under-performance but simply because the civil service employees do not have the means and resources to achieve the targets. The health and education sectors are examples of policy areas where heavy investment is to be allocated in order to achieve the intended targets. It is important to evaluate the costs (both direct and indirect costs) involved in achieving the targeted KPIs and the corresponding achievements (Smith, 1990).

1.5.5 The central-local and intergovernmental collaboration dilemma

Although performance management is intended to strengthen the notions of delegation and accountability, a number of factors inhibit these objectives. A heavy reliance of governmental department on the central budget may prove to inhibit the attainment of KPIs. The effective use of KPIs has to be complemented by a horizontal approach rather than a top-down vertical decision-making model. Mizell (2008) through his OECD report highlighted this phenomenon by underlining the tendency of having sub-central influence over service delivery. The central part of the public service also has the responsibility of identifying KPIs that reflect the sub-national and local needs. This is a big challenge since it is difficult for the central government to have the necessary knowledge and sensitivity of the context of the local scenarios. On the other hand, the input of central authorities is important given that they are positioned to be able to combine information from multiple avenues not only at a national level but also at multi-governance level.

The central-local scenario has been assessed by OECD (Mizell, 2008) and a multitude of difficulties were encountered when assessing KPIs at sub-national service delivery mainly with regards to data quality and comparability. Difficulties included the data quality (Australia, Denmark, Finland, Germany, Ireland, Italy, Netherlands and Sweden), the comparability of data (Australia, Denmark, Finland, Germany, Ireland, Italy, Netherlands and Sweden), measuring policy outcomes (Australia, Finland, Germany, Italy, Netherlands, Norway and Sweden), the identification of performance targets (Finland and Italy) and the cost of obtaining information (Finland and Germany). The policy areas involved were health, transport, education, local government and regional policy.

1.5.6 The downside of overemphasis on KPIs: counting the uncountable?

In Albert Einstein's terms 'not everything that counts can be counted, and not everything that can be counted counts' (van Dooren & Thijs, 2010). Indeed, the risk of overemphasis on KPIs could lead to very dangerous practices of focusing on those services that are counted as part of the KPI exercise. There may be crucial services that are not given the required importance simply because these services are not counted. In an attempt to deal with such practices, there has been a shift from outputs or processes to outcomes; therefore outcomes are regarded as the real key results. Nevertheless, there is still a risk of focusing too much on KPIs and on matters that are counted and measurable, rather than all those services that really matter to citizens. Bird (2005) mentions the example of the UK National Health Service (NHS) and outlines the overemphasis on waiting time and waiting lists but there are other unmeasurable aspects of the health sector such as patients handling that are also important for a successful health sector.

1.5.7 Is it accountability and delegation or mistrust and lack of responsibility?

A performing public service is expected to bring about more accountability, responsibility and delegation of authority. However, such a trust in performance measurement presents us with a paradox. On one hand a heavy reliance on professionals may be developed; in the eventuality that trust is eroded, the public service will end up relying excessively on audits that are formal and only create an illusion of management control. After all, professionals are ultimately responsible to design the framework of KPIs. On the other hand, if performance management rests on everyone working within a department, the risk would be that no one takes responsibility for failure while everybody would like to be rewarded for any achieved success (van Dijk & Thijs, 2010).

1.6 Conclusion: the challenges ahead

Developing performance management indicators as a purely theoretical and paper-based exercise will render the concept of performing public service into a symbolic act or a ceremonial tool. The essence of KPIs is to be an instrumental exercise intended to change the managerial dynamics of the public service. The real challenge stems from the fact that KPIs are to be designed and used properly by the public service employees in order to achieve the desired outcomes. It would be a futile exercise to determine a set of KPIs that are ultimately not used. The question that needs to be investigated is to what extent are KPIs being used as part of the decision-making process?

Another challenge worth investigated is the inter-relationship between national and operational KPIs. KPIs set at a national scale are designed to respond to policy options pursued by the government while operational and administrative KPIs are intended to transform a policy decision into reality. How is such an inter-relationship effectively

achieved? How do political executives communicate with public servants to build a synchronised KPIs framework system?

Two main reforms are being currently experienced by the Maltese public service that mirrors this interesting blending of governing layers: the simplification process to cut down excessive bureaucratic processes and the very recent procurement process reform. The simplification process, from a purely administrative and operational perspective, transcends all policy areas: from education to health, from social security to the business community while the procurement reform gives more delegation powers to ministries rather than relying on a central agency.

For KPIs to work in practice and in the real world, five main key areas are to be functioning properly: relevance, approach, investment, political will and partnerships (Public Policy Forum, 2014). KPIs are to be relevant to today's circumstances and to the citizens. Relevance can be obtained by ensuring that there is effective engagement of the public servants with the citizens, the political class and other important stakeholders such as unions who have a myriad of experiences with the citizens in their everyday life. Relevance of KPIs is also obtained through the effective use of data for present and future decision-making. The approach of the leaders driving the KPIs mechanism is another fundamental characteristic to achieve greater effectiveness. Leadership approach makes a big difference in the way that KPIs are perceived within the public service especially in the benefits that can be derived from using such a system. Effective leadership approach also motivates the creation of an ambitious public service attitude which is essential in order to achieve a long list of challenging outcomes. Investment in people and ICT is another essential factor for a functioning KPIs system and to establish the right culture within a large public service. A KPIs system without the necessary investment in Human Resources and in designing an interrelated reward system would inhibit its effectiveness. This was the experience of the Malaysian public sector by having a performance system not flexible enough at the same level of the private sector to reward effectively public sector employees (Ferry, 2016).

Ultimately, political will is critical. This is especially true if national indicators set by politicians influence the KPIs at operational level. The public service is expected to not only be inward looking but also looking for external collaborations and partnerships with the NGOs. The public service is no longer delivering services alone. The successful delivery of a number of services is realised through effective collaboration with NGOs. Public-private partnerships which are becoming increasingly common are examples of such a collaborative arrangement (Public Policy Forum, 2014).

2 Questionnaire Findings

2.1 Introductory note

The survey was conducted in December 2016 and January 2017, and a total of 27 European countries participated in this extensive exercise. In order to maximise the participation of countries, an extension of the pre-established period of time was also granted to a number of countries. The European Commission also took part and shared its experiences in managing a KPI framework. Luxembourg was not able to provide the necessary information within the indicated timeframe. However, considering the amount of countries that participated, the authors are confident that this final report presents a comprehensive picture of the situation.

The participating institution and countries are the following: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Commission, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and United Kingdom.

The report is structured in accordance to the questions depicted in the survey and provides a comparative analysis of KPIs from different perspectives.

2.2 Does your public administration use Key Performance Indicators (KPIs)? If yes, for how long have KPIs been in use?

An absolute majority of the participating countries answered that they have a KPIs system in use. The Scandinavian countries (Norway, Sweden, Finland and Denmark) and UK specified that they have been using a KPIs system as from the 1980s. However most countries and the European Commission introduced KPIs in the period 2002 to 2015, therefore KPIs can be regarded as a rather recent and modern tool to assess the performance of public administration.

Only two countries replied that they do not have a KPIs system in place: Bulgaria and Czech Republic. Nevertheless, Bulgaria tried to implement a government monitoring system through the extensive use of information technology but it was never actually implemented.

In a number of countries, the KPIs system was re-shaped in order to meet the exigencies of the changing circumstances. The UK is an example of such an incremental approach. It introduced KPIs through three main phases: the Citizens' Charter: 1991-1998, Public Service Agreements: 1998-2010 and Business Plans: 2010-2015. Denmark introduced KPIs in 1984 but re-shaped the system to achieve more simplification and prioritisation and therefore a more effective system. Other countries, such as Slovakia,

introduced KPIs in 2015 but a widespread system is to be implemented this year, two years later.

2.3 Are KPIs used by the entire public administration or by specific units / agencies / ministries / departments? In the latter case, please indicate which organisations use KPIs and whether there are any plans to widen the use of KPIs.

KPIs are used by the entire public administration of most countries. For some countries, KPIs were introduced in certain units or agencies and were eventually spread throughout the public administration, as in the Finland case, where a comprehensive KPIs system was implemented in 1995 after a number of years in operation. In Spain, although KPIs are being used by all entities, KPIs are given more importance in ministries within the finance, justice, labour and social affairs portfolios.

In a number of cases, KPIs are tied with financial and business reporting. Belgium requires departments and agencies to use KPIs through the annual strategic plan, operational plan and for monitoring and evaluation purposes. In France, the system is very much tied to the budgetary process and in Switzerland it is used to curb expenditure. Ireland publishes performance related information through the Revised Estimates Volume channel.

2.4 Under which of the above classifications (input, activity, output, and outcome) do the KPIs in your national public administration fall?

2.5 If your public administration uses a mix of different types of KPIs, please indicate which type of KPI is most widely used in your public administration.

2.6 In case your public administration provides a different method than the one provided above, please give details.

Most European countries use the entire four sphere KPIs classification process depicted in this questionnaire. Outcome indicators are the most widely used since it could bring a positive effect not just on the public service but also on a political level. Some countries emphasised a different KPI classification depending on the level of the matter at hand. In Finland, outcomes indicators are mainly attributed to the political level while output indicators are more linked to the operational level and the public service delivery especially in view of the amount of services provided, the improvement in efficiency and the level of quality. This is also the case of Latvia where emphasis on the different KPIs categories differs in accordance to the level and nature of the agency. Emphasis on input, output and outcome indicators exists at a policy planning system and the budgetary process, input and output indicators are tied to public financial management, output and outcome indicators are most used in public

institutions strategies while activity and output indicators are most common in the individual performance appraisal system.

In Denmark, a survey was conducted in order to decipher which KPIs are most widely used. It is the only country that has conducted a quantitative survey to establish exactly the type of indicators that are most used. It was revealed that 19% of the KPIs are output indicators, 15% outcome indicators, 19% quality indicators, 32% activity indicators and 15% internal administration indicators. Contrary to Denmark, Sweden specified that although prima facie it is possible to identify the most used KPIs, in practice it is difficult to determine in an exact manner which type of KPI category is given the greatest weight.

A number of countries specified a different classification method than the standard input, activity, output and outcome categories. The European Commission stressed that rather than outcome indicators, impact and results indicators are used for the 5-year strategic plans, while output indicators are used for the annual management plans. In Spain, quality indicators are used in connection with the Service Charter. In Portugal, a QUAR Assessment and Accountability Framework is used to measure effectiveness, efficiency and quality. France categorises indicators into three main types: indicators of social-economic effectiveness (from the citizens' point of view), indicators of quality of service (from the users' point of view) and indicators of management efficiency (from the taxpayers' point of view).

2.7 For what purposes are KPIs used in your public administration? (For example, to measure the achievement of government policy objectives or to improve the performance of public organisations.) Are KPIs, results or targets published or are they kept within the public administration?

KPIs are used to assess the performance of two main levels: the policy and operational level.

At a policy level, a number of countries mentioned that KPIs are used to provide the government with information (Sweden), to assess the achievements of the government policy objectives (Latvia, Bulgaria, Switzerland, Germany, UK, Slovakia, Denmark and Estonia). The UK specified that the government's objectives are assessed through their respective interlink with the government manifesto. Countries mentioned the better use of resources and the optimal financial management as one of the major drivers for assessing KPIs at a national policy level. Norway reported that information concerning the achievements of a particular policy sector is reported in Parliament. This entails that KPIs are considered and discussed at a very high-level policy forum. The KPIs exercise at a policy level could potentially provide further input for policy analysis, as it is the case in Estonia. Nevertheless, the real outcomes of policies and how policies are improving the citizens' standard of living could prove difficult to assess, as was mentioned by Denmark.

At an operational level, the ultimate aim is to improve the performance of public administration from both an organisational and an individual point-of-view. KPIs are still interlinked with high-level strategic objectives as it is the case in Italy, Cyprus, Croatia and Portugal. In addition to the advantages of providing more accountability, transparency and a monitoring or a reporting tool, countries such as Poland, Ireland, France, Germany and UK use KPIs to manage better the financial allocations and as part of a holistic exercise in activity-based budgeting, as it is the case of Cyprus.

Some countries distinguished clearly the difference of high-level KPIs that are used by the entire public administration and KPIs at an entity or departmental level. Norway, Denmark, Cyprus, Slovakia and Latvia drew this distinction. Only Malta, Italy and Latvia mentioned that the KPIs exercise is an assessment tool to measure the performance of public managers and eventually reward successful managers. This means that the focus of KPIs at an operational level is excessively focused on the finance function with very little importance given to human resources, who are after all the main drivers for a KPIs success story. This does not mean that HR performance assessment is absent as part of the KPI exercise but it is clear that financial management is given a much higher priority.

Transparency is core element of the KPIs framework. In fact most countries reported that the information is published either through the institutional website or the departmental reports. There are instances where the nature of the indicator demands caution from a publishing and transparency perspective. UK and Slovakia specified that some KPIs are for internal usage only and therefore are never published.

2.8 Who is responsible for setting targets on the basis of KPIs? Are KPIs set by a central agency or by specific units / agencies / ministries / departments? Is there a process of negotiation between the two?

A typical KPIs framework used by many countries involves a consultation and a negotiation process between the units, agencies, ministries or departments in order to set and manage KPIs. The KPIs framework adopted involves the monitoring of either the central government or a central agency in order to ensure that KPIs used at a departmental or agency level are being set within the government's priorities and targets. Countries such as Italy involve a bottom-up process of negotiation procedure in order to ensure that all KPIs set by the departments are within the parameters of the Ministry's priorities. In Austria, a central agency (the Federal Performance Management Unit) is the ultimate body responsible for KPIs while in Portugal, ministries set KPIs in collaboration with the central government after following re-set annual deadlines.

KPIs that are of a generalist nature and which can be easily adopted by different departments, such as KPIs attributed to the HR domain, are set by a central agency

since HR functions and standards encompass all governmental department. In Switzerland, HR KPIs are set by the Federal Office of Personnel.

In a number of countries KPIs are managed in close collaboration with a Finance Unit: in the UK with the Treasury, in Slovakia with the Ministry of Finance, and in Ireland with the Department of Public Expenditure and Reform. This confirms the notion that KPIs are very much interconnected with the management of finance with the ultimate aim of achieving the overall objectives of the respective Ministry.

2.9 Is there a central authority responsible for the organisational performance management regime? If yes, please state the name of the authority and the ministry under which it falls.

When considering the size of the public service of many European countries, most KPIs framework rest on a delegated mechanism since it will be otherwise impossible to manage a wide and a holistic KPIs exercise centrally. Therefore KPIs are managed by the units or departments concerned and are then monitored by a central agency. This is the model used in the vast majority of countries such as Portugal, Austria, Ireland, Belgium, Italy, Spain, UK, Estonia and Latvia. In Ireland, the Department of Public Expenditure and Reform (DPER) has the overall responsibility with the assistance of the relevant departments. In Italy, a newly appointed Technical Commission operates within the Presidenza del Consiglio dei Ministri – Dipartimento della Funzione Pubblica to provide technical support to the public administration. There are models of KPIs frameworks that are managed centrally and have delegated powers but are strongly interlinked with the finance function as it is the case of Denmark, Estonia, Finland, Latvia, the Netherlands, Norway, Sweden and the United Kingdom.

Sweden, the Netherlands and Belgium have more than one single central agency involved in the KPIs exercise. In Belgium, for example, support is obtained either from the Department of Personnel and Organisation or from the Department of Budget and Management Control. In Sweden, the Swedish National Financial Management Authority is responsible for developing public sector financial management while the Swedish Agency for Public Management is involved in the development and challenges of the entire Public Sector. Both agencies work within the Ministry of Finance.

Other countries such as Romania, Bulgaria, Switzerland and Slovakia stated that there is no central authority involved in the management of the KPIs process and therefore the entire procedure is delegated in the hands of the units or departments concerned.

2.10 Are there specific guidelines governing the development and management of KPIs in the various units / agencies / ministries / departments? If yes, please provide details.

In a number of countries (such as Malta, Slovenia, Sweden, Switzerland, Spain, Finland) specific guidelines that can possibly cater for the entire public service are not in place.

The main reason behind the absence of guidelines is the size and complexity of the public administration. In Sweden, given the large amount of government agencies, 350, the focus is more on agency-specific reporting requirements rather than centralised guidelines. In Switzerland, the Federal Administration uses established standard KPIs guidelines that are applied in the public and private sector and issues specific directives only in case that no documentation concerning a specific KPI is in use. This entails that in the case of Switzerland the focus is more on seeing the successful steering of KPIs rather than trying to reinvent the wheel.

The European Commission and other countries that include Germany, Romania, UK, Greece, Portugal, Austria, Denmark and Latvia confirmed the existence of guidelines across the public administration. The aim for using generic guidelines is for planning, reporting, training and methodological purposes as well as for the development of KPIs. Romania use guidelines that are intended purely for direction and therefore are not binding. In the UK, the Cabinet Office and the Treasury not only assist departments through guidance but also produce a best-practice manual for the development of KPIs.

Given that KPIs are very much interlinked with the finance function, countries such as Poland, Estonia, Norway, Ireland, France, Croatia, Slovakia, Italy, Slovakia and the Netherlands either use the Ministry or a central agency responsible for Finance to issue guidelines or manuals in order to strengthen the management of finance. In Poland, Estonia and Croatia, the Ministry of Finance publishes the guidelines and in Norway, the agency for financial management issues guidelines in order to facilitate good governance. In the Netherlands, the Directorate-General for State Budget is responsible for the guidelines as part of the budgeting process. Slovakia is another example exhibiting a strong interlink with the finance function when considering that guidelines are only issued from a financial perspective to help in the multiannual and programme budgeting process.

2.11 Are organisational performance results synchronised with other mechanisms of accountability such as individual performance rewards?

Most countries have not developed a specific system of rewards that is linked to the KPIs level of achievement. Such a lacuna may be inhibiting the successful promotion of a KPIs system that in its nature is a time-consuming and a meticulous mechanism that requires a lot of effort to be effectively implemented. In the absence of clear and perceived rewards, the unavoidable risk is that civil servants may not give their best to achieve the organisational objectives and outcomes. On the other hand, countries such as Latvia, Italy, France specified that they have a KPIs reward mechanism in place.

There are countries such as Slovenia and the UK that are gradually developing a more holistic system. In the UK, it is being planned to spread such a system to all civil servants and not just Permanent Secretaries. Given that a effective system of KPIs is

dependant not just on high-ranking public servants but on all employees, this is an important step that the UK is considering to adopt this year 2017. Slovenia is planning a comprehensive system that includes a better connection between results and remuneration, competency model for the better utilisation of human resources, management by objectives, modernisation of the HR IT system, a functional analysis of the public sector entities and a programme of quality system throughout the public administration that includes quality conferences, quality managers and exchange of good practices.

In the absence of a specific reward system, a number of countries mentioned that individual performance is linked with the department's or unit's objectives or through a unified human resources appraisal system as it is the case of the European Commission and Greece, Finland, Portugal, Austria, Croatia, Malta and Belgium.

Countries such as Poland, Slovakia, Estonia, Denmark and Spain specified a delegated system of rewards that is tied to KPIs. Therefore, although a centralised public service system is absent, departments, units or agencies have the flexibility to introduce rewards mechanisms within their remit.

2.12 What corrective measures are taken in case targets set by KPIs are *not* achieved?

A specific structure to take the necessary corrective measures in case KPIs targets are not achieved is inexistent in most European countries. This does not mean that corrective measures are not used in case of difficulties. Instead of having a clear structured corrective mechanism, the public administrations of most countries make use of ad hoc corrective measures that are applied depending on the circumstance at hand. Corrective measures that are strongly interlinked can be classified into three different tiers: the individual, organisational and national tier.

At both national and an organisational level, countries articulated the importance of transparency, which although not specifically expressed in the questionnaire, it could lead to pressures from the general public for a tangible action to be taken in case that a particular target is not achieved. The importance of having available information that would indirectly lead to corrective measures was given a lot of importance. The link between information and stronger monitoring and evaluation can be noted in France and Poland. France stressed that managers are required to justify the disparity between forecasting and the achievement of objectives and indicators while Poland specified that intense monitoring of a particular organisation or programme.

The idea of taking a financial corrective action whenever the public administration feels that money is not being spent at an optimal level in a particular target area was stressed on a national, organisational and even on a programme level. The European Commission, Belgium, Croatia, Slovakia, Spain, Germany and Portugal provided

examples of corrective financial measures that emanated from not achieving the pre-set targets.

At a national level, the political sphere is highlighted by the Netherlands, Bulgaria, Finland, Austria and Latvia. The lack of successful achievement of a pre-set target could lead to a discussion in parliament or to change a particular policy decision and in extreme cases, to seek ministerial responsibility.

At a purely organisational level, some countries such as Greece and Ireland mentioned that action is never taken at a central level but it is up to the organisation or the agency to take corrective measures. This means that corrective measures are completely delegated.

At both an organisational and individual level, the management function was particularly highlighted by focusing on senior managers and heads responsible for a particular KPI activity. In extreme circumstances, as in the case of Latvia, a dismissal was mentioned following a detailed assessment and after exploring all available options. Managerial action is taken to rectify an undesirable situation although too much focus was generally attributed to the human resources domain and little emphasis was made to other important management functions, especially the strategic, organisational, structural and co-ordinative aspects of the agencies or units. Nevertheless, Switzerland and Italy focused on both the current managerial organisational running and future planning. In case a target is not achieved, it is expected that a successful outcome be recorded in the following year.

2.13 Is there a connection between the adoption of KPIs and the delegation of management powers? For example, are public organisations that adopt KPIs granted greater management autonomy or flexibility than organisations that do not adopt KPIs? Are public organisations given any other “incentives” to adopt KPIs?

The situation in most countries is that there is no clear and direct connection between the adoption of KPIs and the delegation of management powers, management autonomy or flexibility. Cyprus and Estonia are examples of countries that, even though they introduced KPIs in their public administrative framework, there is no link with the delegation of management powers. It is rather seen as a tool to manage better the resources available. Switzerland emphasised the strengthening of the resource management function and defined management autonomy and flexibility of agencies within a pre-set budget that is ultimately determined by the centre.

The European Commission and other countries such as Norway, Austria and Finland oblige their respective departments or agencies to adopt and implement the KPIs mechanism. This obligation entails that public organisations cannot be positively targeted but are rather constrained to use KPIs.

There are factors that may inhibit the successful implementation of KPIs from a responsibility or autonomy point-of view. Belgium tried to give more responsibility and delegate administration function but budgetary constraints and lack of trust were barriers to achieve the intended aims.

Sweden, France and Malta mentioned an interconnection of the delegation of responsibilities and management by results through KPIs and performance management programmes. In Malta, senior management is assessed through a system of performance plans and reviews. This system is based on personalized KPIs which, in part, reflect government-wide priorities such as administrative simplification and others that are set out in the annual budget.

2.14 Please set out the benefits and the negative consequences that your public administration has experienced in its use of KPIs.

Although a number of countries provided a detailed account of the benefits and negative consequences of using KPIs, a group of countries (Bulgaria, Switzerland, and Spain) declared that it is too early or it may be difficult to provide an answer either because the KPIs mechanism is still in its infancy or because it is not possible to give a correct assessment without asking the KPIs users.

The advantages of using KPIs on the ground by the public administration of the participating countries reflect what established scholars explain in their respective publications. KPIs help to steer public organisations to be more performance-oriented not only from a managerial and a procedural point-of-view but also by shifting a public administration culture towards goal achievement. It provides the possibility to have a concerted effort from all public service employees in order to reach a common objective and therefore this indirectly inject a sense of team-work and organisational modus operandi in the individuality of all employees. Collective goals are achieved by having more focus on what is being delivered and rigour on what is being done through various evaluation and monitoring tools. Having a spotlight on the performance of organisations could lead to better utilisation of resources and keep expenditure within the financial allocations at both departmental level and the entire public administration.

Efficiency and effectiveness in the managerial operation of the public administration was linked with stronger accountability and transparency as well as making public service managers more responsible in their decision-making process. Interestingly, the principle of meritocracy was not mentioned at all and very little focus was made to the specific benefits that could be gained at an individual level. After all, individual employees are the inner core of the public administration managerial engine. Nevertheless, some countries mentioned employee performance especially vis-a-vis their relationships with and mechanisms of reporting to their immediate managers.

As was noted in the other answers provided by the participating countries, public administration operational achievements are very much interlinked with public policy. Many countries mentioned the political and policy level at a national level through various ways: the evaluation of policy initiatives, achieving more objectivity in policy results, increase the clarity of policy objectives and measure more precisely the government performance. This confirms the idea that KPIs cannot be assessed only from an organisational perspective given that the ultimate aim is to achieve national objectives.

Disadvantages are focused mainly on the workload that KPIs brought to the administrative process especially through excessive reporting and monitoring tools. Countries mentioned the time required to get the information which after all may not be available at the right moment.

The other crucial factor is the too much emphasis on KPIs especially from a quantitative point-of-view resulting in employees dedicating little time to other important factors composing their jobs. Essentially KPIs could prevent employees from doing their real job and may prevent them from being innovative in their approach since their main focus could become too embedded in the KPIs process.

There is also the risk of setting easily attainable goals so that, on paper, departments or agencies are portrayed as successful. It could actually lead to the manipulation of data so that employees are perceived as achieving results. An interlinked difficulty is the overemphasis on results and not on outcomes. The outcome is after all the ultimate aim of any KPI.

Some countries mentioned other impinging problems: the difficulty to assess KPIs being managed by different organisation that have different contextual realities and the complexity to establish a strong and effective link between KPIs and policies.

2.15 List the five most critical constraining factors in the various spheres of your public administration that inhibit the enactment and implementation of KPIs. Please elaborate on each.

Table of critical factors that inhibit the enactment and implementation of KPIs – classified within five categories

Insufficient data, technological and managerial tools

Lack of quality data

Data not always readily available

Lack of sufficient technological and managerial tools

Ineffective human resources

Lack of human resources with the necessary skills, knowledge and competences

Unmotivated workforce, lack of commitment and low level of engagement

Lack of leadership and management

More focus on successful groups of employees rather than a collective effort throughout the organisation

Lack of responsibility

Unclear roles

Lack of team effort

Lack of training

Lack of accountability

Lack of managerial freedom because of budget constraints

Resistance to change – maintaining status quo instead of injecting quality culture in the public administration

Lack of trust and co-ordination

Focus is on the punitive rather the corrective or the incentives dimension of KPIs

Administrative burden and weak administrative capacity

Benefits not clear to users

Political, contextual and societal challenges

Lack of public interest in performance measurement regimes

Information overload and a complex process with a lot of financial detail that cannot be understood by the citizens

Difficulty to use information in Parliament

Difficult to measure the influence on central government policy or to link operational with national objectives

Rigid public service legislation

Lack of political interest and commitment

Lack of political continuity

A tendency to be too entrepreneurial rather than focusing on the society's welfare

Strategic, structural and planning difficulties

Lack of strategic planning, lack of a central structure and different procedures within the organisations

Complex and large public administration, lack of co-ordination and the creation of silos

KPIs not communicated effectively – not cascaded down the organisation

No systematic use of evaluation and evidence-based policy-making culture

Low quality and unclear goals or indicators

Central-local relations

Success depends entirely on departments with little control in the hands of the centre

Lack of consensus from the central administration regarding the KPIs to be used

As depicted in the table constructed by the authors, countries provided a detailed list of factors that could directly or indirectly inhibit the successful implementation of KPIs. For ease of reference and analysis, the factors are classified into five main categories.

The first category embraces the lack of data available either because of timing or because there are no sufficient technological or managerial tools to capture the right data. If data or correct data is not available, the foundation and parameters of the KPIs exercise will be undermined.

The second category focuses on human resources who are the main players for a successful KPIs implementation. Countries mentioned a number of human resources inhibiting factors ranging from lack of training, team effort, accountability and lack of leadership. Lack of accountability and team effort could be perceived as contradictory or odd factors when considering that, to the contrary, KPIs are intended to induce these elements in the human resources function. These factors reveal that the intended outcomes of a successfully managed KPIs exercise could in reality be the factors that are deemed as inhibiting HR to function appropriately, especially in cases of lack of co-ordination and unmotivated staff.

The most crucial factor is to manage resistance to change, a change from a traditional-oriented culture towards a more results oriented and evidence-based mechanisms. Injecting a quality culture could prove to be very challenging if it is not led by a competent leader. A leader and a senior manager who is not capable to steer the KPIs at departmental level will inevitably lead to unmotivated workforce, lack of commitment and low level of engagement at all levels of the organisational hierarchy. Countries stressed the importance that departments are led by an effective leader who is surrounded by highly competent employees possessing the necessary knowledge and skills in order to understand the complexity and technical details of KPIs.

Other major challenges highlighted are the management of the heavy administrative burden emanating from an overload of information and detailed KPIs processes. If this aspect is not given its due importance, public service employees will never perceive the KPIs process as beneficial. Overload of information is just one facet of the problem. The tendency to focus on successful employees could lead to the creation of factions within an organisation, distrust will become stronger and the sense of a collective effort is ultimately undermined.

The third category revolves around the political will to embrace KPIs and to have a societal engagement. The collaboration of political executives with the public administration could be a tricky exercise in reality especially if there is a difficulty to see how KPIs at an operational level are translated into positive and tangible results at a political and national level. This is difficult to be achieved especially in policy areas that are complex and ambiguous. At times, lack of political continuity that may result from frequent ministerial changes inhibits the interest that is expected from the political class and instead creates an aura of instability vis-à-vis the KPIs framework. Disinterest from politicians most probably translates into lack of public interest from

the citizens. Such a situation would render the KPIs exercise as a purely technical inward-looking mechanism rather than an exercise that is perceived as beneficial to the society.

A clear strategy and an effective structure is a must if the development of a KPIs framework is to be a successful exercise. This is core element of the fourth category. Lack of structural and central direction with clear guidelines creates weak co-ordination especially when considering the large and complex public administrations present in most countries. Countries underlined the importance to communicate effectively the details and benefits of KPIs within the department or agency and between the central and local agencies.

This theme leads us to the fifth category of KPIs inhibiting factors. Lack of communication, lack of effective co-ordination between the centre and the local and lack of consensus from the central point could in reality be the recipe for a KPIs implementation failure. The departmental initiative to steer the KPIs process is extremely important and the countries` public administrations are not to be tempted to centralise the process but a locus of control from the centre is essential for a well-functioning KPIs framework.

3 General Conclusions

The results of the survey confirmed the salient points that were derived from the analysis of the literature review. The context, working arrangements and managerial dynamics that are highlighted in the published scholarly literature are found in the complex frameworks of the public administrations of the participating countries.

While it would be incorrect to assume that all public administrative frameworks have exactly the same problems and are working within the same contextual environments, patterns emerged that are worth considering.

Most public administrations are extremely focused on achieving the financial objectives. This is of course natural in an international context where tight financial thresholds are being applied. This reality brought KPIs very much close to the finance world and the risk is to be less sensitive to the exigencies and needs of the citizens, the local communities and the society in general. This point brings us to another underlying problem, namely the complexity of the democratic and policy-making process. This is also a running theme in the literature review. A major inhibiting factor of achieving a successful KPI framework is the challenge to have an effective link between national and purely organisational KPIs. A disjointed KPIs framework could lead to undesirable policy outcomes.

Countries are aware of the fact that lack of co-ordination could not only be resulting from the highly complex policy-making process but also from the absence of a functional central agency that is fundamentally important to monitor the activities of departments and agencies without inhibiting the delegation of authority. Such a situation could lead to a public administration that is fragmented, complex and ambiguous as has been argued by von Dooren and Thijs (2010) and Smith (1990). A central agency and an effective KPIs framework would help public administration to take corrective measures when required and to induce a reward mechanism. Both aspects need to be explored more by the countries' public administrations. A solid framework would also help to strengthen the central-local relations. Local agencies would be less intuitive to perceive KPIs as a 'big brother' exercise and would, to the contrary, feel part of the process.

The final common theme arising from the survey results is centred on the issue of managing data. Symptoms or challenges mentioned in the literature review, such as counting the uncountable, having the right data at the right moment and having knowledgeable and skilled people to manage the technicalities of the KPIs exercise are issues of concern that were brought forward by many countries.

Despite these challenges, the introduction of KPIs has been a positive experience in almost all public administrations. It has brought more focus on the activities performed by the government, ministries and departments. It also rendered public

administrations to be more evidence-based and holistic in their approach. The European Commission and the public administrations have embarked on an exciting voyage that will continue to transform the way public processes are managed.

Appendix: Questionnaire

This questionnaire deals with the use of Key Performance Indicators (KPIs) to measure and improve organisational performance in public administration.

KPIs are usually classified as **input**, **activity**, **output** and **outcome** indicators. **Input** indicators refer to the resources assigned, most often in the form of financial allocations, to a particular activity or a specific programme. **Activity** indicators incorporate the courses of action, the work done and the programmes developed to achieve a particular objective. **Output** indicators measure the services delivered by the public service, such as the number of applications or grants processed. Therefore outputs refer to the tangible immediate results achieved following the completion of a particular activity. **Outcome** indicators are the long-term achievements which are not directly controlled by the programme in action, although outcomes are effectively influenced by a specific action or programme.

1. (a) Does your public administration use Key Performance Indicators (KPIs)? If yes, for how long have KPIs been in use?
 - (b) Are KPIs used by the entire public administration or by specific units/agencies/ministries/departments? In the latter case, please indicate which organisations use KPIs and whether there are any plans to widen the use of KPIs.
2. (a) Under which of the above classifications (input, activity, output, and outcome) do the KPIs in your national public administration fall?
 - (b) If your public administration uses a mix of different types of KPIs, please indicate which type of KPI is most widely used in your public administration.
 - (c) In case your public administration provides a different classification method than the one provided above, please give details.
3. For what purposes are KPIs used in your public administration? (For example, to measure the achievement of government policy objectives or to improve the performance of public organisations.) Are KPIs, results or targets published or are they kept within the public administration?
4. Who is responsible for setting targets on the basis of KPIs? Are KPIs set by a central agency or by specific units/agencies/ministries/departments? Is there a process of negotiation between the two?
5. Is there a central authority responsible for the organisational performance management regime? If yes, please state the name of the authority and the ministry under which it falls.

6. Are there specific guidelines governing the development and management of KPIs in the various units/agencies/ministries/departments? If yes, please provide details.
7. Are organisational performance results synchronised with other mechanisms of accountability such as individual performance rewards?
8. What corrective measures are taken in case targets set by KPIs are not achieved?
9. Is there a connection between the adoption of KPIs and the delegation of management powers? For example, are public organisations that adopt KPIs granted greater management autonomy or flexibility than organisations that do not adopt KPIs? Are public organisations given any other “incentives” to adopt KPIs?
10. Please set out the benefits and the negative consequences that your public administration has experienced in its use of KPIs.
11. List the five most critical constraining factors in the various spheres of your public administration that inhibit the enactment and implementation of KPIs. Please elaborate on each.

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