

# THE VALUE MAP OF THE WELFARE PUBLIC ADMINISTRATION AND THE MODEL OF ITS MEASURABILITY

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## Abstract

*The economic and social paradigm shift, which started in the last decade, affects the whole system of the public administration (its goals, processes and institution network). The authors would like to represent in their presentation a performance-measurement model, which is based upon the value system of the public administration, and it is suitable to analyse the changes and developments of the local government institutions' efficiency and effectivity. This multilevel model focuses on the the competencies and capabilities which contribute to the competitiveness of the self-governments and which can provide outcomes about the capacities of the local government. As follows the system is suitable to measure and evaluate complex effects which are interdependent and which reflect changes in time. The model structure is based upon the value map of the welfare public administration which is developed by the authors.*

**Keywords:** *performance-management, local government, value map*

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## 1. Introduction

The performance-principle has more and more significance also by the public administration and non-governmental organizations. The causes are partly political and on the other hand economical (fiscal).

The literature defines the international spread of the performance-principle by the public service organizations in the relation with the New Public Management, started in the 1980s.

Initially by the performance analysis of the public service organizations there was used the terminology and methods of the corporate sector. Only from the 1990s was recognized that the public service organizations require specific, complex and separate performance-management system, which corresponds to the requirements of the “good-state”.

## **2. Performance-management model**

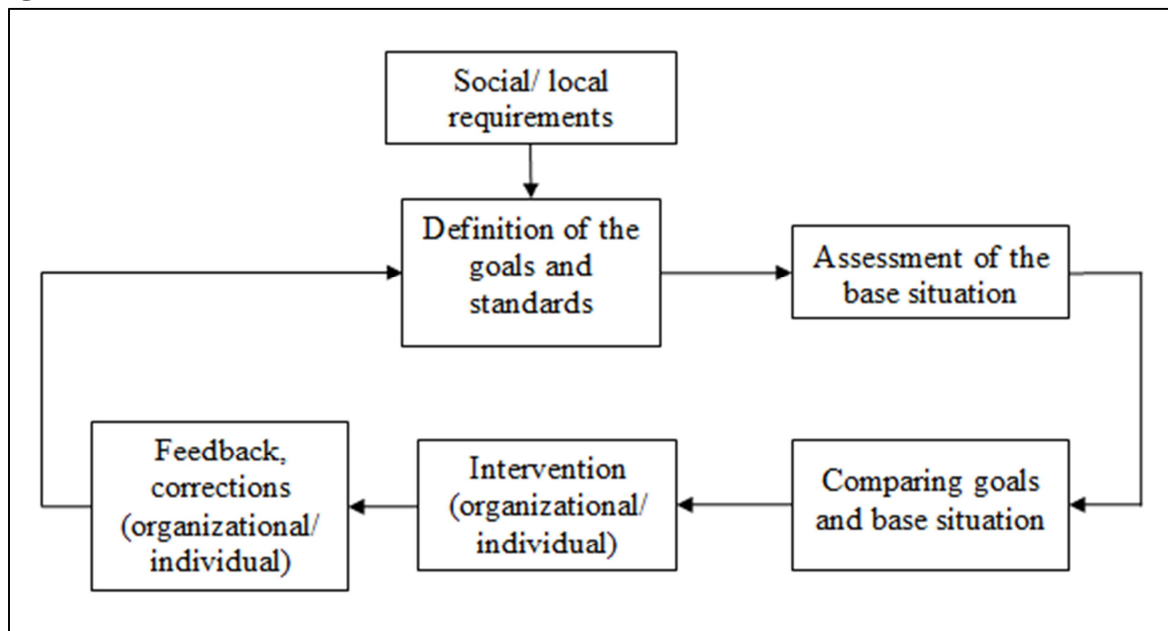
The performance-management is an instrument of the institution leadership which can contribute to the following:

- it helps to set up the relevant development goals and requirements for the organizations performance,
- with the performance-management those interventions can be supervised which are in a relationship to the performance-requirements of the organization,
- the development requirements can be followed more easily,
- it helps also by the formulating the individual goals which are relevant to the performance of the organization.

The performance-management process can be divided into five stages (Figure 1.):

- definition of the goals and performance standards,
- assessment of the base situation,
- comparing the goals and the base situation (the facts),
- formulating the direction of the interventions,
- feedback from the results of the interventions, and fulfilling the possible corrections.

**Figure 1. The logical process of the performance-management by the public service organizations**



*Source: compiled by the authors*

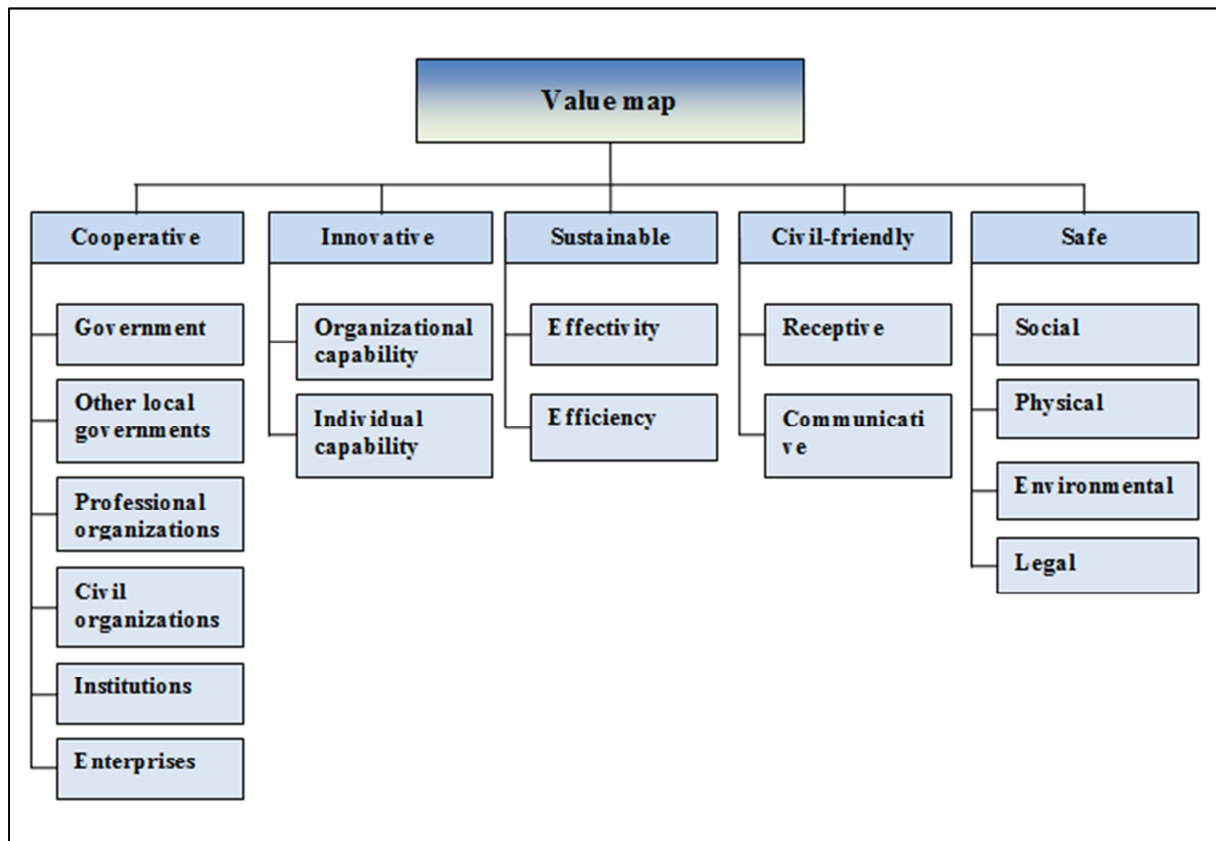
Our performance-measurement and -valuation model analyses the change and development of the local governments' effectivity and efficiency. The performance-management is in accordance with the strategy and yearly work plan of the fiscal organizations. It contains the consistent determination method of those goals and performance indicators which increase the organizational performance. Furthermore includes the elaboration of the relevant managerial reports and helps by the data collection and analysis which are needed to these reports.

### **3. The value map of the welfare public administration**

The identification of capabilities is a complex problem which can be measured by various qualitative and quantitative indicators. The analysis of the output indicators (the primary local governmental capability changes) and the input indicators (the local governments' actions and interventions in the analysed territory) gives the possibility to define the measuring elements of the frame-model. This can ensure for the users the adequate interpretation of the processes.

The value map of the welfare public administration can help to identify the elements of the local governmental performance. The main analysis fields are the following: cooperation, innovation, sustainability, civil-friendly and safe (Figure 2.).

**Figure 2. The value map of the welfare public administration**



*Source: compiled by the authors*

#### **4. Performance-management by the local governments**

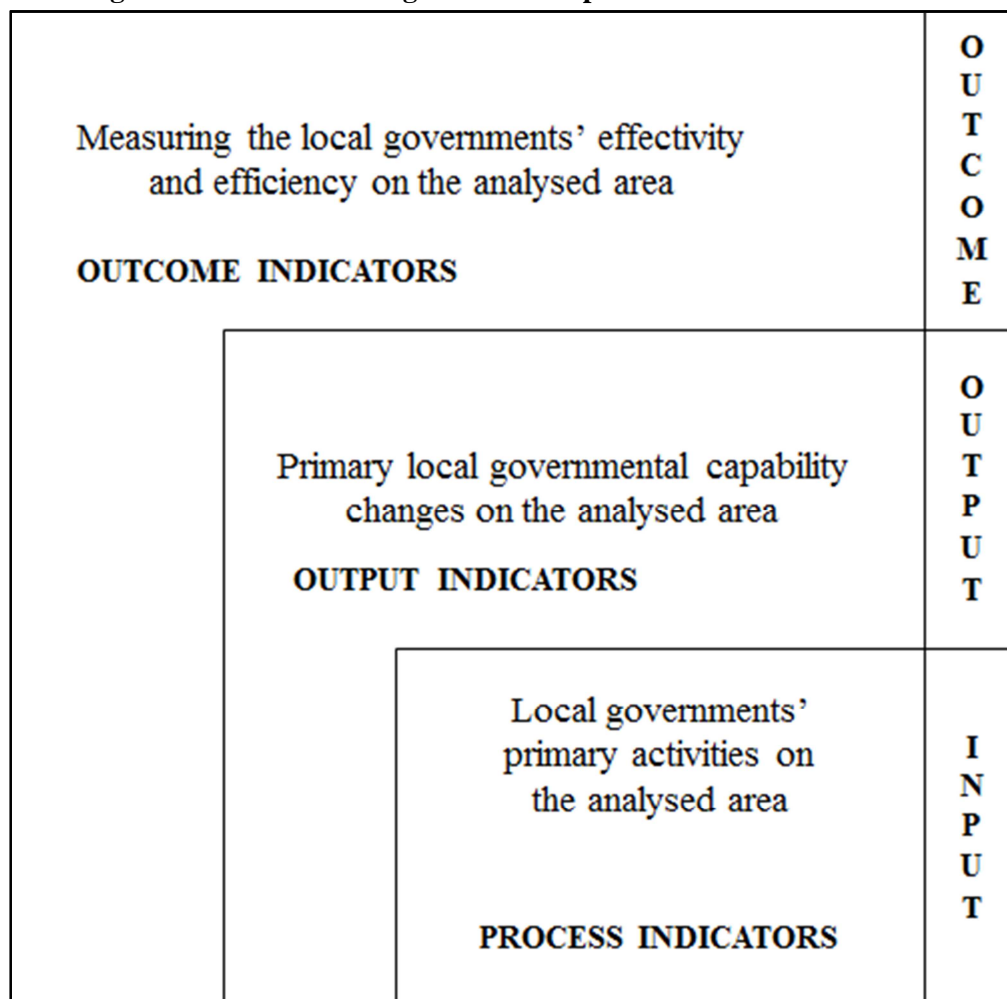
The indicators values represent the positive or negative change compared to the basis value. From these qualitative or quantitative independent variables can be subtracted a value-based consequence only in that case, if the result or effect is also sensible, so only a complex evaluation can be performed. With the help of the model the comparison of the local governments' performance is also possible, - not with relative position - , but using absolute values.

The hierarchical system of the local governments' performance-measurement can be made on the basis of this fact (Figure 3.).

The upper level is the level of the local governments which can be divided into different ranges. These ranges can be analysed also separate, but altogether they give a complex (measureable) view from the characteristics of the competencies and capabilities of the good local governmental performance. The ranges consist of different viewpoints which contribute the multi-dimensional analysis of the subject. In the case, when we examine the viewpoints' typical indicators, if it is necessary we can create an inner structure in the form of

main and partial indicators. This has got grounds if the main indicator is input, output, and outcome indicator at the same time, and the partial indicator embodies some main evaluation parameter.

**Figure 3. The logical frame of the local governmental performance-measurement**



*Source: compiled by the authors*

The efficient performance-management operates with combination of different methods (Table 1.).

**1. Table – The applicable methods**

| <div>METHODS</div> <div>ASPECTS OF THE COMPARISON</div> | PERFORMANCE PRISM   | HOSHIN MANAGEMENT  | EFQM MODEL   | BALANCED SCORECARD METHOD  |
|---|---|--|--|--|
| <b>Relevance of the methods</b>                         | It takes the stakeholders into the organizational performance evaluation process – reciprocity. (owners, employees, customers, suppliers, social environment) | The activity of the employees has a key role by reaching the goals. Short reaction time onto the environmental changes.  | The usage of resources in the most effective way to reach the satisfaction of the stakeholders, and to increase the efficiency.  | The organization knows his processes, customers list, rates of return, value of the employees, and the context of his financial status.<br>Skandia navigator: exploration and usage of the intellectual capital. |
| <b>Orientation of the methods</b>                       | Three dimensional model. Satisfaction and contribution of the stakeholders, (strategies; processes; capabilities).  | Establishing the desired result for a time period. Planning the tools. Harmonize the operation. (Triple PDCA cycle) HOSHIN performance method. Supporting the organizational learning process. | Capabilities: leading, strategy, supervising employees, resources, partner relationships, processes.<br>Results: Satisfaction of the employees, satisfaction of the customers, social opinion, results of the key processes. | Financial perspective.<br>Customers perspective.<br>Operational perspective.<br>Development, learning perspective.<br>(Skandia navigator)<br><br>↓<br>↓<br>↓<br>People   |
| <b>Effects of the usage</b>                             | The formation and protection of the public values gives satisfaction.   | Critical changes (breakthrough) – to critical problems.  | The analysis of the organizational actions and results in a complex, system-orientated and periodical way correlated to the EFQM model.  | Interpretation of the strategy into indicators. Exploring the effect connections among the indicators.<br>From the BSC valuation system will be formed a managerial system (innovative frame).                   |
| <b>Problems of unambiguousness</b>                      | Selecting those performance indicators randomly which have a connection to the inner processes.   | The system, which is changing periodically, is harder to follow up.  | The possibility to follow up the critical processes in a concentrated way. The difficulty to coordinate innovation and learning.   | The uncertainty of the performance requirements at every stage of the hierarchy.   |
| <b>Usage of the method</b>                              | The not satisfying attention of the stakeholders demand and requirements.   | It refers not always to the critical problems.   | The lack of commitment brings down the efficiency of the model usage.  | The performance indicators of the organizations important fields cannot be hold in balance through the “balancing dimensions”.   |

|  |   |   |   |  |
|--|---|---|---|--|
| <b>Possibility of the methods delusion</b> | Using indicators which do not give the possibility to follow up the realization of the chosen strategy.<br>Using the indicators for communicating the strategies inside the organization in an unrealistic way.<br>The motivations of the strategy realization do not build part (or only partially) of the individual performance valuation. | The division of the goals is not adequate along the inner vertical and horizontal hierarchy.<br>The skewness of the Hoshin management system. | The subjectivity of the questionnaire making and the textual valuation.                 | The pressure for perfect indicators may lead to chaotic systems.                               |
| <b>Problems of consistence</b>             | The performance indicators are not in accordance with the strategies, processes and capabilities which aim is the satisfaction of the stakeholders.   | The new system does not build in an adequate way on the Hoshin results of the previous year.  | The campaign activities which can be derived from the cyclicity of the self-evaluation. | The bad valuation of the results.<br>The failure of the interventions (partially or complete). |

*Source: compiled by the authors*

## 5. Conclusions

The performance-management is more than simply the performance valuation. The performance-management is a process, in which the leaders of the organization define the objectives for the stakeholders which helps to achieve the strategic goals of the institution. In this system they try to increase the organizational performance through the individual performances. They build a complex system which defines the individual performance requirements from the organizational performance, and the individual performance valuation will be connected to the motivation system, and competence development.

So first of all it is necessary to define the goals which can increase the organizational performance, then we should fix the indicators for its measurement. From this can be derived the concrete performance and competence requirements of the single individuals.