

## THE PERFORMANCE MANAGEMENT SYSTEM IN THE CONTEXT OF PUBLIC INSTITUTIONS

## СИСТЕМА УПРАВЛІННЯ ЕФЕКТИВНОСТЮ В КОНТЕКСТІ ДЕРЖАВНИХ ІНСТИТУЦІЙ

According to the latest trends in public management, a separate field of study called performance management has been defined by combining two terms: management and performance. The need for management involvement in achieving performance is explained by the fact that performance is treated as a result, but in order to achieve a result we must necessarily design a series of actions aimed at achieving a particular result.

In the case of public institutions, effectiveness (doing the right thing) and efficiency (doing the right thing and as best as possible using the minimum of resources) must be analyzed together, motivated by the fact that the employees must be well trained professionally and have a attraction for the activity that they should carry out with pleasure at work. Only if these elements exist at the same time, we will be able to say that the employees of public institutions are doing the right thing [they will register all requests and issue notices, authorizations, etc. on time], as best as possible [without mistakes (wrongly issued disposition, erroneous evidence, etc.) or without the obligation to annul the issued documents in court (ie without additional expenses generated by the correction of certain mistakes)]. By combining the two elements we will get that term with which every public institution should be cataloged, that is: EFFICIENCY + EFFECTIVENESS = EXCELLENCE [doing the right things right]. In public administration, results-based management must be resorted to more and more often, in order to achieve the objectives, because only in this way can those syncopes that can intervene in the proper functioning of public institutions be removed.

Efficiency and effectiveness should be the basis of management evaluation public institutions, primarily motivated by the fact that the public sector must feel an inclination towards the needs of the collective and a greater approach to the problems they citizens have.

**Key words:** performance, public administration, performance management, indicators, objectives, results.

Згідно з останніми тенденціями в державному управлінні, було визначено окрему галузь

дослідження під назвою управління ефективністю шляхом поєднання двох термінів: менеджмент і ефективність. Необхідність участі керівництва в досягненні результативності пояснюється тим, що результативність розглядається як результат, але для досягнення результату необхідно обов'язково розробити ряд дій, спрямованих на досягнення конкретного результату.

У випадку державних інституцій результативність (робити правильні речі) та ефективність (робити правильні речі та якомога найкраще використовувати мінімум ресурсів) слід аналізувати разом, мотивуючи це тим, що працівники мають бути добре професійно підготовленими та мають потяг до діяльності, якою вони повинні із задоволенням займатися на роботі. Тільки якщо ці елементи будуть одночасно, ми зможемо говорити, що працівники державних установ чинять правильно [вони будуть реєструвати всі звернення і видавати повідомлення, доручення тощо. вчасно], якомога найкраще [без помилок (неправильно виданого розпорядження, помилкових доказів тощо) або без зобов'язання анулювати видані документи в суді (тобто без додаткових витрат, спричинених виправленням певних помилок)]. Об'єднавши ці два елементи, ми отримаємо той термін, за яким слід каталогізувати кожен державну установу, а саме: ЕФЕКТИВНІСТЬ + ЕФЕКТИВНІСТЬ = ВІДМІННІСТЬ [робити правильні речі правильно]. У державному управлінні потрібно все частіше вдаватися до управління, заснованого на результатах, для досягнення цілей, тому що тільки таким чином можна усунути ті синкопи, які можуть втрутитися в належне функціонування державних установ.

Ефективність і результативність повинні бути основою оцінки менеджменту державних установ, насамперед мотивованих тим, що державний сектор повинен відчувати схильність до потреб колективу та більший підхід до проблем, які вони громадяни мають. **Ключові слова:** результативність, державне управління, управління ефективністю, показники, цілі, результати.

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**Introduction.** Performance can be defined both by results and by behavior. The word “performance” reflects a progressive approach, characterized by voluntary effort, the orientation to make things better. The developments of the last 20 years in public management have generalized the orientation towards performance and towards obtaining measurable results [3, p. 45]. There is today in modern administration management a complex set of tools, methods and techniques through which performance orientation is not a simple slogan, but the main framework in which decisions are grounded, implemented and then

the results obtained and the distance from the expected ones are measured. The importance of performance management for public institutions is paramount. For this reason, the author proposes that in this article he characterizes the main aspects and specifics of performance management for the public sector.

In the context of public administration, performance represents the continuous improvement of the parameters of the public service provided both in terms of effectiveness and efficiency, but also ensuring a high degree of satisfaction of citizens in relation to their needs and expectations.

The idea of performance means the adoption of a set of quality standards, the continuous refinement and improvement of the methods and procedures used, respectively the involvement of beneficiaries, staff and higher hierarchical levels.

The performance includes all the elementary logical stages of the action, from the intention to the actual result. This must not only be tracked and measured but must be managed considering four variables: cost, quality, time and organization.

Thus, at the current stage, numerous definitions of performance management are known, among which we can review the following [6, p. 59]:

- strategic management which “is concerned with the more general problems of the company so that it can operate effectively in the general direction it wishes to adopt in order to fulfill its long-term objectives” (Armstrong);

- type of management that “enables a company to transform global strategy into results and support its mission and objectives” (Mathis and Jackson);

- performance management is a “strategic and integrated approach to ensuring lasting success in the activity of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individuals” (Bădescu);

- performance management involves “a sum of strategic interventions that influence the organization’s activity in the long term, leading to the improvement of economic results” (Neașcu).

Performance management involves obtaining the best results from the organization, teams and individuals, by knowing and managing performance. It is a systematic approach based on permanent processes of planning, evaluation and measurement of results, in accordance with its strategic objectives.

The basic premise is that achieving the desired results leads to the fulfillment of the organization’s objectives and to ensuring its performance. Performance management must be understood as a continuous process, reflecting normal management practices, and not as special techniques imposed on managers.

Its conceptual framework includes terms such as: “performance management”, “performance”, “performing organization”. Since management is the set of methods and processes for defining objectives, training and control in the service of the quality of external services and internal functioning methods, management is of interest to the public organization. According to some specialists, there is a strong managerial movement that seeks to more or less transform the public sector, through the following four major changes:

- (1) from a central administration on its own to an open administration;

- (2) from an administration of procedure and submission to an administration of responsibility;

- (3) from a vertical administration, where everything is ordered by the hierarchical pyramid, to a transversal administration, existing in the network;

- (4) from administration with expenses to an administration with results.

Performance can be evaluated by reference to standards established at national level and applicable to all providers of a certain service or to local standards, used only by the local administration in question. Performance management involves adopting a systematic approach to improving individual and team performance and is based on the following two assumptions:

1. People are expected to work well when they know what is expected of them and when they have participated in setting those expectations;

2. The ability to meet these expectations depends on the level of individual competence and motivation, as well as the leadership and support they receive from managers.

Performance management involves, on the one hand, the ability of managers to establish strategic direction, to establish clear and relevant objectives, and on the other hand, the effectiveness of staff in fulfilling them. It seeks to obtain the best performance from staff and managers, motivating them in order to achieve the organization’s objectives.

In addition to staff evaluation, performance management uses a range of other techniques to encourage performance; these include team-building, quality circles, benchmarking, total quality management systems, as well as a variety of “quality standards”.

Performance management systems include ways to integrate employees as well as techniques for evaluating and measuring performance and controlling poor performance.

The characteristics of performance management include [1, p. 125]: clear links with the organization’s objectives; clear links with the job requirements; rigorous and objective evaluation processes; emphasis on individual development plans; continuous assessment; evaluation-based reward systems;

The link with the organization’s objectives. The objectives of teams and people derive from the overall strategic objectives, so that they understand what they need to do to contribute to the effectiveness of the organization. In addition to individual performance, team effectiveness is also important; team objectives are established, and performances are evaluated and reviewed.

Good communication and engagement is an essential aspect of performance management. The organization's mission and objectives must be equally understood. Communication must not be done only from top to bottom, but there must also be communication from bottom to top and also horizontally. Link to the job description. In performance management systems, job descriptions are reviewed regularly, with managers and employees agreeing on them. The job requirements must be clearly formulated and easy to understand. Complex requirements are less likely to be reviewed, and very cumbersome ones are unlikely to be met.

**Rigorous and objective assessment.** The manager and the employees define the objectives together and propose clear, measurable targets that contribute to individual development, represent a challenge and contribute equally to the overall goals. Teams or working groups may also have goals and objectives to achieve. Performance indicators can be used to set standards and measure effectiveness; for example, all correspondence will be acknowledged in no more than 2 working days. The system needs procedures to control, monitor and evaluate the activity.

**Individual development plans.** Each individual can have a personal development plan, intended to provide goals and activities that allow the individual to achieve a series of objectives and develop his professional career. This fits the quality standard as well as the modern concept of "lifelong learning organization". Organizations are increasingly dynamic, subject to change. This is why employees need the ability to develop new skills and abilities [2, p. 21].

**Continuous evaluation.** As with the staff review, there will be an annual review, but usually the review is much more frequent. This evaluation process is likely to involve teams, individuals and managers to help them focus on performance and ways to improve it. In this context, communication is important. **Reward systems.** In performance management systems, the annual evaluation is often linked to remuneration and intends to reward those who have managed to achieve their objectives.

General and specific managerial performances include: methodological-managerial performances; decisional performances, informational performances, organizational performances.

In other words, it is confirmed that the objectives of performance management are to guide, motivate and enable its employees to fulfill the mandates of their organization. Globally, performance management systems differ in the degree to which they attempt to guide employees through retrospective performance evaluation, linked to

rewards and administrative sanctions, versus an approach to enable them to improve their performance in the future through professional development and growth opportunities. Regardless of the focus, successful performance management systems are those that align employee goals with organizational goals, fairly differentiate between types and levels of performance, motivate staff with the right mix of incentives, and ensure adequate opportunities for growth and development.

They require strong and dedicated leadership, both political and technical, and integration into institutional culture and practice. By the way it is designed, the performance management system of civil servants emphasizes administrative purposes. However, in practice, its effectiveness is limited. By law, high performance qualifications must confer eligibility for the promotion of executive civil servants, and poor qualifications lead to automatic salary reductions and dismissals. However, in practice, almost everyone achieves the highest performance rating. Thus, grades cannot realistically be used for administrative decisions, such as promotion, which are thus based on seniority rather than performance. The drastic and sudden consequences of poor performance are more of a hindrance than a help in dealing with them, because managers rarely use them, and staff can challenge them in court and often win. Such consequences leave no room for addressing unsatisfactory performance in a more constructive way, by identifying the causes and finding ways to solve them. Individual training needs are also identified during the annual performance review, but these are not linked to competencies (now 'performance criteria'), and training or wider learning and development opportunities are inadequate [4, p. 69].

Thus, in practice, there are few rewards for high performance or sanctions for poor results, and good managers manage to motivate staff and help them develop largely independently of the formal performance management system. They do this by providing frequent feedback and professional on-the-job guidance to staff and by creating a favorable working climate – despite the absence of formal tools in this regard. In other words, despite the predominantly administrative philosophy of the Romanian performance management system, good managers are those who adopt a development philosophy in the relationship with employees. However, even these managers face challenges in orienting employees to achieve institutional goals, as institutional strategic planning and performance management systems are weak, and individual goals mainly reflect routine activities and responsibilities, based on the job description.

Furthermore, good personnel management practices are neither encouraged nor recognized. As mentioned, the opportunities for promotion at the managerial level are very limited and are not related to the performance at the workplace, recorded through the annual performance evaluation. The performance management regime for management personnel differs slightly from that of executive civil servants. Only senior staff and “public managers” are subject to a different performance review process, which includes evaluation by an external committee. However, despite the fact that public managers are executive staff, their performance evaluation is more rigorous/demanding than that of senior civil servants, including more elaborate forms of self-evaluation and analysis, as well as mandatory interviewing of their hierarchical superiors and of colleagues by the aforementioned evaluation committee. In contrast, the external evaluation committee of management personnel has little information available to actually evaluate performance, focusing mainly on checking the consistency between the staff’s reports and those of the superior [5, p. 120].

As mentioned, any successful performance management system requires strong institutional leadership. To ensure this, a first step is to reform the performance management system of senior civil servants and senior management staff. In addition to limiting the rate of promotions and temporary appointments in these positions, there is a need to change the recruitment and selection procedure of the members of the external evaluation commission and expand the range of information that the commission uses to evaluate senior civil servants. In addition, the performance appraisal of senior civil servants and senior management should include explicit objectives that reflect contributions to institutional goals, as well as personnel management competencies and results.

These objectives will contribute to a better alignment of the individual and institutional performance management systems, especially if they are accompanied by the consolidation of the latter, as well as a consistent and clear communication of the institutional objectives to the staff. Adequate evaluation of managerial and leadership skills will contribute to the identification of learning and development needs in this field that must be covered. In the medium term, following the consolidation of their performance appraisal regime and the implementation of the new recruitment model, as stated in the related report on performance-based pay, elements of performance-based pay could be considered for management staff.

At the same time, there is a need to place greater emphasis on managerial skills and performance throughout the system. An extensive or structured learning program for managers must be at the heart of any performance management reform. This should include training on how to set objectives and performance standards, assess performance against these objectives, assess skills and support staff in their development, and provide feedback and advice to staff.

It should also include recognition of high-performing managers and opportunities for peer-to-peer learning. Promotions to (higher) management levels should be conditional on proven performance, including in personnel management. In order for the real performances to be adequately and correctly reflected in the qualifications awarded following the performance evaluation, it will be necessary to adapt the performance indicators to the particularities of the position and the function, while ensuring, at the same time, the comparability of the qualifications in all departments (for example, by ex-post calibration of qualifications).

In the long term, ideally, investments in the development of IT management systems at the institutional level can facilitate the collection and analysis of data on which individual performance evaluations are based. In the short and medium term, the focus should be primarily on improving the information base for evaluating the performance of senior civil servants and senior management. This should include feedback from colleagues and employees.

For executive staff, self-assessments and year-round consultations by managers can help not only to correct for recall bias, but also to place a stronger emphasis on the self-reflection and learning aspects of assessments and performance conversations. ii. Find ways to encourage managers to make a more appropriate distinction between different levels of performance. Without better differentiation of the qualifiers, they cannot be used to document administrative decisions.

A first such measure would be ex-post calibration of ratings, where managers meet to discuss ratings and validate them – especially for top performers and worst performers. Ex-ante framework training on how to evaluate performance within an organization or for specific job types can also help managers better distinguish between these levels of performance. Such measures should be piloted within some institutions, and their impact should be evaluated. If no change in grade distribution is observed, then more stringent measures should ultimately be considered, such as the introduction of quotas for the highest grades.

Extrinsic staff motivation tools such as performance pay should be used with care and only if there are adequate safeguards. Overall, to better manage – and not just evaluate – performance, more attention needs to be paid to ways in which staff can be motivated and helped to grow.

Good managers already invest in providing frequent and informal feedback to staff and creating a constructive team and work climate. Such behaviors should be encouraged and rewarded, for example by recognizing exceptional managers and developing a structured program of learning and sharing best practices in ‘people-centred management’. At the same time, more formal opportunities for development and growth are also needed. These should include not only skills-related training, but also more diversified and personalized learning and development opportunities. The latter may include centrally coordinated horizontal mobility programs and staff rotations.

It is also essential to reform the career management system to ensure more pathways and opportunities for promotion for talented and high-performing staff, especially in management positions. Limiting promotions and temporary appointments in management positions and high civil servants and conditioning them on the performances demonstrated at the previous level of the hierarchical ladder is a step in this direction. Other changes to career management are needed to better address underperformance by identifying it early in an employee’s career (for example introducing probationary periods for all

new hires, not just “starters”) and addressing it in a phased and constructive way (eg by introducing performance improvement plans with clear deadlines and phased sanctions for those who continue to underperform) [2, p. 27].

**Conclusions.** In addition to strong leadership at the institutional level, embedding performance management in institutional culture and practice requires more active involvement of HR and HR departments at the institutional level and central HR agencies at the policy level public, in designing, monitoring and improving performance management systems.

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