

Strategy, Performance, Performance Measurement and Performance Management in the Public Sector

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Content



Vision, Mission, Startegy

Where are we?

Who,
What,
How?

How?

Medium-
Long term

VISION

MISSION

STRATEGY

OBJECTIVE

Where do we want to go?

Who we are?
What are our values? Rules of conduct

How we will achieve our vision?

Short-term



Example:

❑ Vision Zero: Swedish transportation Intensified Efforts for Transport Safety in Sweden

- **Vision:** no one shall be killed or seriously injured in traffic
- **Mission:** Vision Zero is an approach wherein responsibility for transport safety is shared between individual transport system users and “system designers” (the entities that shape the system, such as the automotive industry, lawmakers and infrastructure owners).
- **Strategy:** transport infrastructure, vehicles with active safety systems, driving-license withdrawn for serious traffic violations

Strategic Analysis

- ❑ SWOT/SWOC Analysis
- ❑ Stakeholder Analysis
- ❑ PEST Analysis
- ❑ Other quantitative and qualitative methods

Strengths

- Positive performance in creative industries
- Growth rate in jobs
- Media, Software and Games Industries, Radio and Broadcasting, Performing Art and Music Industry are the backbone of the creative industries
- Cultural-economic field
- Heterogeneous culture

Opportunities

- Existing creative scenes in the field of design, art, film etc
- Location of existing scenes and firms (inner part of the city of Leipzig)
- Internationally renowned agents contribute to the attractiveness and quality of the cultural, intellectual and everyday life in Leipzig
- Diverse cultural urban dimensions
- "Master Plan" installed by local government helped the creative scenes in Leipzig

Weaknesses

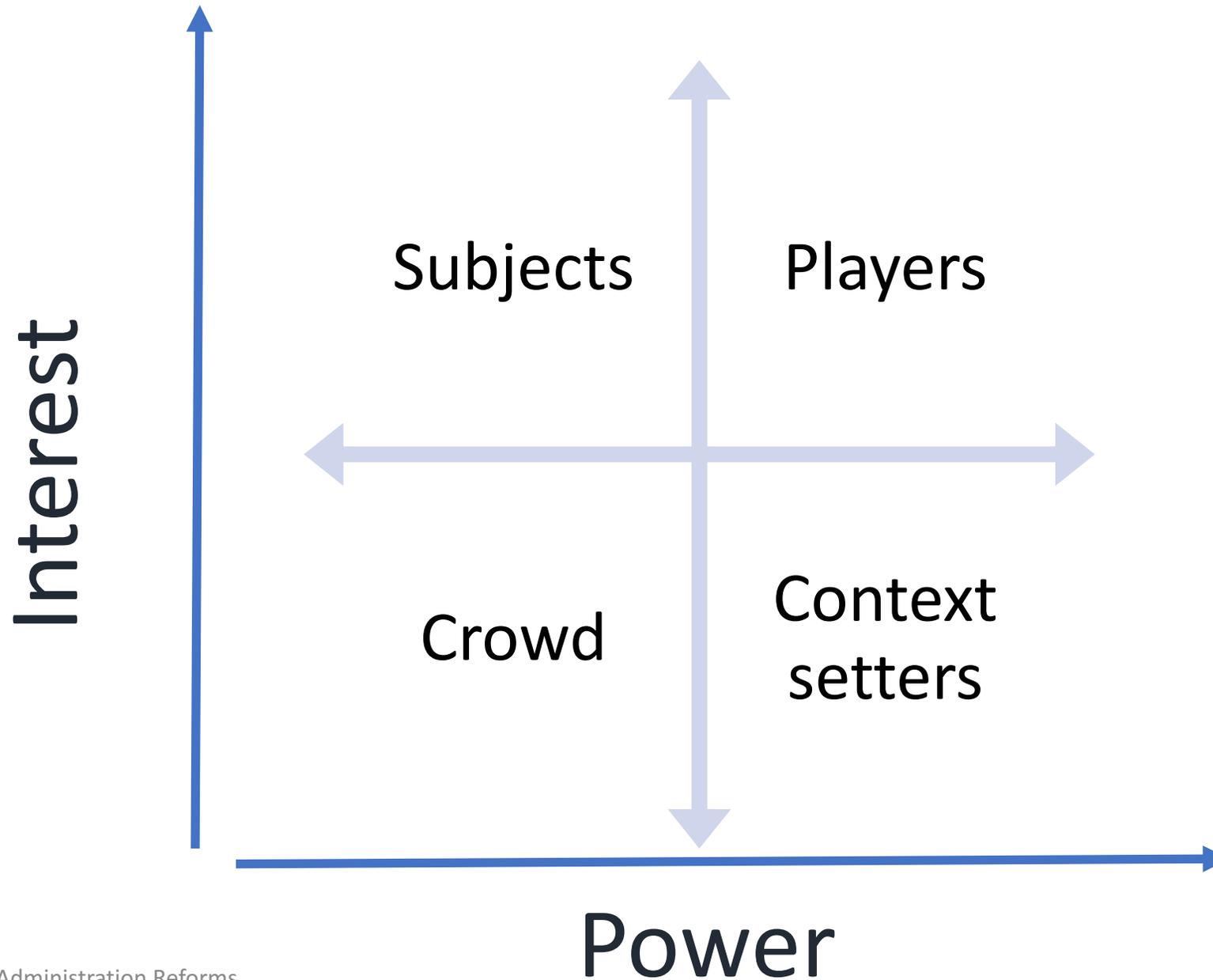
- Creative industries have not yet been identified as a strategic field
- Micro-entrepreneurs are needed
- Weak local and regional market

Threats/Challenges

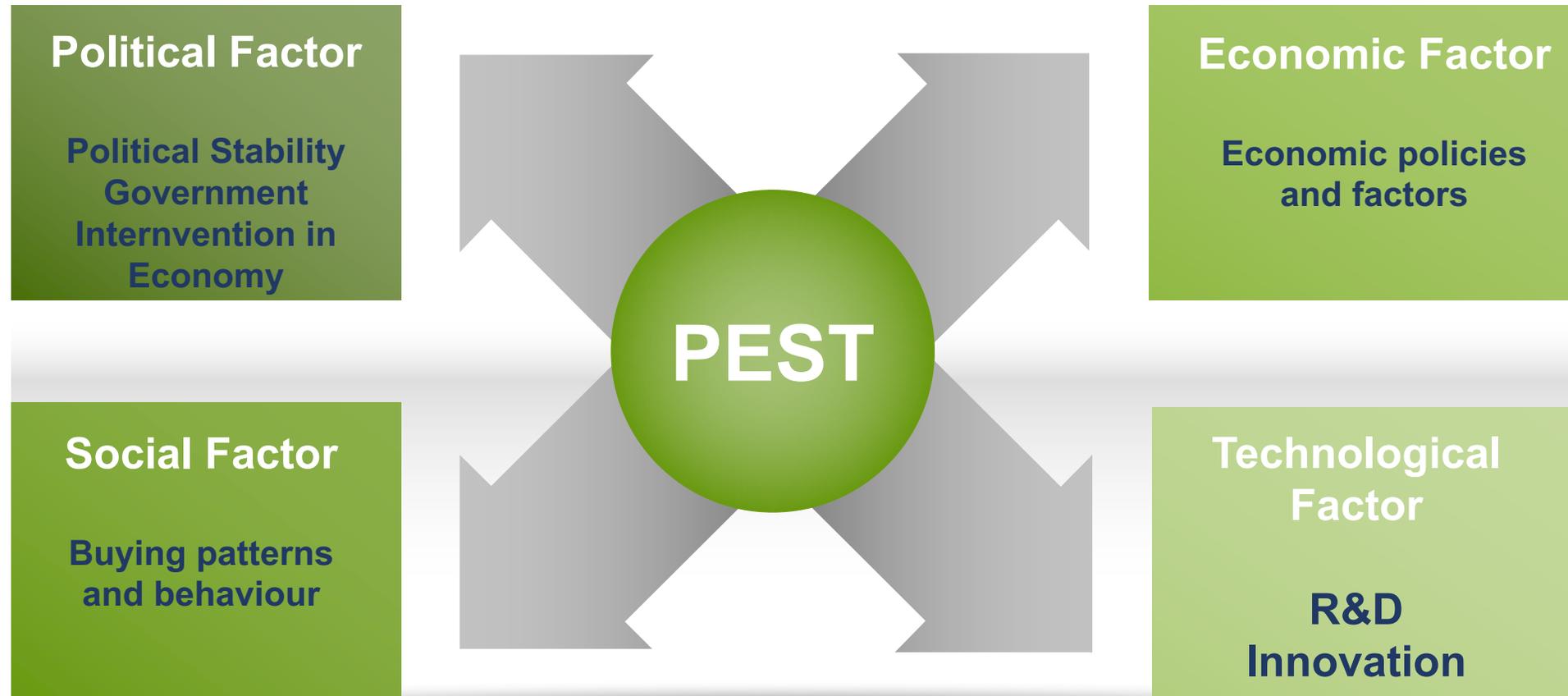
- Temporary "gateway" for young generations
- Lack of leading economic, public and educational institutions
- Missing forms of professionalism
- A shortage on international agents

Creative Industries in Leipzig

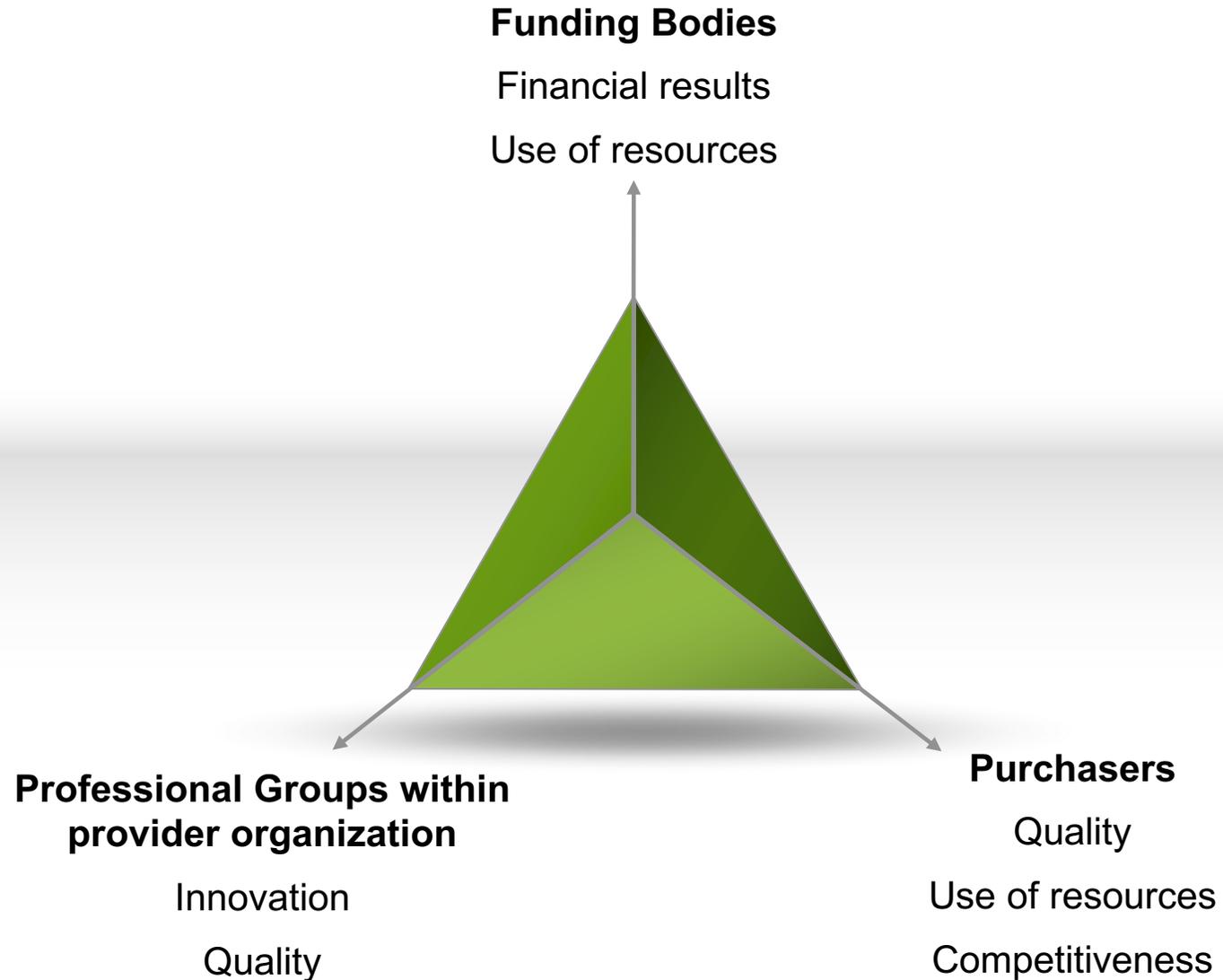
Stakeholder Analysis



PEST ANALYSIS



INFLUENCE OF STAKEHOLDERS



Performance

The term 'performance' expresses a programme of change and improvement, which is promoted by a group of like-minded actors that is usually only loosely coupled. These groups of actors sharing a performance agenda are called performance movements. (Source: Van Dooren *et al*, 2010)

Performance includes the outputs and outcomes of activities.

Realization of public values.

It is also defined as “acting upon performance information”. It includes:

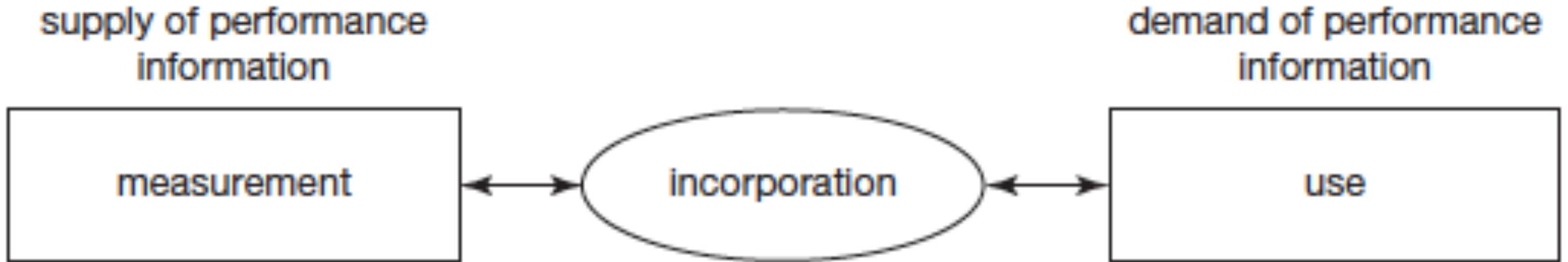
- **Performance measurement (information)**

- Systematic collection and analysis of information on performance dimensions (span & depth);
- Cost-benefit analyses on performance measurement systems.

- **Performance management (action)**

- Incorporating and using performance information in decision making, controlling and stakeholder relationships

Performance Measurement and Management



Performance Measurements

It sums different deliberate activities for quantifying performance.

Performance Measurements is mainly related to performance indicators.

- UK: Citizen's Charter, Financial Management Initiative
 - Germany: New Steering Model
 - France: Performance budgeting
 - Norway: Management by objectives and results
 - The Netherlands: monitored 84 government objectives
- Provide more information on the costs of policy instruments
 - Reduce the burden of performance indicator reporting, while strengthening the linkages with policy evaluation
 - Link more closely to the concrete responsibilities of the ministers, rather than to elaborate on broad policies

Key performance elements

- ❑ **Relevance:** coherence between objectives set and needs of a community
- ❑ **Efficiency:** capacity of achieving objectives by generating outputs enhancing the input/output ratio (quality and quantity)
- ❑ **Effectiveness:** achieving strategic objectives satisfying the needs of a target community. More difficult (and significant) to evaluate than efficiency:
 - Operational effectiveness: adequacy of results with reference to operational objectives
 - Strategic effectiveness: adequacy of outcomes with reference to strategic objectives
- ❑ **Sustainability:** long term capacity of addressing emerging needs while maintaining a socially acceptable level of public expenditure/fiscal pressure

Input indicators

- ❑ Resource consumption, in both financial (expenditures) and economic (costs) terms, or in physical terms (personnel)
- ❑ It is about measuring effectively employed resources as opposed to what is forecast in annual budgets.

Output indicators

- ❑ Quality vs quantity of goods and services provided over a specific timeframe
- ❑ They should represent production as correlated with operational objectives of the organization

For instance:

- Number of arrested offenders
- Number of public service transport users
- Tons of waste collected and disposed of
- It may make more sense to provide a measure of qualitative aspects of services

- ❑ Productivity trap: efficiency vs quality

Outcome indicators

- Measuring the fulfillment of strategic objectives as part of an organization's mission (policy, programme)
- As opposed to outputs, outcomes do not represent production but rather the impacts of a process/policy (for instance: n. of patients treated vs self sufficient patients over 3 years)
- Can include maximization (ie. Students' job search) vs minimization (criminality rates)

Outcome indicators

□ Intermediate vs final outcomes

- Intermediate outcomes are results expected to lead to desired impacts. They often indicate behavioral transformation in a policy or service target. They are normally measurable once a single programme is concluded; (eg: Increased skills in a cohort of students)
- Final/end outcomes represent societal impacts that often occur over a longer timeframe; direct causality and accountability with public policies is not always possible (effectiveness; policy evaluation); (eg: reduced unemployment)

Quality criteria for performance indicators (1/2)

- ❑ **Specific** – target a specific, significant area for improvement
- ❑ **Measurable** – quantify or at least suggest an indicator of progress
- ❑ **Assignable** – specify who is responsible for it
- ❑ **Realistic** – state what results can realistically be achieved, given available resources.
- ❑ **Time-related** – specify when the result(s) can be achieved.

Quality criteria for performance indicators (2/2)

- Invariability to opportunistic behaviour
- Non-redundance
- Cost-efficiency
- Relatedness to direct influence areas

Use of Performance Information

- Accountability & transparency
- User choice
- User / citizen rights
- X-efficiency
- Resource allocation (y-efficiency; PSA, GPRA)
- Effectiveness
- Public value

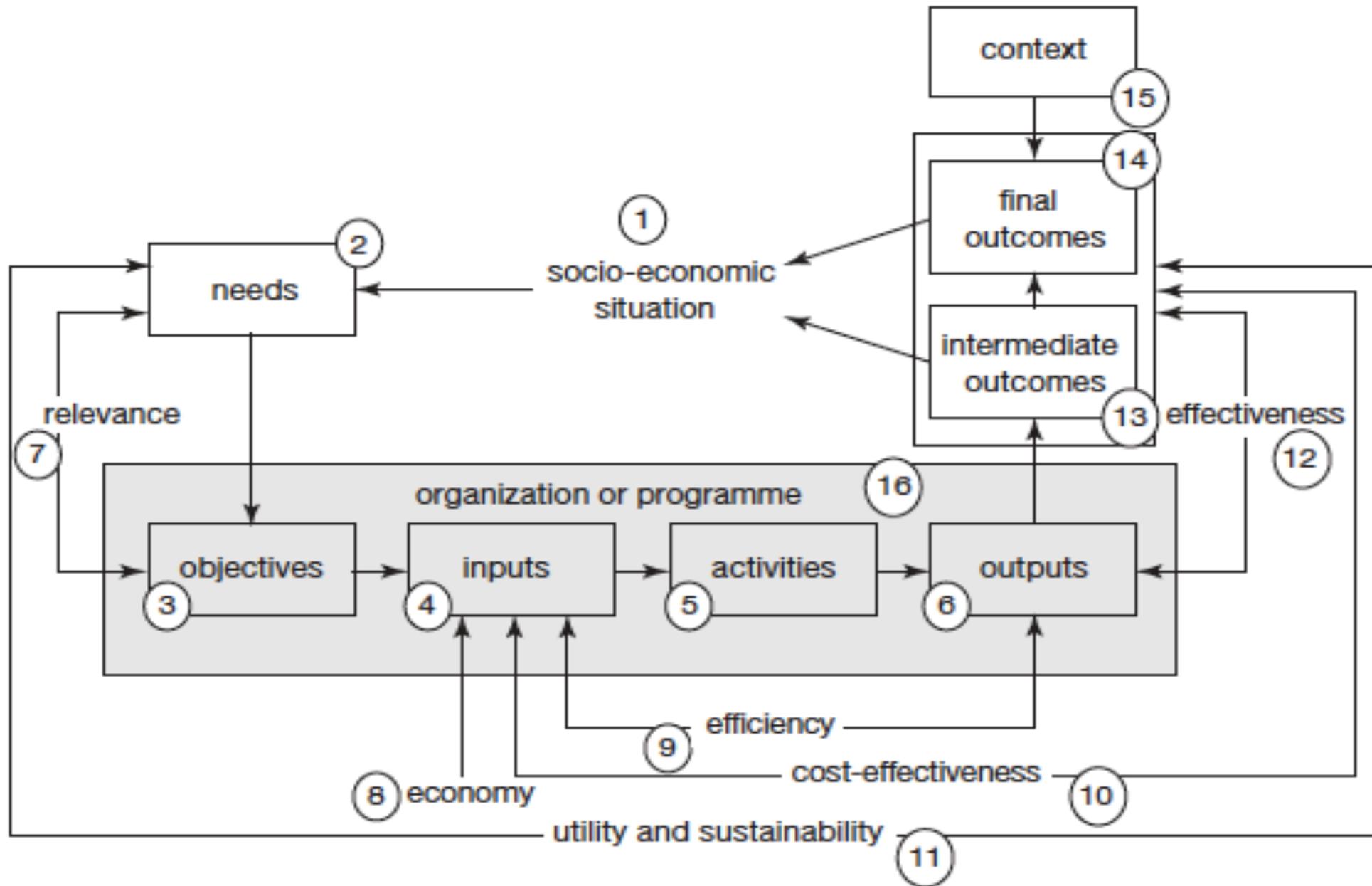
Evolution of Performance Management

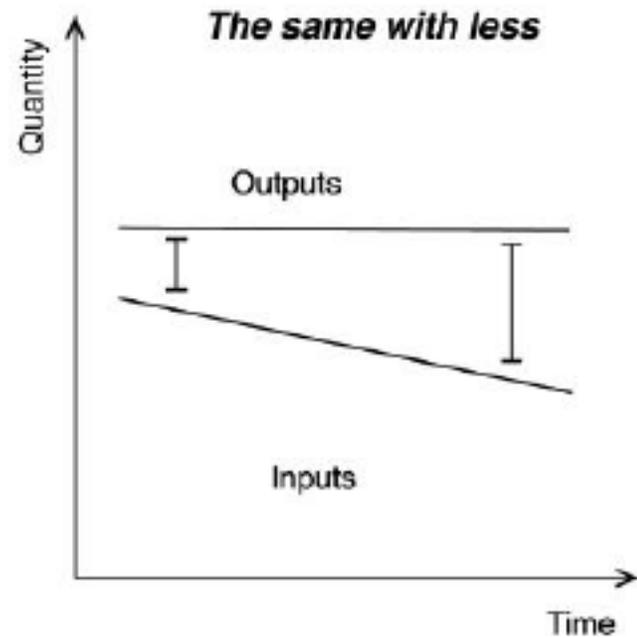
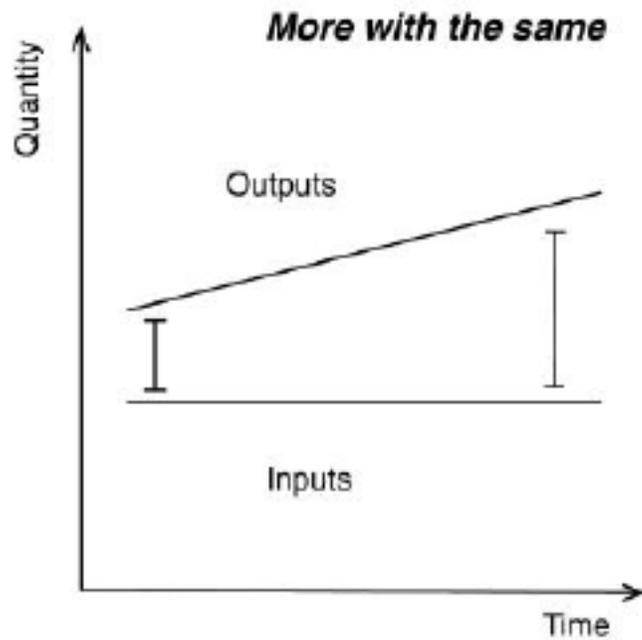
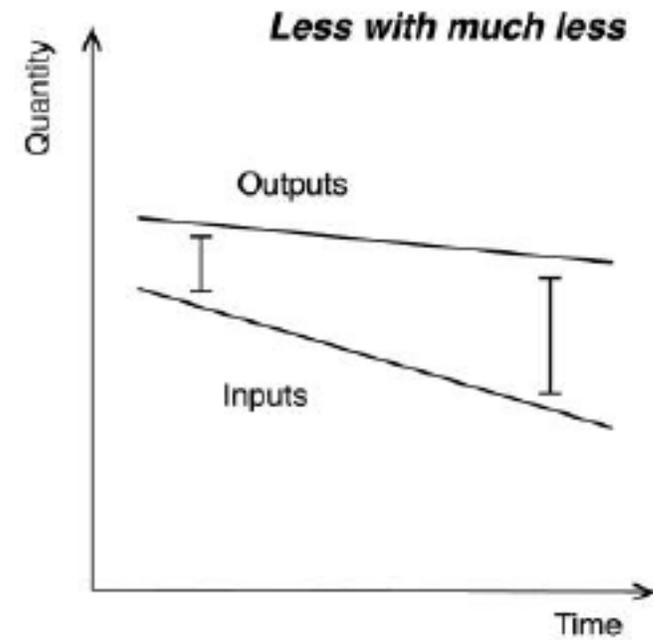
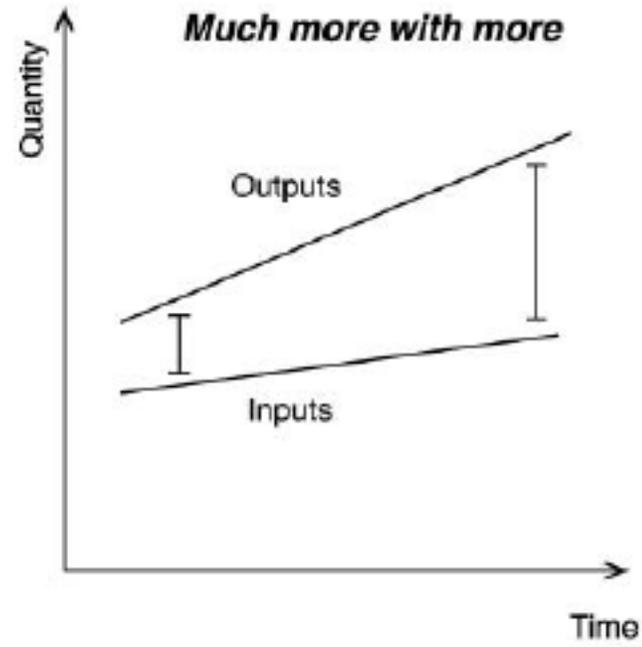
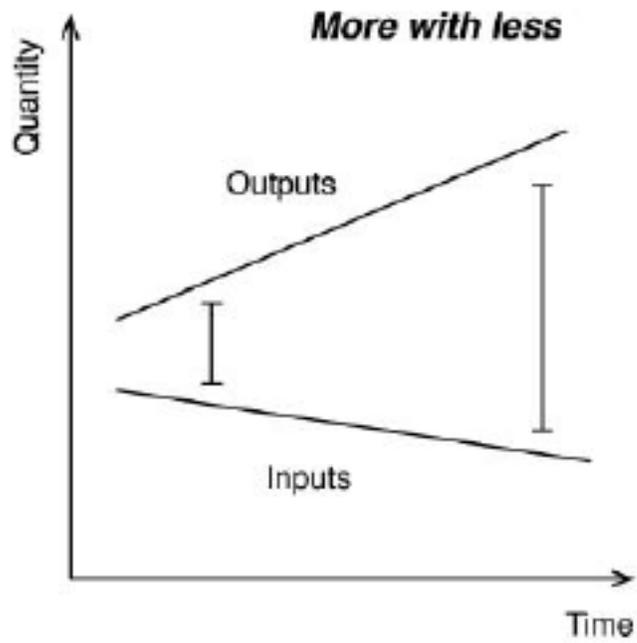
- ❑ Pre-World War II
- ❑ The 1950s – 1970s: developments of welfare state and the related growth of government (USA, 1949, Hoover Commission, PPBS, MBO, ZBB: introducing results orientation in budgeting processes)
- ❑ New Public Management, '80-'90: focus on efficiency and cost reduction
- ❑ Mid-'90: PA performance as a precondition for country competitiveness (focus on outcomes and quality).

Specificities of Public Administration

- Difficult to identify few significant indicators of good performance (private firms vs. PAs)
- Historically attention has been paid to input control and process bureaucratic regulation
- The first wave of public sector reforms (NPM) put the emphasis on outputs
 - Measurement problems (irrelevant on a mere financial basis)
 - Quantity vs. quality
 - Quality a very complex concept
- With the Public Governance reforms there is a shift towards outcomes
 - More significant than output but also more difficult to measure
 - Take time to materialize

- Context is highly relevant!





**Performance Strategies and
Public Values**

Performance management approaches in OECD Countries

Top down & crosscutting

- Australia
- UK
- New Zealand
- USA
- Sweden

Top down & incremental

- France
- Canada
- Holland

Bottom up & Incremental

- Finland
- Denmark

