PERFORMANCE EVALUATION IN LATVIAN PUBLIC ADMINISTRATION.

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Introduction.

The performance evaluation and management is an important element in the strategy of public sector development and modernisation. Performance management includes a wide spectrum of issues - the delegation of power and competencies; accountability for achieved results, benchmarking, the service quality standards, the programme evaluation etc.

The paper presents both a theoretical background and a practical analysis of performance evaluation with specific references to Latvian public administration at the national level. The performance evaluation is a very complex phenomenon and consists of several types of evaluation instruments. One popular instrument is a client survey that is used in order to characterise and evaluate the agency’s performance from customer’s point of view. In public sector client surveys are used for identifying the relation between state institutions with service delivery functions and citizens as customers.

The practical performance evaluation in the cases of the Road Traffic Security Directorate and the State Social Insurance Agency will be integrated in the theoretical analysis. The mentioned above agencies are the first that used the client surveys to improve the general performance of the agency. The comparison of both agencies has been made in the following categories: the general client satisfaction, the client satisfaction with service delivery and the client satisfaction with the agency work as well as the accessibility to the service. In addition, the analysis of both agencies has been conducted taking into account the specific features of the Latvian public administration and its client – orientation that has been declared by the government.

The performance evaluation has been introduced recently as a new tool improving the general performance and quality of public administration. In the short time, it has proved to be a very helpful instrument for ministries to define the role and functions of supervised institutions that performs service delivery functions. Moreover, the client surveys already conducted in order to research the client satisfaction about the service delivery have proved that results of such surveys are important in improving the service delivery and making administration more responsive.

1. COUNTRY PROFILE.

1.1. OVERVIEW OF RECENT INITIATIVES.
In Latvia a rapid process of agency development started three years ago by reorganisation of state institutions into joint stock companies. Usually the changes have been made in the legal status of the institutions leaving without any changes the quality of the delivered service. In reality, the agencies were established in order to avoid the constraints of the previous administrative system and civil service. Results have not been systematically assessed and there are no clear indicators of performance evaluation.

Already in 1995, the Public Administration Reform programme approved by the Cabinet of Ministries envisaged a system “which would efficiently and equitably carry out the functions entrusted to it by society”. Pitifully, the issue of efficiency was not on the top of the agenda.

Many advancements have been developed since 1995, but global measures such as, territorial reform, division of functions between the implementation and decision making, efficiency and accountability are still far from being implemented.

However, some recent incentives can be observed that would lead to further improvement. The Declaration of the Latvian government shows the assumption of values of some foreign Public Administration models, like competition and productivity. As the new incentives also the functional reviews has to be mentioned. At 1999, the functional review was conducted in the Ministry of Agriculture. The review in the Ministry of Justice is ongoing and it is expected to finish it before July 2000. Some ministries like the Ministry of Welfare take their own initiative and conduct reviews. In order to raise the quality and responsiveness of public administration, it is intended to conduct the horizontal review. The goal of the horizontal functional review is to find out the duplicating function of public administration and rationalise public administration structure.

In late 1998, by request of the Minister of Economy, The Foreign Investment Advisory Service (FIAS) conducted the study "The Administrative Barriers to Investment". During the study it became apparent that the aspect of inspections is one of the most significant problems faced by business in Latvia. Complains were about the number of different inspectorates, some with overlapping functions and the laws which allow the inspectors to seek out unimportant infractions. The other area of complains deals with the frequency of the investigations, the fines, the lack of transparency, the lack of courtesy, and other aspects of the implementation of the inspections.

In response, the instruction on internal regulations was elaborated and issued at January 18, 2000. The purpose of the Instruction is to standardise the internal regulations of the various inspectorates so that there is consistency and predictability from the point of view of the inspectees. The goal of inspection reform is to convert inspectorates from reactive policing organisations to client-oriented service organisations that seek to achieve goals of security, health and environmental protection partnering to the highest degree possible. In the framework of inspection reform, the introduction of performance indicators is intended.

Latvia has established a Bureau of Human Rights, which provides a source for support of elementary human rights. However, the Bureau of Human Rights does not address the area regarding maladministration and unfair administrative process. Recently, the discussion on establishment of Ombudsmen institution started. Like in
Scandinavian countries and most Western countries, the introduction of Ombudsman or in Latvia’s case, reorganisation of Human Rights Bureau could rise responsiveness of public administration.

Finally, the Blueprint on Public Administration reform was elaborated. The objective of Blueprint is to ensure the continuity of the reform process taking into account previously defined tasks and principles. Integration into European Union, bringing administration closer to citizens and development of professional and ethical administration are the goals that are to be achieved in the medium term.

1.2. LEGISLATIVE AND INSTITUTIONAL FRAMEWORK.

In the Latvian legislation, there are not specific accountability requirements for performance management of public institutions. There is a legitimate interest and criticism, by the public and media, about what public institutions do and how well they do it. Soon there will probably be stronger interest by ministries in establishing legal requirements and using performance indicators, not just as a tool for managers to improve service provision but also as a means to meet accountability requirements because of a need to provide the value for money.

Till now, the legislation does not provide the basis for the performance indicators. The exception is regulations of Cabinet of Ministers “On performance indicators of the state budget”. The regulations are stating statistical indicators of national budgeting as input indicators without any link to output. Moreover, Latvian administration perceives performance evaluation as an external control, despite a core idea of indicators - to help find the problems and solve them by means accessible to agencies or any organisation.

Describing recent incentives at national level, the two concept papers have to be mentioned. Both concepts had been approved lately. Concept ‘On information centres or one-stop agencies” has been accepted at December 14, 1999. The concept is aimed to improve the operation of government and local government institution so that priority of those institutions would be improvement of service delivery. By introducing the information centres, it is expected to provide high quality service delivery, to raise the client satisfaction with delivered services, to develop professional personnel and to promote the use of IT.

The second concept is a concept “On introduction of quality management system in public administration”. The concept recognises the introduction of one single model based on ISO 9000 standards of quality management system in the public sector. The concept on quality management system was approved at January 18, 2000. The issue of quality management system was moved to an agenda because of a real need to achieve an improvement in procedural activities of public sector institutions. The management of procedures and satisfaction of client needs are the basic cornerstones of the concept that does not fully pay attention to the hidden problem of service delivery – the change of mission of public institutions and change of administrative culture.

The institutional framework consists of several elements that has a problem of horizontal co-ordination. Due to the some obstacles, the expected results are not achieved. Somehow, Secretariat to Minister of Special assignments for public administration reform tries to elaborate the main legislation regulating public
administration system and strategy for reform. The State Civil Service Administration is entrusted to implement “Civil service law” and elaborate secondary legislation for civil service.

Very interesting situation can be observed specifically regarding performance issues. The Ministry of Finance tries to monopolise the control over performance indicators linking this activity only with budgetary implications and do not taking into account organisational aspects. If things are taking this way, Latvian administration has to be aware about possible destiny of performance indicators that could be very similar to internal audit.

1.3. PRACTICE

In Latvia, the process is too focused on internal issues, for instance civil service pay, rather than better services provision to citizens. There have been established about 20 agencies, which are expected to reduce the state budget expenditure and produce public services with greater efficiency, following New Public Management. A draft law on executive agencies foresees monitoring the agencies performance from the Ministries through indicators, based upon management contracts with annual activity objectives, where the agency enjoys discretion in recruitment and remuneration of staff at the same time.

The Ministry of Economy is occupied with spreading quality awareness in private companies and state enterprises, enhancement of certification bodies and Latvian Quality Association, establishment of the first Quality Award in 1999. Pitifully, Ministry of Economy is doing this with the assumption that is something for private sector, without concern about the need to use these instruments in the public administration reform process.

Many people identify performance measurement with a way of control from external side and are reluctant to evaluation. This is a wrong understanding of the performance management framework. On the one hand, some pieces of information are certainly interesting for a wide scope of people and allow meeting external accountability requirements. On the other hand, detailed performance monitoring information helps managers to identify emerging problems and improve service provision. Any future initiative must take into account the previous and current activities to reform and strengthen the Latvian public sector.

2. INVESTIGATIONS AND RESULTS

2.1. PROBLEM DEFINITION AND METHODOLOGY

Performance management and measurement usually are evolving and progressing at three levels: a macro (country or national), meso (policy fields), and micro (organisational) level. The author will concentrate only on a national level with reference to particular organisations.

The micro level is the individual organisation, agency or administration level. Performance evaluation usually happens by referring to other comparable organisations. Benchmarking and client satisfaction surveys are more
common tools to make evaluation. If we are looking upon organisational level, it has to be mention that agencies are operating vis-à-vis citizens. Customer satisfaction as a tool for measurement can provide only one side of information. For making a picture complete, Citizen charter or similar document is recommended to elaborate. The Citizens Charter is a substantial instrument for client satisfaction. It is a quality indicator as well. The term “Citizen charter” deals with wide spectrum of instruments in different countries, but it has an identical background idea in all countries – to improve quality of public service. Most commonly such mechanisms are marked as Charters, quality standards, performance standards or service standards.

The following approach used in defining performance indicators and could be taken into account providing customer satisfaction surveys:

- Two equal periods of time. The comparison of the performance of an organisation over equal periods of time, is a basic performance indicator.
- One institution versus another. This is another type of indicator used to compare the performance of all or part of institutions of a similar kind, e.g. schools, police stations, research institutions.
- One country versus another. There are a number of current initiatives to use performance indicators across national borders.
- Comparison of time. One of the benefits of using time taken to undertake a function of any kind as the basis for compactors is that it can be applied widely, not only to production or performance of a service, but also to administrative services.
- Number of cases dealt with. This is an indicator, which can be quantified against a variety of costs and benefits.
- Financial/performance combined measures. It can be possible to produce indicators, which combine a financial element and output factor.
- Volume of service. Output can be expressed for example in terms of the number of cases dealt with, and customer reaction in terms of the number of complaints.

A number of methods of comparison can be used to develop performance indicators. Selection of indicators is important, and it is essential to appreciate that the requirements of one area of activity are not necessarily the same as those of another. Traditionally, performance indicators have tended to be financially related. Indicators are now being used with regard to the time taken to fulfil a function, the achievement of quality standards, administrative efficiency, the number of complaints, waiting time and the professional/technical skills of the workforce.

If costs are budgeted and ascribed accurately, then sensible use may be made of performance indicators in respect of:

- improvement of service;
- improved budgeting and management of resources;
- improved efficiency and better value for money;

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- evaluating final outcome as a result of the organisation’s activities;
- clarifying the organisation’s goals;
- setting standards in transferring services to the private sector;
- improving the quality of inputs;
- improving the quality of outputs.

2.2. MAIN FEATURES

In last two years, two institutions or agencies started to introduce performance evaluation mechanism. Road Traffic Safety Directorate (RTSD) and State Social Insurance Agency (SSIA) are in the process of changing the organisational culture and implementing the efficiency-driven programme.

Road Traffic Safety Directorate is an institution of public administration established for an infinite time, which assumed all rights and duties, liabilities and assets from the RTSD. At the same time, Directorate is a non-privatised state shareholding company operating according to the principles of non-profit organisation, whose single shareholder is the state. Ministry of Transport acts as the owner of assets of Directorate. RTSD implement state policy on traffic safety.

The Directorate has the following functions:
- to register motorvehicles and trailers;
- to issue registration license and state registration plates;
- to conduct examination of the new drivers and to issue driving licenses;
- to establish and to sustain the motor vehicle and driver data base (register);
- to monitor annual state certification of technical condition of vehicles and to monitor the technical conditions of transport used;
- to monitor technical condition of roads, streets, railroad crossings and other traffic constructions.

State Social Insurance Agency is a non-privatised state joint stock company, whose single shareholder also is a state. The owner of assets is Ministry of Welfare. The agency operates according principles of non-profit organisation.

The Agency implements:
- state policy on social insurance and social service delivery,
- administers a special budget of social insurance.

Agencies, RTSD and SSIA effect a large number of populations and clients’ satisfaction becomes an essential criterion for evaluation and quality measurement. Client satisfaction is a centrepiece of the quality policy. To meet
that objective RTSD and SSIA develops as a performance oriented institution. The quality for RTSD and SSIA means that service delivery results in client satisfaction.

2.3. RESULTS

Taking into account the lack of appropriate legislation providing introduction of performance evaluation in the public sector, the introduction of quality standards in the selected agencies is a promoting initiative. Especially, if reform process is salary driven, not quality driven. According to the principles of the citizen’s charter, State Social Insurance Agency (SSIA) has planned to improve the security and uniformity of process, to diminish the mistakes for 50%. Agency also has planned to decreases the administrative expenditure for 3%, to improve the quality of service for 10%, and to raise the level of informed society members about 10%. All those activities are oriented to the growth of performance.

At the end of 1998, the research\(^2\) was conducted in order to find out the client satisfaction at SSIA. The following categories were tested: personnel, office, management of agency, access to offices at Riga and at regions, access to information and used time applying for service. It is very useful to compare the action plan of SSAI for 1998 and client satisfaction for the given period.

It was assumed to improve the quality of agency’s work by unifying the procedures, and training personnel as well as by providing the manual of procedures and processes. Diminishing value-free activities at agency could minimise the administrative expenditure. It has to be mentioned that one of the aims is related to the introduction of quality evaluation methods in order to monitor the expenditure of service standards.

At the research, it was find out, that procedures are evaluated with indicator – 6.3\(^3\), personnel – 8.5 and speed of service – 8.0. SSIA planned to improve the quality of service for 10%. As far as, such research has not been conducted at 1997, it is impossible to compare and estimate the factual results. Anyway, the both indicators – evaluation of personnel (8.5) and the speed of service (8.0) shows the level of performance. Personnel were evaluated as kind, competent and professional. Actually, the speed of service is one of the important factors that make client satisfaction. The speed of service includes time spend at agency as well as times visiting at agency.

Indicators – management of clients (8.1), access to agency (8.0), the courtesy of personnel (8.0) also are important measuring performance. Results show that management of clients is on the highest level at places where halls are made.

Moreover, the research turned attention to the number of visit at agency (1.5) and time used for waiting service (6 minutes). Both of indicators stated that client has access to service immediately. Access to agency and timetable of agency was evaluated with an indicator - 8. Client satisfaction with location of agency can be explained by

following factors. First, it is important whether an office of an agency is at the centre of city or at periphery. Some regional offices are not located at the centre of a town, therefore, everyone who is coming to agency, are to be concerned on transportation to an office. Second, whether, the Unit for client service is located at the first floor or higher.

Another relevant category to be mentioned is evaluation of office design. This indicators is one of the lowest ones at offices—only (7.9). Some particular offices were evaluated even with 2.8 or 4.6. Therefore, it is possible to say that service organisation do not care or do not have enough resources to modernise the design.

The client satisfaction depends on information campaign and marketing. For raising society awareness, SSIA planned to organise information campaigns, to promote co-operation with mass media by organising the press conference and providing information to the largest central and regional press. In category “access to information”, the possibility to receive all necessary information and consulting were evaluated. The overall score of this category is 7.9 (quite good).

In addition to the above-mentioned indicators, some parameters could be interesting. For example time used for visit or complexity of procedures. In average, the clients spend 8 minutes in the agency. Two minutes are used for waiting, but six – for service.

The overall client satisfaction is 7.8 which means, that clients are more or less satisfied with service despite some imperfection in the management of service.

The Road Traffic Security Directorate is elaborating Service Charter, in which service quality standards will be spelled out. The Charter defines behavioural standards for personnel, description of the model workstation, state what is inappropriate conduct model. The key Service Charter principles are explicit standards, publication of actual performance results, information, openness, courtesy, helpfulness, consultation and independent evaluation. Since 1998 Directorate conducted customer surveys in all of its 26 regional divisions. The number of respondents was 4500.

The survey testifies that respondents assess the work of RTSD generally positively. The mass media are the main information agents stating positive changes in the organisational behaviour. 94% of respondents positively evaluated the layout of the Directorate's offices. 42% respondents stated that information on Directorate they get from mass media.

The main categories for evaluation are personnel, office design and access to information. Regarding to corruption, the author will refer specially.

Personnel qualification and treatment is the another indicator, which influence the overall client satisfaction indicator. 93% respondents agree to the statement that employees of RTSD are patient and friendly, 88%

3 The indicators – the value in the schema from 0 (very complicated) to 10 (very simple).
consider then efficient in their performance. 86% respondents consider that formalities during registration are necessary, but 53% suggest that the formal procedures are excessive. Even if all formal procedures are easy to manage, still the number of procedures is too high.

The second biggest parameter is office design. Mostly, respondents (also they are clients of RTSD) recognised that it is easy to find the necessary service delivery place. Positive answer was at 94.9% cases, which explain only a small part could eventually have problems regarding this issue.

Furthermore, according the Data Serviss research\(^4\) the access to information is rarely mentioned indicator. Access to information does not mean that information is available in media only. In this category the information at the offices of Directorate has to be evaluated. But access to information was mentioned least frequently in the survey. Additionally information on registration is available to the customers in division offices, which is mentioned by 81% of respondents. However 87% said that they prefer to clarify relevant issues with the RTSD employees rather than study the pamphlets.

Corruption issues could rise because some part of population identifies RTSD with Road police. Anyway, 18.1% of respondents positive answers to question:”Have you faced corruption at RTSD”. Such direct questions exclude any misidentification. And could possible show to the trends in the service delivery. From one side, partially personnel and clients accept the corruption as way making business work. From other side, it could identify the features of administrative culture and service delivery culture in particular.

The highest correlation to influence the RTSD effectiveness is for categories – personnel and office design. Therefore, more positive evaluation of personnel or office design, more positive will be overall evaluation of RTSD.

At the heart of the quality policy is earning and retention of customers confidence of the RTSD. Important is also timely information on operations of RTSD, accessibility of services in all division offices to the same service quality level, match between the fees for services and quality level. RTSD also strives to know customers' expectations and be able to meet all eligible wishes. For that purpose training of personnel is considered a priority objective. In personnel policy the motivation of employees plays an important role. Image of high quality service organisation - is a shared value among employees. RTSD has developed quality standards and adopted general quality policy and plans to implement ISO 9000 quality standards.

2.4. ANALYSIS

In both cases, for successful evaluation of agencies, several external factors are relevant:

- the low quality of information provided by other stakeholders;

• the shortage of common network of information for public sector;
• often changes in the legislation;
• agency is unable to compete with private sector for qualified personnel;
• uneven development among public sector institutions;
• decrease of economic situation that limits available financial resources.

Those external factors have a crucial impact on quality. In order to raise the quality of services, agencies are aimed to develop modern IT that will allow raising the speed and quality of delivered services. IT and direct connection with state information network will decrease the time used for receiving necessary information. The second step is to provide information for client as simply as possible. Finally, training of personnel could serve as agent for changes in the mission statement.

Both agencies based the business development on:
• the definition of the process activities;
• the standard services delivered at unit of clients;
• the complicated services delivered at the unit of support;
• qualified personnel.

To sum up, the above mentioned factors results in quality and effectiveness. In addition, the strategy of agencies has been based on the introduction of client-orientation principles and the strategy of public relation as well as development of human resource management and the introduction of internal control system. The relevant role play also the development of IT and reorganisation of the organisational structure at all levels of agency.

2.5. EVALUATION

In Latvia, regulations on performance indicators for government programmes and sub-programmes were issued as recently as 13 July 1999. Probably, performance indicators will be an inherent part of the state budget.

There is already quite considerable use of performance indicators within the Latvian government. However, organisations should endeavour to achieve as many indicators as possible with the use of existing or readily obtainable data. The use of indicators will offer the chance to observe the necessity to complete all work to customer specification and satisfactory standards. Every opportunity should be taken to make use of the results of the indicators to achieve efficiency gains in the administration of an activity.

Due to the methodological problems, at the moment the achievements of both agencies are not comparable. But every next client satisfaction survey will provide a solid base for comparisons. In the process of comparison, expenditure of service, quality of services, and quality of product will be taken as indicators.

SSIA is the first public administration institution that made client satisfaction survey. The profit of agency is a set of instruments that could be used for measurement of services regularly. The results of surveys clearly show on
weak points to be improved. Now, calculating expenditure of services and measurement of quality makes the evaluation of results. Organisation of client satisfaction surveys and personnel evaluation also is relevant issues in total evaluation of results.

Finally, client orientation means much more than only kind treatment. Client orientation means efficiency.

3. CONCLUSIONS AND POLICY RECOMMENDATIONS

3.1. CONCLUSIONS.

The theoretical aspects of performance evaluation and tool of performance measurement – clients’ surveys was described in the paper. The experience of two agencies – Road Traffic Security Directorate and State Social Security Agency was used as an empirical data keeping in the mind problems of the unique character of performance evaluation and their applicability to the Latvian public administration.

According to the comparison between SSIA and RTSD, it has to be mentioned that both agencies are evaluated positively and clients are satisfied with quality of delivered services. Also, the positive evaluation could not mean the stagnation of quality development. First of all, performance evaluation in SSIA and RTSD could be seen as a pilot projects. Second, there are no obligations for government institutions to conduct the client surveys. Agencies could use the introduction of ISO standards or Public Sector Excellence model instead of client surveys. The used methodology for conducting the clients’ surveys differs making the comparison more difficult. But the methodological approach of agencies could serve as guidelines for the other governmental agencies improving their organisational performance and behaviour.

Globally, the cases of given agencies indicate that attention is being focused on the quality of public services measured by the customer satisfaction. This is a new feature in Latvian public sector management directed to the implementation of efficiency-driven programmes and changes in of the role of citizens and the role of the state.

To sum up, the principle of making use of performance indicators is now established in Latvia and therefore a sound framework has been put in place for the greater use of performance indicators.

Many procedural changes have been made in Latvian public sector yet. Due to the complex transition process at economic, social and political level, there is high pressure to strengthen and complete in short term the reform initiatives. These attempts must continue present implementing efforts. The additional support needs to be launched for transformation of the culture and actions of the public sector in Latvia in order to achieve significant performance improvement.

A model of performance measurement should be an essential part of the strategic planning and budgeting. This would be the way to provide good information to decision-makers, allocate properly the existing limited resources and support Latvian government accountability. Latvian government’s movement toward performance-based budgeting should rely on strategic planning and associated performance measures. Agencies should be the
first public organisations to get performance measures tied to the entity’s mission statement and report progress toward meeting key performance targets.

3.2. POLICY RECOMMENDATIONS.

If regulations and concepts approved are to be really implemented, politicians and managers have to focus the reform process much more on results. Possibly there will be some resistance to really use managing for results as the basis for reform. Also, it is needed a commitment from politicians, policy makers and managers to put in practice performance management in Latvian public sector.

It is recommended:

- to introduce adequate supervision of all information flows relating to performance indicators;
- to encourage ministries themselves to adopt extended use of indicators;
- to use the pilot indicators for the introduction of pilot indicators in other ministries;
- to ensure that the choice of performance indicators is reviewed from time to time so that any not serving a useful purpose will be discarded;
- to extend the types of indicators to make increasing use of the principles, not to give the main emphasis is given to staff, supplier and customer aspects of the government’s business.

In the process of introduction of performance measures the existing difficulties and underdeveloped present situation of the public sector as well as foreign successful experience should be taken into account.

Thus, in the medium term, it is necessary to develop some activities to increase the institutional capacity building, such as

- to promote supportive strategic planning units in agencies and Ministries;
- to conduct workshops on performance management awareness and understanding, and performance based budget;
- to train in performance measurement;
- to develop information management systems.
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