



HELLENIC PRESIDENCY OF THE EUROPEAN UNION  
MINISTRY OF INTERIOR, PUBLIC ADMINISTRATION  
& DECENTRALIZATION



## SURVEY

FOR THE 40th MEETING OF THE  
DIRECTORS-GENERAL  
RESPONSIBLE FOR PUBLIC ADMINISTRATION  
(Greece, Rhodes, 8 and 9 June 2003)

## PUBLIC SECTOR PERFORMANCE MEASUREMENT SYSTEMS & INDICATORS IN THE EU

June 2003

<b>1 MAIN ISSUES .....</b>	<b>3</b>
<b>1.1 CONTEXT OF THE SURVEYS .....</b>	<b>3</b>
<b>1.2 PURPOSE OF THE SURVEYS .....</b>	<b>3</b>
<b>2 METHODOLOGY, DATA COLLECTION &amp; LIMITATIONS.....</b>	<b>4</b>
<b>2.1 METHODOLOGY .....</b>	<b>4</b>
<b>2.2 DATA COLLECTION &amp; LIMITATIONS.....</b>	<b>5</b>
<b>3 ANALYSIS &amp; RESULTS .....</b>	<b>7</b>
<b>3.1 PERFORMANCE MEASUREMENT SYSTEMS.....</b>	<b>7</b>
<b>3.2 PERFORMANCE INDICATORS.....</b>	<b>25</b>
<b>4 CONCLUSIONS.....</b>	<b>39</b>

## 1 MAIN ISSUES

### ***1.1 CONTEXT OF THE SURVEYS***

As public sector departments are striving to become more citizen-oriented and more accountable, to provide better services at reduced costs, and to build public confidence, many are trying to find ways to do more for the citizen.

Many methods and tools have been developed to help public organizations do this. For example, the excellence model demands evidence that administrations are achieving success in terms of people and citizen satisfaction, its impact on society, and its administrative results. Measurements, targets, trends, comparisons and indications that results are caused by the effort put into enablers are looked for. Financial measures are now not the only instrument on the dashboard across the majority of the EU member states.

In addition, EU member-states have started to build administrative frameworks designed to co-ordinate efforts on a national scale. Measurement systems are being set up, most frequently for specific bodies or policy areas and much less often on a national scale, and indicators are being developed and measured to help monitor performance.

### ***1.2 PURPOSE OF THE SURVEYS***

These surveys have been designed to explore the way in which EU member-states have developed and operate performance measurement systems to monitor and attempt to improve the operation of the public sector. In addition, the surveys collect information about the associated indicators developed.

For the reasons explained in the section on methodology that follows, the emphasis of the study has been on developing an appropriate structure for the systematic collection of the relevant information, as well as on collecting the necessary information. The framework for collecting the information, as it has been incorporated in the structure of the questionnaires, is presented in the following section.

## 2 METHODOLOGY, DATA COLLECTION & LIMITATIONS

### 2.1 METHODOLOGY

The surveys explore the development and adoption of performance measurement systems and performance measurement indicators by collecting the relevant information directly from member-states, through analytical structured questionnaires.

In fact, two questionnaires were developed, for (i) performance measurement systems and (ii) performance measurement indicators, respectively. In fact, in order to be able to pick up any differences in the indicators user in different policy areas, it was decided to send out to each country one copy of the first questionnaire and four copies of the other, with a request that one is completed for each of the policy areas below:

- Health
- Employment - Unemployment
- Economy - Taxation
- Education

As a result, five questionnaires were sent out to each of the 15 countries, summing up to 75 questionnaires.

In developing the questionnaires for performance measurement systems, an effort was made to investigate all aspects of performance measurement systems including the purpose of the systems adopted, the legal and statutory framework within which these have been set up, the characteristics of the systems themselves, reporting arrangements as well as the organizational structures involved in the operation of the systems.

Similarly, in developing the questionnaires for performance indicators, a balance was kept between four key dimensions, as follows:

- Productivity/Service Delivery outcome
- Cost/ Efficiency
- Quality
- Customer Satisfaction

In addition, the following information was collected:

- The processes for refining and reviewing performance indicators
- The factors that affect the success of performance measurement system

## **2.2 DATA COLLECTION & LIMITATIONS**

The 75 questionnaires were mailed out to each country, addressed to the directors of units responsible for the respective performance measurement systems' maintenance.

In total, 23 questionnaires were received back, equivalent to a 30.7% response rate (60% for performance measurement systems and only 23.3 for performance measurement indicators).

This response rate has meant that it was not possible to conduct any significant analysis, so the scope of the study was adjusted and the emphasis turned to collection and presentation of the relevant data.

Furthermore, as it can be seen from the table below, the number of replies received regarding each policy area has been so few that it has not been possible to attach any statistical significance to any results achieved. The fact that just two countries returned more than 2 performance indicator questionnaires has also made analysis more difficult, as has the fact that not a single country answered all questions – many left several questions unanswered.

	Performance Indicators				Performance Management Systems
	HEALTH	EDUCATION	ECONOMY-TAXATION	EMPLOY-MENT	
Austria					
Belgium					
Denmark					
England					
Finland					
France					
Germany					
Greece					
Ireland					
Italy					
Luxembourg					
Netherlands					
Portugal					
Spain					
Sweden					
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>9</b>
	<b>14</b>				

**Table 1.** Questionnaire Replies Received

### 3 ANALYSIS & RESULTS

#### 3.1 PERFORMANCE MEASUREMENT SYSTEMS

The questionnaire for performance measurement systems consists of five main sections in addition to the introductory *General Information* section. Four of them correspond to the basic design components of a performance measurement system and one focuses on administrative/organizational issues, as follows:

- Objectives and approaches
- Institutional framework
- Performance measurement implementation
- Reporting
- Organization for performance measurement & responsible departments/units

Eliminado: an

##### A. Objectives and approaches

###### Q.1: The following are closely linked to the purpose of the performance management system applied

- a. Accountability
- b. Service delivery
- c. Financial savings
- d. Public participation
- e. Other \_\_\_\_\_

This question seeks to identify the key purpose behind the development and application of the performance management systems surveyed. Four purposes identified as critical were offered as alternatives and respondents were asked to rank the contribution of each; the opportunity to name additional key factors was also provided.

Responses from seven member-states were received, containing 27 variable judgments on a total of 60 (15\*4) variables.

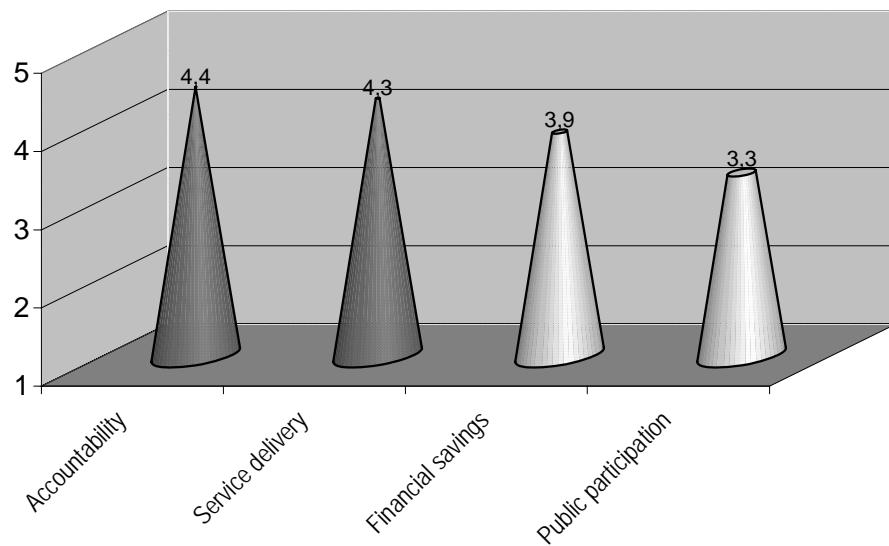
As can be seen from the diagram below, all four alternatives were considered significant, with two (accountability, service delivery) getting an average score of above 4.0 and another two (financial savings, public participation) scoring on average between 3.0 and 4.0.

Individual scores were similarly high, with all factors scoring above 3.0 except Accountability in the case of Italy which got a score of 2. Italy was the most conservative in all replies, however, with an average score of 3.0, the Netherlands awarding an average 3.7 and all others 4.0 or above.

According to their significance, the factors most closely linked to the purpose of the performance measurement system rank as follows: Accountability, Service delivery, Financial savings and Public participation.

No significant additional factor emerged from the open-ended component of the question.

**The following are closely linked to the purpose of the performance measurement system applied**



**Figure 1. Factors closely linked to the system's purpose**

**Q.2: Has the performance measurement initiative been introduced using legislative means? [Yes, No]**

The question seeks to establish the extent to which legislative means have been deemed as necessary and appropriate to introduce performance measurement systems in the public sector.

From the 7 countries that responded, all without exception have reported the use of some legislative means.

**Q.2a: If yes, please briefly describe the Statutory Framework**

The responses received are provided below:

	<p><i>To provide public administration with basic information for benchmarking.</i></p> <p><i>The "Performance Measurement Project" was launched in 1997. One main result of this project is a yearly "Performance Indicator Report", another is the database which was built up last year. An internet- platform provides communication for all the people in the Performance Indicator-network (consisting of approximately 70 persons in the Federal Administration, the so-called opinion leaders) and access for the public (as described under point 15 later). All federal ministries are taking part in this project to provide an overall performance measurement system.</i></p>
Austria	<p><i>Flexibility Clause: The so-called "Flexibility Clause" is a pilot project and should give selected government departments more responsibility for resource management und thereby contribute to more effective und efficient application of funds. Awareness of costs and output-orientation should be reinforced. A detailed project program, departments which generate receipts may use these funds within their own spheres of activity, reserves may be set aside and awards for those public servants who are responsible for success should excite to an economical, convenient and saving input of resources. At the same time the quality and quantity of administrative services should be improved. Government units should orientate themselves to open competition and the needs of citizens. A first evaluation of this pilot project showed essential improvements and reduction of costs. Organisational units as well as responsible central offices of the resorts benefit from the implementation of Flexibility Clause.</i></p>
Ireland	<p><i>The Public Service Management Act, 1997 requires Departments and Offices to submit draft three year Strategy Statements to Ministers setting out strategic priorities, high level objectives and associated performance indicators. Commentary on progress made in achieving the strategic priorities and their related objectives, including commentary in relation to performance indicators, is set out in Annual Progress Reports.</i></p>

	<p>A number of State Bodies are also covered by the Public Service Management Act and are obliged to produce Statements of Strategy and Annual Reports. Other State Bodies are obliged to follow a Code of Practice for the governance of State bodies. Under this code Agencies must produce annual rolling five-year business and financial plans encompassing strategy, planned investment and appropriate financial targets. The plans must set appropriate objectives and goals and relevant indicators and targets against which performance can be clearly measured. A copy of the corporate plans should be sent to the relevant Minister and the Minister for Finance. The Chairperson of each State body should furnish separately to the relevant Minister, the annual report and accounts of the body, and a comprehensive report covering specific areas of performance over the year.</p>
Italy	<p>Dgls 286/99: Monitoring and evaluating system for administrative activities Dgls 165/2001: general rules for public employment</p>
Netherlands	<p><i>In the 1999 National Budget (always presented at the third Tuesday in September) the government announced it would be making proposals for improving the information value and accessibility of the departmental documents on the budget and budget accountability. The Parliament played an important stimulating role. These proposals are contained in the policy document "From policy budget to policy accountability".</i></p> <p><i>By establishing a more emphatic link between policy, performance and money, the authorisation and management function of the States General, one of the pillars of our democracy, can be better supported.</i></p> <p><i>The new style budget and accountability assumes a permanent, clear structure of all documents. Per budget and accountability, this structure comprises:</i></p> <ul style="list-style-type: none"> <li>• <i>an explanation of the policy priorities</i></li> <li>• <i>an overview per policy area of policy objectives and financial data</i></li> <li>• <i>separate attention for management</i></li> <li>• <i>information on agencies and</i></li> <li>• <i>a so-called financial in-depth appendix</i></li> </ul> <p><i>More central policy - In the draft budget each ministry includes a policy paragraph containing the policy priorities for the coming year. These policy spearheads must show the main policy lines at a single glance. To be able to make</i></p>

	<p><i>a direct connection between policy, performance and money in the future, all financial data (obligations, revenue and expenditure) which together relate to realising policy goals are presented in one policy article.</i></p> <p><i>Accounting for budgetary and policy results: earlier and broader - By giving policy a more central place in the budget, the perspective of the accountability also alters. The realisation of the policy objectives in the new structure is a far greater share of the accountability than is currently the case. This more integral accountability regarding policy, performance and money is expressed in the new title of the financial accounting: the departmental annual report. These annual reports must be in the possession of the States General by the third Wednesday in May at the latest. This will be a considerable acceleration compared with current practice. In a management paragraph of each ministry, details are given of the various elements of the ministry's internal functioning</i></p> <p><i>.</i></p> <p><i>A step-by-step approach has lead to a fully renewed budget from 2002.</i></p> <p><i>"From policy budget to policy accountability" will result in a transparent policy budget, a clear budget process and a sound policy reporting on the results achieved for all involved. The Netherlands are on the way to introducing accrual accounting which can support the "From policy budget to policy accountability"-policy.</i></p>
Portugal	Royal Decree 1259/1997 on Citizen's Charters, Best Practices Prizes and Quality Award

**Table 2.** Statutory frameworks supporting performance measurement systems in member-states

**Q.3: How is performance measurement information collected? [Systematically or Ad-hoc]**

On the issue of performance measurement information collection, this question raises the issue of whether collection procedures are systematic or not.

Eight countries responded, with Italy being the only country between them reporting information collection on an ad-hoc basis. This perhaps indicates a less mature performance measurement system.

**Q.4: The design of the performance measurement system was intended to improve:**

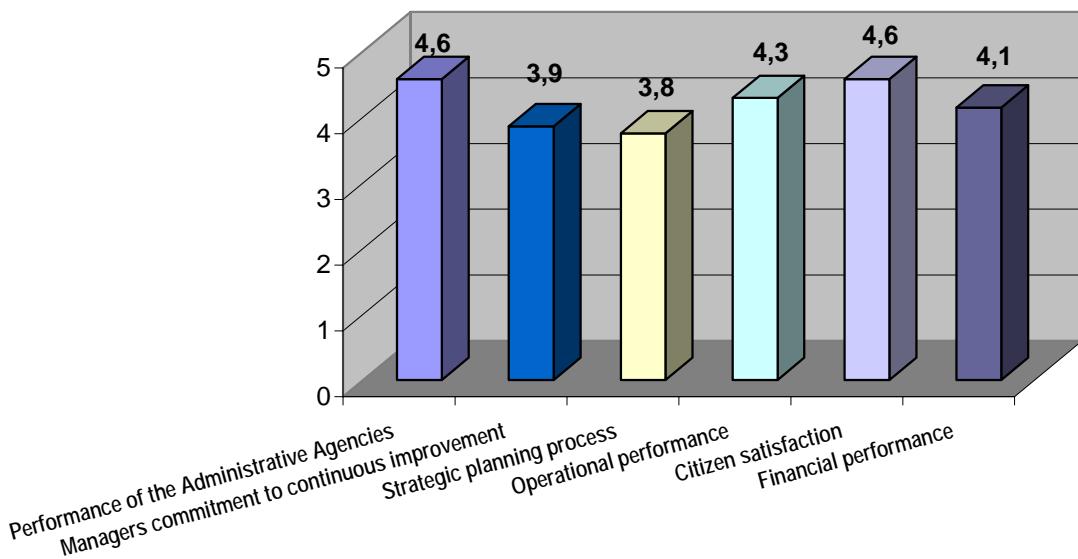
- a. The performance of the Administrative Agencies
- b. The commitment of Public Sector Senior Managers to continuous improvement
- c. The strategic planning process
- d. Operational performance
- e. Citizen satisfaction
- f. Financial performance

On the critical issue of the purpose of the performance measurement system introduced, this question offered the opportunity to score the significance of each of the six basic purposes.

Response was relatively good, with 8 countries responding.

All the suggested factors were reported to be important by all countries, although there were small variations as follows: Administrative Agencies Performance and Customer satisfaction were reported to be the top factors with an average score of 4.6, followed by Operational performance and Financial performance with scores 4.3 and 4.1. Commitment of managers to continuous improvement and Strategic planning process got 3.9 and 3.8, respectively.

### **Factors the design of the performance measurement system was intended to improve**



**Figure 2. System intended improvements**

**Q.5: Has the performance measurement strategy been communicated to the interested Administrative Agencies?**

This question seeks to verify whether the performance measurement strategy has been communicated to the interested Administrative Agencies. All seven respondents answered positively, affirming that the performance management strategy is indeed communicated to the interested administrative agencies.

**Q.5a: What methods have been used for the communication of the strategy?**

The methods that were reported to have been used by member-states are shown below:

Austria	<ul style="list-style-type: none"><li>• Use of internet platforms (like <a href="http://www.bmols.gv.at/leistungskennzahlen">www.bmols.gv.at/leistungskennzahlen</a> or <a href="http://www.bmols.gv.at/flexiklausel">www.bmols.gv.at/flexiklausel</a>)</li><li>• Yearly Performance Indicator Reports</li><li>• Project meetings</li><li>• Information events (e.g. on "Change Management")</li><li>• Distribution of information folders</li><li>• Publications, e.g newsletters</li></ul>
Ireland	<i>All agencies have been made aware through the relevant Department of the obligations under the code of practice and the Public Service Management Act, 1997.</i>
Italy	<ul style="list-style-type: none"><li>• Making available on the Intranet general information and guidelines on performance measurement</li><li>• Focused formation and information realized through the National School for Public Administration</li><li>• Seminaries</li><li>• Front office activities toward PCM structures</li></ul> <p><i>Public Administrations were helped only on their request</i></p>
Netherlands	<i>Seminars, notes from the Ministry of Finance</i>

**Table 3. Methods used to communicate performance measurement strategy**

**Q.6: Is the meaning of good and poor performance clearly defined?**

This question seeks to ascertain whether member-states have managed to clearly define the key concepts of good and poor performance in practice.

From the 6 replies received, four stated that both concepts were clearly defined, while two (Ireland and the Netherlands) were more skeptical.

**Q.6a: If yes, how is it defined?**

Just two replies were received regarding this question (both from countries that had reported in the previous questions that they faced no difficulties in defining the concepts), perhaps indicating that these are difficult concepts indeed.

The responses received are provided below:

Austria	<i>Improvement through the last three years</i>
Italy	<i>For the different internal structures of Council of Ministries Presidency General principles for performance measurement indicators (effectiveness, efficiency, transparency) low values of each indicator are associated to poor performance; high values are associated to good performance</i>

**Table 4. Definition of “good” and “poor” performance**

**B. Institutional Framework**

**Q.7: Which Administrative Agency formulates performance measurement policy (e.g. Ministry of Finance, Ministry of Public Administration)?**

The question seeks to identify the body responsible for policy development and implementation.

Responses from six countries were received regarding this question with the following results:

- Two countries reported the Ministry of Public Administration as the one responsible for policy development and implementation
- One country reported the ministry of Finance
- Another three countries reported they operated a dual level system, as follows:
  - **Finland:** The Ministry of Finance has central co-ordination of the system and the Line Ministries are responsible for the respective policy areas

- **Netherlands:** The Ministry of Finance is responsible for Central Government and the Ombudsman for the Municipalities
- **France:** Some kind of joint responsibility between the Ministry responsible for the Budget and the Ministry for State Reforms

### C. Performance Measurement Implementation

**Q.8: The following are significant dimensions of your performance measurement system?**

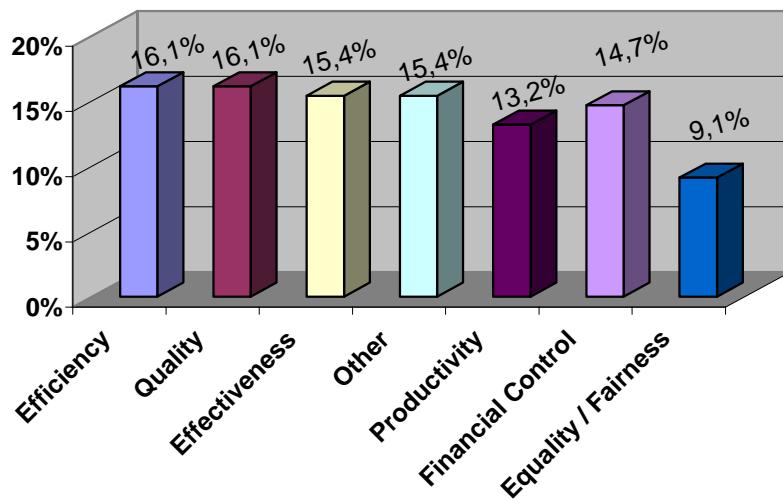
- a. Productivity
- b. Effectiveness
- c. Efficiency
- d. Quality
- e. Financial control
- f. Equity/fairness
- g. Other \_\_\_\_\_

On the issue of the dimensions most significant to the performance measurement system, 7 responses were received.

Quality, efficiency and effectiveness all received average scores between 3.5 and 3.7, with Financial control getting an average of 4.3, Productivity 3.9 and Equity / Fairness 2.7. Indeed, Austria and the Netherlands assigned a score of 1.0 to Equity / Fairness indicating very little relevance indeed.

All other factors received average scores of 3.0 or greater, with the exception of Productivity for the Netherlands which, with a score of 2.0 appeared not to be a key issue.

### Dimensions of performance measurement system



**Figure 3.** Dimensions of the performance measurement system

#### **Q9: Please briefly indicate the process for reviewing the measurement approach**

This question sought to determine whether a common way for review exists throughout the E.U.

From the 6 countries that answered the question, however, no such pattern can be observed. Indeed, they each appeared to have a different way of working, with different responsibilities. The replies are as follows:

Austria	<p><i>At the first meeting of the opinion leaders for the Performance Indicator Report there is a reflection on the used approach following the results of the reflection the concept is adapted.</i></p> <p><i>The measurement approach is under further development through the years</i></p>
Ireland	<p><i>All Departments and Offices have been issued with guidelines in relation to how the Statements of Strategy should be prepared and how performance indicators should be drawn up. In addition guidelines on drawing up performance indicators have been issued at a central level. In light of this guidance the Department / Office and the Minister must then decide whether or not they are satisfied with the measurement approach taken.</i></p>

Italy	<i>2002- experimental year 2003 the system is going to be reviewed</i>
Netherlands	<i>Evaluation in parliament</i>

**Table 5.** Measurement approach review process**Q9a: Indicate recent improvement actions that have been undertaken following review**

Four countries shared their practices regarding the nature of improvement actions taken following the review conducted regarding the previous question. Again, due to the lack of any meaningful pattern, the responses are listed below:

Austria	<ul style="list-style-type: none"> <li>■ <i>Improvement and continuous expansion of the platform for Performance Indicators</i></li> <li>■ <i>Open the platform for public access</i></li> <li>■ <i>Collection of data is done by the responsible persons in a restricted area</i></li> <li>■ <i>indicators can be listed and compared by a so-called "criteria-list"</i></li> <li>■ <i>Networking of the Federal initiatives undertaken in the different Ministries</i></li> </ul>
Ireland	<p><i>As part of the comprehensive approach to reform in the Irish public sector, further improvements in civil service management systems and procedures are taking place. The introduction of modern financial and non-financial information systems and performance management systems will underpin the quality, efficiency and effectiveness of output delivery and also facilitate a more rigorous approach to performance measurement.</i></p> <p><i>In addition under a recent government decision, Ministers are obliged to review progress in their Departments on a regular basis.</i></p>
Netherlands	<p><i>The steering philosophy of the departments is still being developed in the direction of better conduct of business.</i></p>

**Table 6.** Recent improvement actions**Q10: Which are the most common methods and tools used for performance measurement? (e.g. Balanced Scorecard, Quality Assurance, Assessment Models).**

This question seeks to identify the most common methods used for performance measurement. Six responses were received, and the data collected appears on the table below.

E.U member-states, as it is apparent, are not adopting a common approach to performance measurement:

Country / Method	CAF	TQM	EFQM	BS	Best Practices / Benchmarking	Other
Austria	✓	✓		(✓) *		3-E
Finland				✓		Indicators
France						Indicators
Italy						Indicators
Netherlands		✓			✓	QA, Indicators
Spain	✓		✓		✓	Citizens Charters, Quality Award

**Table 7. Methods & tools used for performance measurement**

CAF: Common Assessment Framework

TQM: Total Quality Management

EFQM: The European Foundation for Quality Management Framework

BS: Balanced Scorecard

3-E: Efficiency, Effectiveness, Economy

(✓): Partly

#### **Q10a: How do you ensure the appropriateness of the methods, tools and techniques used?**

This question searches for the mechanisms employed to ensure the appropriateness of the methods, tools & techniques used. With just four replies, there was very little to work on, but the lack of a common European approach is once more clearly evident.

On the other hand, most approaches have already been tried in practice and some comparative work might be able to shed considerable light on the pros and cons of each method as far as the public sector is concerned.

The responses that were received are as follows:

- Pilot projects
- Evaluation / Reflection
- Consultation
- Seminars / Training
- Information – Events

In addition, it was stated that:

- Methods are annually discussed and evaluated in performance agreement negotiations in each specific case
- Every ministry has set up a working schedule for developing control management during 2002 - 2004, training included
- A national Benchmarking Knowledge Bank, policy evaluation committees (IBO)

**Q11: How regularly do you review your measurement system for the purpose of improving** [Monthly, Quarterly, Twice yearly, Yearly, Less frequently]:

- a. Collection of information?
- b. Analysis of information?
- c. Scope and relevance of information?
- d. Availability and presentation of information?
- e. Dissemination of information?

This question seeks to find out the time interval between reviews of the performance measurement system taking place for the purpose of improving it. Respondents were asked to comment on five aspects of their system and were offered five alternatives.

Overall, seven countries answered the question and it appears that in most cases, review takes place quarterly for each and every of the above aspects. A notable exception is Ireland, which reports improvement review activities taking place on a monthly basis.

	Collection of Information	Analysis of Information	Scope and relevance of information	Availability and presentation of information	Dissemination of information
Monthly	0,0%	0,0%	0,0%	0,0%	0,0%
Quarterly	<b>14,3%</b>	0,0%	0,0%	0,0%	0,0%
Twice Yearly	0,0%	0,0%	0,0%	0,0%	0,0%
Yearly	<b>71,4%</b>	<b>83,3%</b>	<b>66,7%</b>	<b>85,7%</b>	<b>85,7%</b>
Less frequently	<b>14,3%</b>	<b>16,7%</b>	<b>33,3%</b>	<b>14,3%</b>	<b>14,3%</b>
<b>Total</b>	100,0%	100,0%	100,0%	100,0%	100,0%

**Table 8.** Frequency of activities to improve performance measurement system

**Q12: Do you involve internal users in the review process (e.g. public employees)?**

Seeking to find out more about the performance measurement system review process, this question asks to find out whether internal users are also involved in the process.

Data from six countries point that internal users are indeed involved, positively in four cases and partly in the other two.

**Q12a: Do you involve external users in the review process (e.g. public employee unions)?**

On a similar note, question 12a seeks to find out whether external users of the system are involved.

This time there were answers from 5 from the 15 member-states. One simply stated that employee unions are not involved, another reported partial involvement of external users while the remaining three reported significant involvement.

Interestingly, Finland reported with the opportunity of this question that systematic evaluations are carried out by outside experts every fifth year. Spain invites members of the Spanish EFQM Delegation (Club Gestión de Calidad) to take part in the assessment teams and jury of the annual Quality Award.

**Q13: The excellence of results is evaluated taking into account:**

- a. The existence of positive trends
- b. Comparisons with own targets
- c. Indications that negative trends are understood and addressed
- d. Comparisons having been made with “best in class” performances
- e. Other \_\_\_\_\_

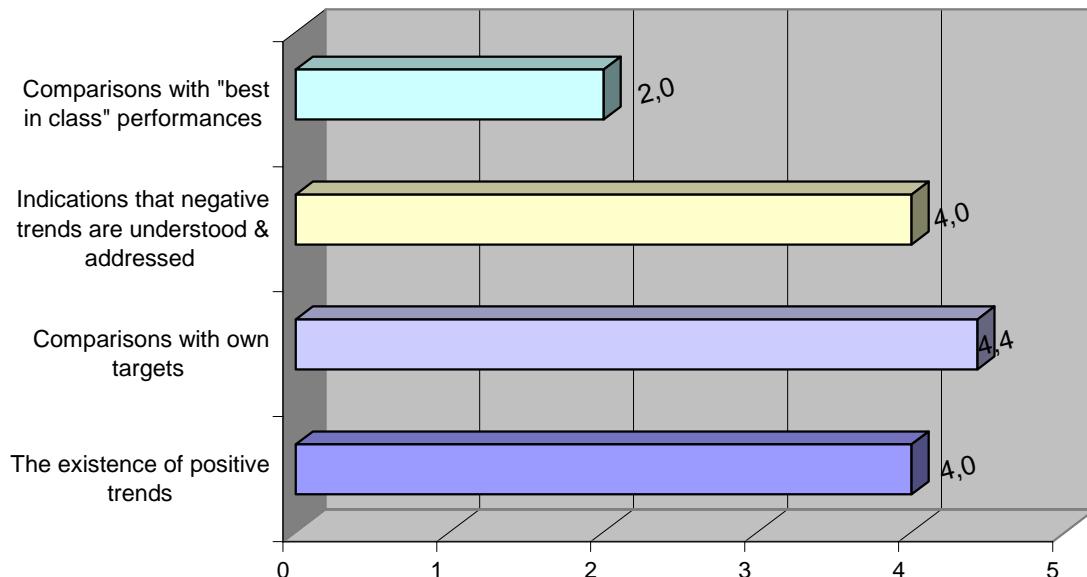
On the very interesting issue of what consists of “good results”, this question seeks to identify the contribution of four pre-selected factors while giving the opportunity of presenting additional factors.

Seven countries replied. Comparison with own targets appears to be the primary evaluation mechanism, scoring an average 4.4, with the Existence of positive trends and Indications that negative trends are understood and addressed coming second with 4.0 each. The difficulties

with comparisons with "best in class" performance became apparent, with the method scoring only 2.0 on average (Spain and Finland were the only ones that gave any significance to the methods, awarding scores of 4.0 and 3.0, respectively).

The open-ended part of the question failed to bring out even a single additional factor.

**The excellence of results is evaluated taking into account:**



**Figure 4.** Factors based on which "the excellence of results" is evaluated

**Q14: Do you recognize and reward exceptional performance? [Yes, No]**

On the question of whether exceptional performance is awarded, 6 countries replied.

Five of them answered yes and one admitted to not being able to do so as yet.

**14a. If yes, how do you reward exceptional performance?**

On the more revealing question of the way in which such performance is rewarded, the answers received were as follows:

Austria	<ul style="list-style-type: none"> <li>▪ <i>Not every exceptional performance is rewarded</i></li> <li>▪ <i>The reward is partly passed through giving the responsible people/organizations the floor at events or in the regularly published newspaper for the Public Service (Verwaltung Innovativ)</i></li> <li>▪ <i>Within the Flexibility clause there is the possibility for the organization, which did not spend all the budget for one year to use the savings for seminars, pass them to the employees or invest them</i></li> </ul>
Ireland	<ul style="list-style-type: none"> <li>▪ <i>At individual level excellent performance is recognized through the award of a merit payment or through a special service award for excellent service</i></li> <li>▪ <i>At Assistant Secretary level portion of pay is awarded in relation to the achievement of specific high level goals</i></li> </ul>
Italy	<i>"Productivity reward"</i> , i.e. annual economic incentive
Spain	<i>By the means of the yearly Best practices Prizes and quality Award</i>

**Table 9.** Methods to reward exceptional performance

#### D. Reports

##### **Q15: How do you report the performance measurement results?**

This question sought to identify the methods and mechanisms employed for reporting on performance measurement results.

Overall, five countries answered the question; their replies were as follows:

- Publication of the "Performance Indicator Report" since 1997 and creation and publication on the internet of a platform related to "Performance Indicator Systems"
- Annual Reports: i) From Agencies to Ministries, ii) From Ministerial Fields to Government and iii) From Government to Parliament
- In the new budget acts, inter-ministerial negotiation for the establishment of the Budget Bill and the debate between Parliament and the Government should have an impact on both the objectives of the Budgetary programs and the on allocation of resources (appropriations and jobs)
- Through automated databases (2003) which contain information for evaluation lines as well as thorough balanced scorecard (2003) which contain information for evaluation lines
- Yearly Internal Report (Memory), i) Implementation of Citizen's Charters, follow up yearly Report ii) Yearly publication of the results of the Prizes summons

**Q16: Do you make performance measurement results available to the public?**

This question asked member-states whether they make performance measurement results available to the public.

Four countries replied. Three of them reported making information available (one of them makes the relevant Reports available to the public and the other publishes Prize competition results) and one country has not yet reached the point of deciding how to handle the issue as it is too early in the development of their performance measurement systems.

Austria	<i>Via internet.</i>
Ireland	<i>These reports are published documents. In the case of State Agencies Annual Reports are published.</i>
Spain	<i>Yearly publication of the results of the Prizes summons</i>

**Table 10.** Availability of performance measurement results to the public

**E. Performance Measurement Departments****Q17: The following are core activities of the Performance Measurement Units**

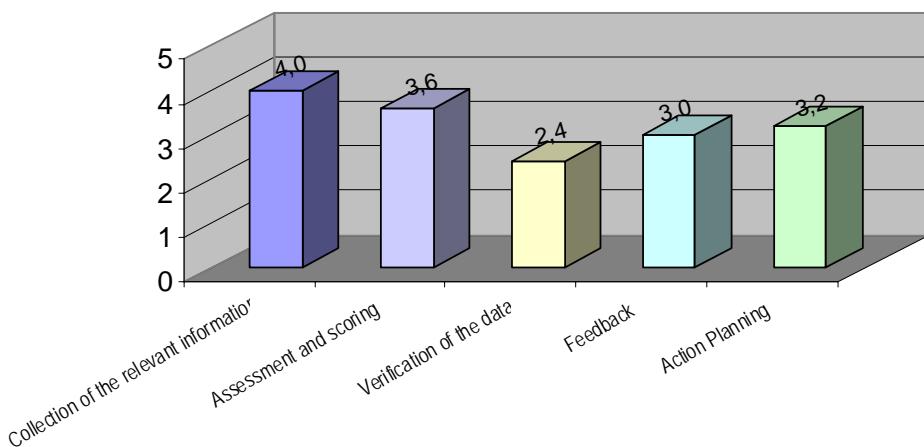
- a. Collection of the relevant information
- b. Assessment and scoring
- c. Clarification and verification of the data through site visit processes
- d. Feedback
- e. Action planning
- f. Other (please specify) \_\_\_\_\_

This question examines the core activities of the countries' performance measurement units, offering respondents 5 typical priorities as well as the opportunity to add another dimension.

Curiously, these units appear to concentrate on collecting the relevant data (4.0 on average), with Assessment & scoring, Action Planning and the provision of Feedback coming next (3.6, 3.2 and 3.0, respectively). Verification of the data through site visit processes is not frequently encountered, with an average score of just 2.4, three of the respondents giving it a score of 3.0 and the other two 2.0 and 1.0, respectively.

No additional responsibility was stated by those filling-in the questionnaire.

## Core Activities of the Performance Measurement Units



**Figure 5.** Performance measurement units core activities

### Q18: Where do the Performance Measurement Units report to?

On the question of reporting for the relevant performance measurement unit of the member-states, only four responses were received. This probably points out to a serious problem with the framework within which these units operate. More specifically, the answers provided are as follows:

Austria	<i>To the Directorate for Public Administration Development, the report is forwarded to the council of Ministers</i>
Ireland	<i>At organizational level, performance measurement is carried out at all levels of the organization. Ultimately the performance of the overall organization is reported to the Minister.</i>  <i>The Quality Assurance process is seen as an independent body. The heads of Departments and Offices and Sectors will report to this body who will then verify that reported progress in relation to agreed improvements in service delivery have been achieved.</i>
Italy	<i>PCM: general secretariat and Ministers without portfolio;</i>  <i>Central administrations: political authority in charge</i>
Spain	<i>State Secretariat of Public Administration under the Authority of the Minister of Public Administration</i>

**Table 11.** Reporting authority for performance measurement units

### 3.2 PERFORMANCE INDICATORS

The questionnaire on performance indicators consists of three main sections in addition to the introductory General Information section, as follows:

- Performance Measurement System
- Performance Measurement Indicators
- Use of Results & System Improvement

The emphasis was placed on collecting detailed information about the performance measurement indicators used, and respondents were guided to name the key indicators in place for measuring each of the following:

- Productivity / Service Delivery Outcome
- Cost / Efficiency
- Quality
- Customer Satisfaction

#### General Information

Public Services provided by your Administrative Agency:

**Health**

**Economy – Taxation**

**Education**

**Employment – Unemployment**

This section asked the respondent to name the policy area for which the questionnaire is being completed. Each country was asked to complete four questionnaires, one for each of the areas above.

#### A. Performance Measurement System

##### **Q1: Since when do you implement a performance measurement system?**

This question investigates the level of experience that each EU member state reaches in implementing performance measurement systems through the use of relevant indicators. The level of experience might represent the efforts made by member states for thorough

integration of the use of performance indicators, pointing out which is the member state that can be used as an example for "**best practice**" at EU level.

Seven member-states responded and England appears to be the first country to adopt and implement a performance measurement system (concerning the National Health System, since 1990). Details are provided on their web site, <http://www.audit-commission.gov.uk/>

A significant number of other member states adopted such systems in several public policy areas in the mid' 90's while the majority implemented performance measurement systems at the end of the last decade and in the beginning of year 2000.

Health and Employment appear to be some of the policy areas for which performance indicators were first developed.

Countries which present an extensive experience of developing and using performance indicators seem to offer a lot of interesting ideas for further development and better refinement of national performance indicator systems. Such countries are England, Finland, Denmark, Austria and Belgium.

Austria	<i>Management by Objectives (MBO) system since 1995 Annual Customer satisfaction measurement since 1998 EFQM-system (including output data) since 2000 Service-quality-targets since 2002 Customer-satisfaction targets up from 2003 Other performance indicators</i>
Finland	<i>Management reporting since 1991 Customer satisfaction system since 1994 OPAL student feedback system since 2001</i>
Ireland	<i>Performance measurement at various levels throughout the organization has been in place since the early 1990's. However implementation of a Corporate performance reporting framework began in 2001 and will be completed in 2004</i>
Italy	<i>Since 2003 (at the experimental stage)</i>
Belgium	<i>Initiative was launched in 1998 and the performance measurement system is still in construction</i>
Netherlands	<i>Since 2002</i>

Spain	<i>A performance measurement system was implemented during 1998-2000 as an experimental program, managed by the Ministry for Public Administration (Ministerio de Administraciones Públicas, MAP)</i>
-------	---

**Table 12.** Date for first implementation of performance measurement system

**Q2: Which is the accountable Unit for the maintenance of the performance measurement system?**

This question seeks to identify the body that is accountable for implementing and monitoring the use of performance indicators through a fully integrated performance measurement system.

The answers provided are as follows:

Economy – Taxation	<ul style="list-style-type: none"> <li>▪ <b>Belgium</b> - The Direction Performance Management under the Authority of the Comite de Direction</li> <li>▪ <b>Finland</b> - Administration and Economy, Labour Force Development and Guidance, Staff of National Board of Taxes (Responsible for general planning including performance agreements), Financial Unit of the National Board of Taxes (Responsible for follow up functions including IT-Systems)</li> <li>▪ <b>Italy</b> – Internal Auditing</li> <li>▪ <b>Finland</b> – i) Staff (responsible for General planning including performance agreements), ii) Financial Unit (Responsible for follow up functions including IT – Systems)</li> <li>▪ <b>Greece</b> – The General Secretariat of Information Systems – Ministry of Economy</li> </ul>
Education	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> - Steuerungsgruppe facility management (Controlling Unit)</li> </ul>
Health	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> – Federal Institute for Medicines</li> <li>▪ <b>Italy</b> – Human Resources</li> <li>▪ <b>England</b> – Audit Commission (established 1983 to appoint and regulate external auditors of local authorities in England and Wales. In 1990 its role was extended to include performance management in the NHS and in social services</li> <li>▪ <b>Finland</b> – i) The National Research and Development Centre for Welfare and Health (Stakes), ii) Statistics Finland, iii) Stakes</li> </ul>
Employment - Unemployment	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> - Office of the Executive Board, Arbeitsmarktservice Österreich</li> <li>▪ <b>Belgium</b> – The Change Management Team and the Internal Audit Unit</li> <li>▪ <b>Finland</b> - Administration and Economy, Labour Force Development and Guidance</li> </ul>

	▪ <b>Greece - Employment Directorate</b>
--	--

**Table 13.** Unit accountable for the maintenance of the performance measurement system

In some cases, it appears that the accountable unit is not related to the policy area concerned (eg Health, Education), while in others it is from within the structures dealing with the particular policy area (Employment-Unemployment, Economy-Taxation).

**Q3: Which are the core activities of the above Unit?**

- a. Collecting the information
- b. Assessment and scoring
- c. Clarification and verification of the data through location visit processes
- d. Feedback
- e. Action planning
- f. Other (please specify) \_\_\_\_\_

The purpose of this question seeks to identify the operational role and responsibilities of the accountable unit that holds the accountable unit for performance measurement system implementation. It is identical to the question set in the performance management systems questionnaire, set once more to ensure consistency as the two types of questionnaires were completed by different people with potentially different views of the systems in place. Moreover, analysis here can pick up any differences between the four policy areas.

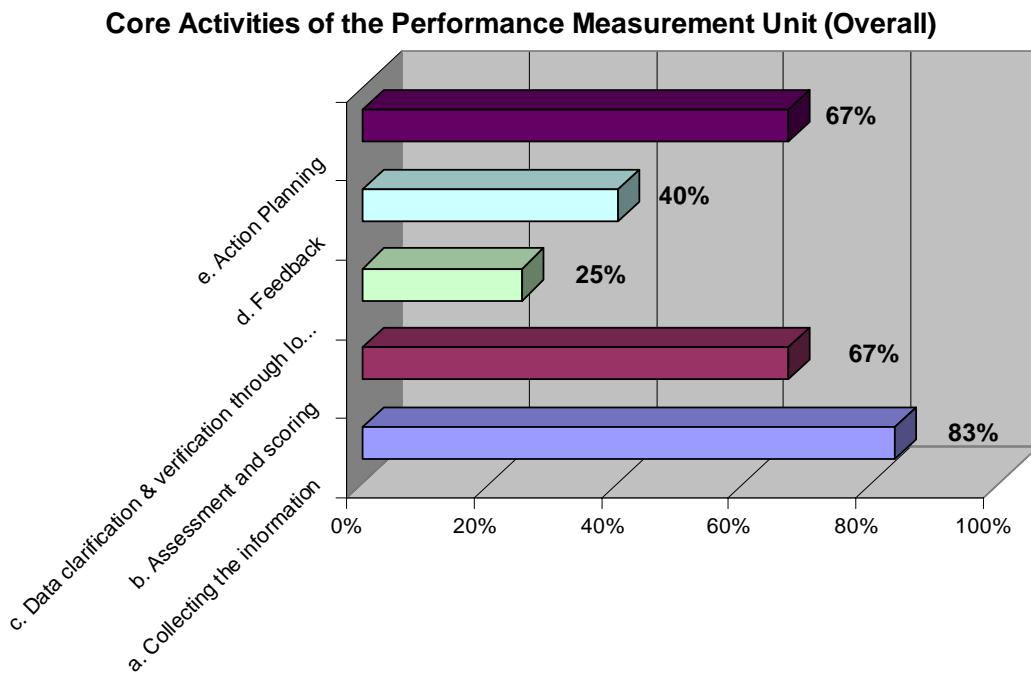
Again, five core activities identified as critical were offered as alternatives and respondents were asked to rank the contribution of each, while the opportunity to name additional core activities was provided.

Six countries responded concerning the policy area of Economy –Taxation where the core activity of the accountable units for using performance indicators appears to be the activity of Collecting information (83%), with Assessment & scoring and Action planning getting an average of 67%. Other activities also received an average of 67% (not shown on the diagram) but the respondents did not define them.

Feedback got an average of 40% while "Clarification and verification of the data through location visit processes appears to be the least favored activity of units that holds the maintenance for the use of performance indicators (25% of the total).

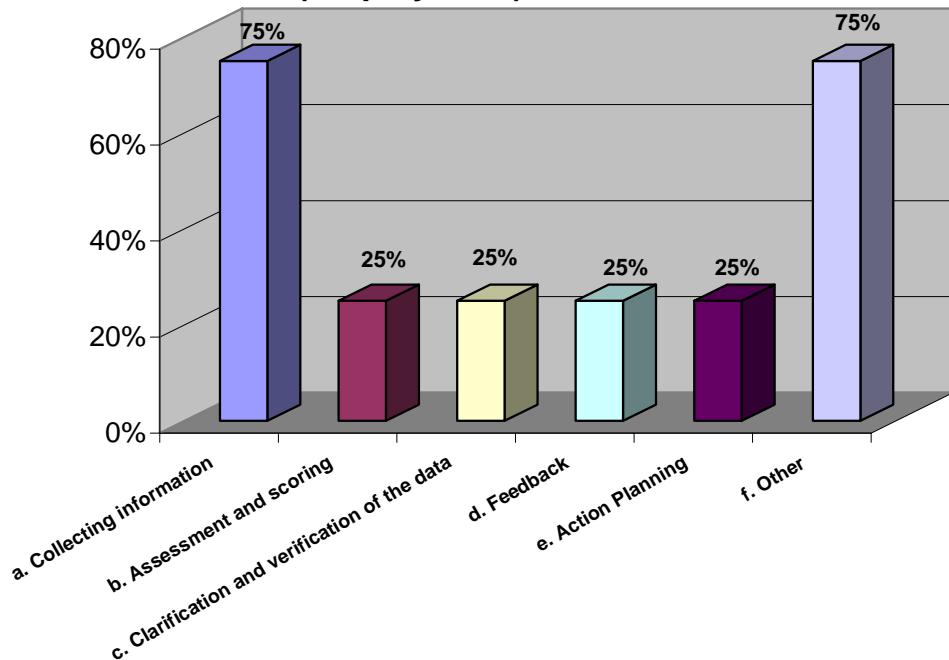
As far as the policy area of Employment is concerned, four countries responded. In this policy area, the activity of Collecting information received a high score (75%), as well as did other activities such as defining targets and new performance indicators through management by objectives (Austria) and maintenance of the data warehouse (Belgium).

Valid responses for the Education and Health policy areas **were so few** that no meaningful picture can be presented (even for those questionnaires that were received, several questions within them had not been answered).



**Figure 6.** *Performance measurement unit core activities (overall)*

## Core activities of the Performance Measurement Unit (Employment)



**Figure 7.** Performance measurement unit core activities (Employment)

### **Q4: Where does the Performance Measurement Unit report to?**

As far as reporting structures for the relevant performance measurement units of the member-states are concerned, just six responses were received. This may point to a serious problem with the framework within which these units operate.

More specifically, the answers provided are shown below, categorised by policy area and country:

<b>Economy – Taxation</b>	<ul style="list-style-type: none"> <li>▪ <b>Belgium</b> -The Performance Management Unit and reports to the various Management Levels and to the head of the staff services</li> <li>▪ <b>Finland</b> -The Director General of the Financial Board of Taxes</li> <li>▪ <b>Ireland</b> -The PMDS Unit reports to the Assistance Secretary Human Resources Division / Corporate Strategy Branch, Strategic Planning Division and to the Senior Management</li> </ul>
---------------------------	--

Education	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> -Head of the Ministry and Management board, Federal Ministry of Finance, Federal Chancellor</li> </ul>
Health	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> -European Directorate for the Quality of Medicines (EDQM) in Strasbourg, European Official Medicines Control Laboratory (OMCL) - Network, Pharma Industry, Federal Ministry of Social Security and Generation, Science, Representations of the Interests, Other National Agencies, National Accreditation Body</li> <li>▪ <b>Italy</b> -Political Authority - Ministry of Public Administration</li> </ul>
Employment - Unemployment	<ul style="list-style-type: none"> <li>▪ <b>Austria</b> - Executive Board, Administrative council, Land Directorates</li> <li>▪ <b>Belgium</b> - To the top Management of the Organization</li> <li>▪ <b>Finland</b> -The Parliament, The treasury, Management, Labour Administration, Education and Training Organizations</li> <li>▪ <b>Greece</b> - Ministry of Labour and Social Security, European Commission</li> </ul>

**Table 14.** Reporting structures by policy area & country

## B. Performance Measurement Indicators

### Q5: How many are the currently used indicators?

- a. 1-4
- b. 5–20
- c. 21-50
- d. 51-100
- e. More than 100

This question seeks to identify the range of the performance indicators used, which refers to the degree of deepening and broadening the use of performance measurement systems from the member states.

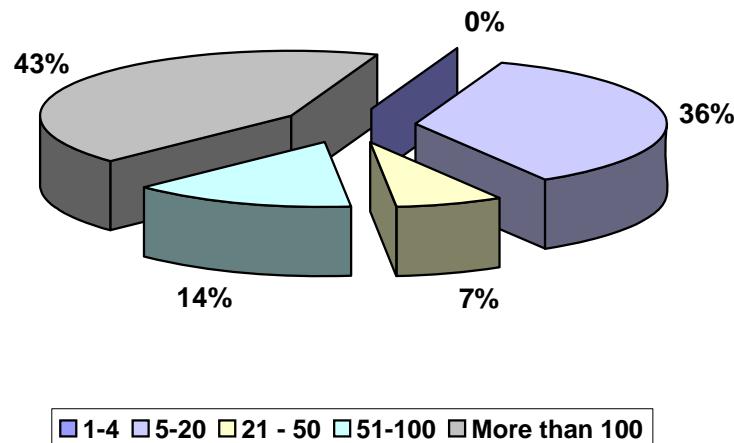
Response was relatively good, with seven countries responding.

The majority of countries that responded (42.9%) appears to use more than 100 indicators, although the second category that also received a high percentage (35.7%) was the 5-20 range.

Although a large number of indicators was found to be used in the area of Health and Economy, fewer correspond to the areas of Education & Employment.

The wide range of the indicators that are currently used is of great significance for member states designing and managing policies directly relevant to citizens' lives.

**How many are the currently used indicators?  
(Overall)**



**Figure 8.** Number of indicators currently in use

**Q6: Please identify the most significant indicators used for monitoring performance**

[Productivity / Service Delivery Outcome, Cost / Efficiency, Quality, Customer Satisfaction x Performance Value, Indicator x 2000, 2001, 2002]

The most commonly reported indicators appear below, somewhat standardized and categorized by the policy area in which they apply:

**HEALTH**

- Public health spending as a % of GDP
- Public health spending per capita
- Doctors per 1.000 inhabitants
- Deaths per 1.000 inhabitants
- Intensive care beds per 1.000 inhabitants
- Average time spent in intensive care
- Life expectancy at 65 years old
- New births / deaths ratio

**EDUCATION**

- Public spending for education as a % of GDP

- Class hours per academic year
- % of registered students per level
- Personal computer per student
- % of schools with internet access
- % of citizens that have graduated from secondary education
- Illiteracy ratio
- Cost of university education per student

#### **ECONOMY-TAXATION**

- % of Internal market directives adopted
- % Increase in nominal labour cost per unit
- % Annual change in labour productivity
- Annual change in real labour cost per unit
- GDP growth (%)
- % Annual increase in nominal wages
- % Increase in real wages
- Balance of payments to public debt
- % of General Government net liabilities
- % of General Government gross liabilities
- Number of tax audits

#### **EMPLOYMENT**

- People employed / population (%)
- People employed / population, by age (%)
- People employed / population, by sex (%)
- Long term unemployed to total unemployed by sex (%)
- Public spending to combat unemployment as % of GDP
- Part-time employment by sex

#### **C. Use of Results & System Improvement**

**Q7: The following information is significant and much used when assessing your performance**

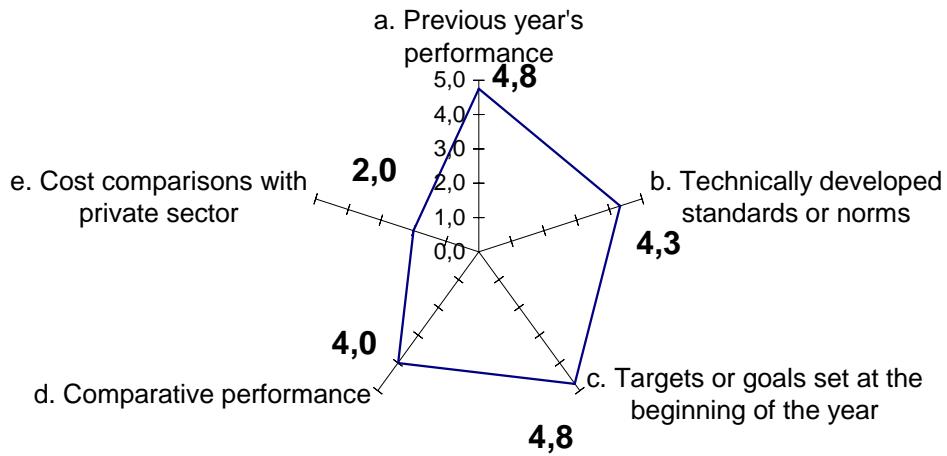
- a. Previous year's performance
- b. Technically developed standards or norms
- c. Targets or goals set at the beginning of the year

- d. Comparative performance of units of your organization located in different geographical areas/jurisdictions
- e. Cost comparisons with private sector units providing similar services

This question seeks to rank a number of commonly encountered variables with respect to their impact their usefulness when assessing performance.

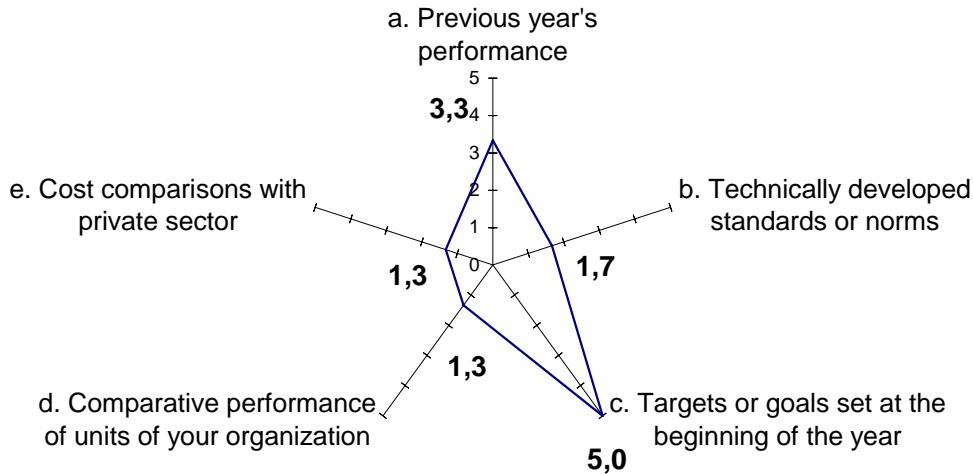
The average contribution of each one of them appears in the two diagrams below (the data available from the other two policy areas were insufficient for any meaningful analysis).

#### **Significant information to assess performance (Employment)**



**Figure 9.** Significant information to assess performance (Employment)

### Significant information to assess performance (Health)



**Figure 10.** Significant information to assess performance (Health)

**Q8: How often do you review and refine:**

- **Performance indicators**
- **The degree to which the measurement approach is systematic and prevention-based**
- **The implementation of improvement actions resulting from review cycles**
  - a. Performance indicators
  - b. The degree to which the measurement approach is systematic and prevention-based
  - c. The implementation of improvement actions resulting from review cycles

[Monthly, Quarterly, Twice yearly, Yearly, Less frequently]

The question sought to ascertain how often (i) Performance indicators, (ii) the degree to which the measurement approach is systematic and prevention-based and (iii) the implementation of improvement actions resulting from review cycles are reviewed and refined.

The answers, as per the table below, seem to indicate that improvement reviews and refinements usually take place once a year, with indicators attracting most attention. This is peculiar, as any benefits from constantly improved indicators might be cancelled out by the

reduced capacity to compare with past performance and appears to point to less mature systems where the emphasis is still on development rather than on obtaining meaningful results and using them in evaluating the effectiveness of policy making initiatives.

	Performance indicators	Systematic & prevention - based measurement approach	Improvement actions resulting from review cycles
1=Less Frequently	20,0%	15,4%	7,1%
2=Yearly	<b>46,7%</b>	<b>84,6%</b>	<b>71,4%</b>
3=Twice Yearly	13,3%	0,0%	14,3%
4=Quarterly	13,3%	0,0%	7,1%
5=Monthly	6,7%	0,0%	0,0%
Total	100,0%	100,0%	100,0%

**Table 15. Frequency of review & refinement**

**Q9: The success of the performance measurement initiative in your policy area depends upon:**

- a. Interest of its elected officials and managers
- b. Abilities of the staff
- c. Resources available for improvements
- d. Strength of public employee unions
- e. Cultural and social factors

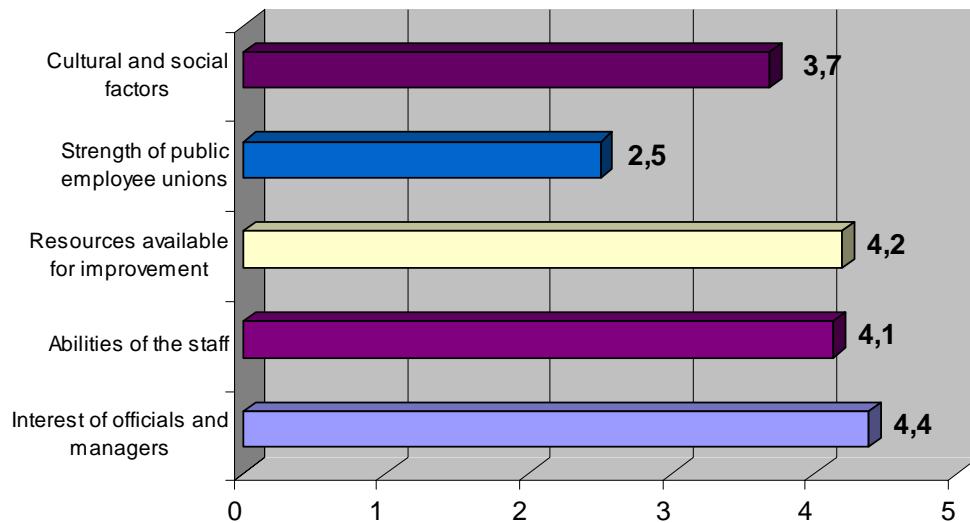
This question explores the contribution of each of four key factors in member-states' performance management initiatives.

Overall, 16 replies were received across all policy areas with little variation between them (policy space averages ranged from 3.7 to 4.1).

On the other hand, there was considerable variation in the scores awarded to each of the four variables. Indeed, public sector employee unions appeared not to play any significant role, with almost all countries being divided between a score of 1 (disagree) and a score of 3 (neutral).

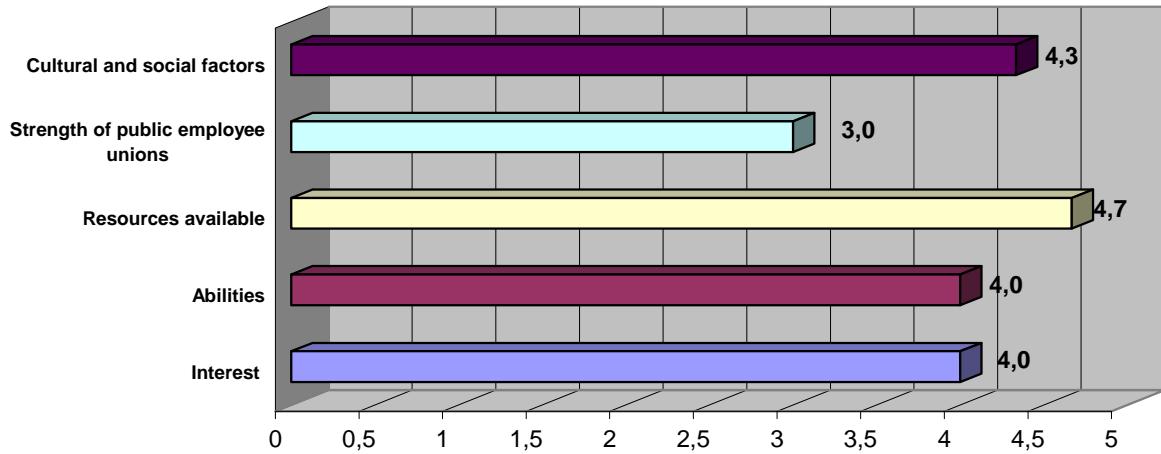
Moreover, little variation was observed between replies for different policy areas, although the availability of resources ranked particularly high in the case of health with the interest of elected officials playing a similar role in the case of employment.

### **Factors influencing the success of performance measurement (Overall)**



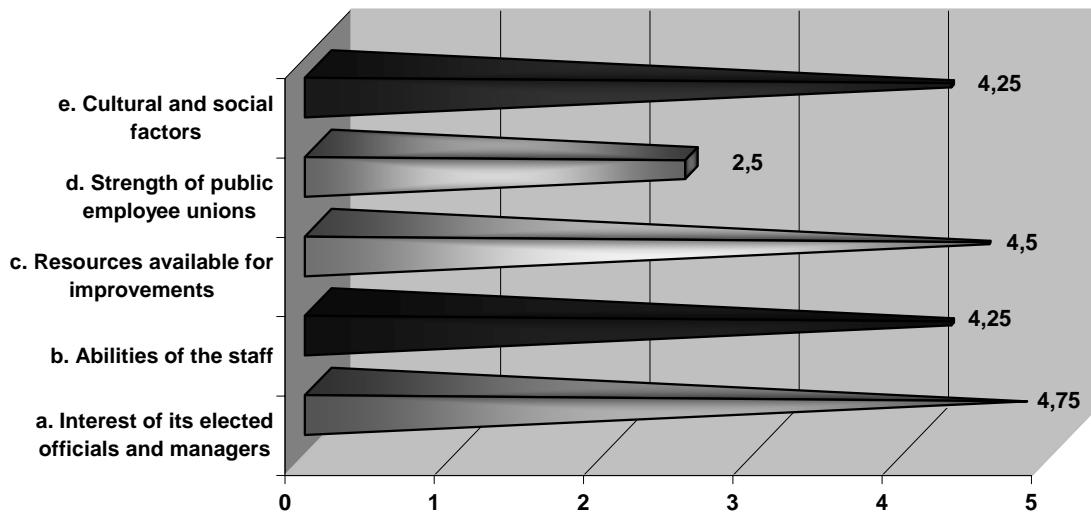
**Figure 11. Factors influencing the success of performance measurement (Overall)**

### Factors influencing the success of performance measurement (Health)



**Figure 12.** Factors influencing the success of performance measurement (Health)

### Factors influencing the success of performance measurement (Employment)



**Figure 13.** Factors influencing the success of performance measurement (Employment)

## 4 CONCLUSIONS

To conclude, the following observations can be made:

- Each country has targeted different policy areas for measurement, perhaps reflecting different political priorities and administrative systems
- Although every country has used some kind of legislative means to introduce performance measurement initiatives, a number of different approaches has been used
- The performance measurement systems in place are coordinated nationally in most cases by either the ministries of economics or the ministries of public affairs. The subordinate structures differ significantly from country to country
- The speed with which such systems are developed and adopted by bodies and authorities throughout the public sector in each member state differs significantly. Some countries have enjoyed a head start and are now operating fully fledged systems, while others are still running pilot schemes
- Member-states use different methodologies/tools to run their systems (eg. strategic planning, total quality management, balanced scorecard, the EFQM or CAF models or combinations of them etc)
- In most EU countries, exceptional performance is rewarded by prizes & awards. However, there is limited use of results-based payroll schemes
- Performance reporting to the public is not as yet very comprehensive and does not easily reach the citizen. In many cases, by dissemination is meant preparing a report for Parliament on an annual basis

Furthermore, the following can be observed:

- **Clear orientation to measurements**

The majority, if not in all member states, have adopted the use of performance indicators for measuring the effectiveness of particular public policies as well as the efficiency of the units that are responsible for handling these policies. Any differences observed between member states concern components such as different methodologies for the development of the measurement systems, different numbers of indicators used, etc. A common element is the increasing willingness of member- states to orient towards methods used for monitoring performance, efficiency and effectiveness in the public sector. This underlines the necessity for tools and methodologies that supports public policies in certain sectors of administrative reforms to become more widely available.

- **Emphasis to Management by Objectives**

Performance indicators have to be embedded in a framework where management has objectives to be fulfilled. Strategy is 'sine qua non' for the use and success of performance indicators. The evaluation of these metrics contributes to the revision and refinement of strategy laid into effect initially. Although, the majority of E.U. member- states have recognized the necessity of Management by Objectives, it seems that there is a broad range of systems adopted for the measurement of performance in their public sector. More specifically, each country stands on a different point between target setting and evaluation. Similarly, each country makes use of a different methodological basis, for example strategic planning, total quality management, balanced scorecard, the EFQM or CAF models or combinations of them.

- **Strategic management and performance indicators**

Performance indicators seem to be a significant strategic management tool used for the monitoring of public policies such as economy-taxation, human resource management, e.t.c. Correlation between the use of performance indicators and strategic management depends on the range of administrative reforms introduced in each country.

- **Performance indicators or Economic Indicators**

In the pursuit of this study, it has been found that in some cases, the existence of complete performance measurement systems has been substituted by the measurement and reporting of specific economic indicators. Having said that, the sheer diversity of indicators used across the EU for monitoring the results of public policies underlines the need for a more coordinated performance measurement system supported by a sufficient legislative framework, proper administrative arrangements and reengineering of the bodies concerned.

Having said that, the sheer diversity of indicators used across the EU for monitoring the results of public policies underlines the need for a more coordinated performance measurement system supported by a sufficient legislative framework, proper administrative arrangements and reengineering of the bodies concerned.

- **Evaluation of public policies need strengthening**

In the majority of member states, the use of indicators for the evaluation of public policies was subsequently strengthened through the adoption of performance measurement systems. Statistical data provided by the use of indicators contributes to a better evaluation of public policies only when this rests upon a sufficient legislative framework so as to be assured of the continuous provision of such data.