

# Integrated Multi - Level Approach to Public Service Performance Evaluation

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## Abstract

*Provision of public services is a matter of achieving a balance between costs, pleasing the beneficiary, increasing quality and benchmarking with similar services. Since Romania has become a member of the EU, and even earlier, since it has been a beneficiary of development funds, the issue has not been just the provision of public services but using and creating measurement instruments and methods, and the question of achieving the performance point where a balance between costs and benefits is attained. The problem is that there is a lack of understanding the basics of reporting results and monitoring performance, there is no general instrument or model that allows any public institution to use it and benchmark the results, and the instruments available are either too complicated to understand or do not work to the entire range of public service. Thus, the present study aims at offering a general measurement instrument for the local public service performance.*

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## 1. Introduction

The current society is more and more oriented towards the beneficiary, the client, the citizen. Whether it is about his direct involvement through the representative, in the creation of public policies, or it is about the direct involvement in public life, through the organizations he forms, the client-citizen-beneficiary is, at least declaratively, the owner, the generator, the reason why public policies are built,

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why public services are built in a certain way, and why not, although it seems paradoxical, the profit of the private environment cannot exist without the consumer-beneficiary-customer. Therefore, no matter from which point of view we look at a service or a field of public life, the `client` will be a defining factor of the way in which the service, let's say, will be thought.

In order to understand what we mean, if in the case of the private environment the customer is an element according to which the offer is built, both from the price perspective and from the product quality perspective (regardless of what kind of product it is), the user-customer it must be taken into account even when it comes to a public service, where there is no question of profit. Thus, although the local public administration in a certain administrative-territorial unit has the financial resources to develop, say, a water and wastewater network in a certain area, this will not be done if the studies will highlight the fact that users, they are not willing to pay the price of water and sewerage, being, for example, the owners of fountains. Likewise, no matter how important modern, green, ecological local public transport is, it is very possible that this service cannot be developed in a small locality, with few inhabitants, which, historically, do not use public transport.

Regarding the public service and the positioning of the client-beneficiary, we must consider the performance of the public service. The problem of public service performance is more and more pressing, especially since a large part of the public services provided by local public administrations are no longer provided directly, but delegated, through inter-community development associations.

One of the studies conducted in the field shows exactly this aspect, the fact that, analysing the ways of providing public services (concession of public service, public-private partnership, direct provision and setting up a public company), „after applying the fuzzy method, decision makers from the local government have a ranking of the optimal means of providing a public service. In this case, the optimal solution is to lease the service to a private law entity” (Demeter, Badea, & Panait, 2019).

What we want to show in the present study is that for the local public administration, in this context of providing a wide range of public services of local interest, or as defined by the legislation as public utility services (supply with water, sewage and wastewater treatment, rainwater collection, sewerage and disposal, centralized production, transport, distribution and supply of thermal energy, sanitation of localities, public lighting, gas delivery and local public transport) (Ministry of Justice, 2021) there is the problem of evaluating the performance of these services.

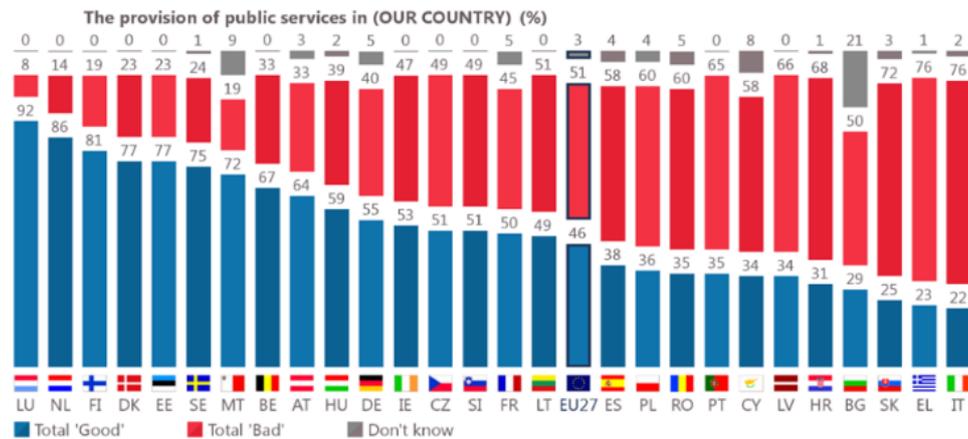
We will briefly present some theoretical considerations related to the notion of performance, performance indicators and their comparison in the benchmarking process. Finally, we will propose the use of composite indicators that allow local public administration authorities to measure and compare the performance of different services, which do not seem comparable at first sight.

## 2. Literature The degree of investigation of the problem currently, and purpose of research

The problem of local public administrations in terms of monitoring and evaluation through indicators of public service performance, whether of general interest or local interest is not a new one, but one that has generated and continues to generate solutions, methods, tools, but and new questions.

According to a survey conducted in the European Union, the quality of a country's public services is correlated with the level of trust in the public administration, with the ease with which economic activities can be carried out and with the level of well-being of society. The quality of public services is also a good indicator of the proper functioning of a state.

Figure no. 1 shows that there are important differences in the way public services are.



**Figure. 1. The provision of public services – good vs. bad – 2021**

Source: (European Commission, 2021, p. 36)

„Almost half of Europeans consider the provision of public services in their country to be good (46%), while the majority (51%) consider it to be bad. Positive opinions have fallen by 8 significant percentage points since the summer of 2020 and are now a minority. However, a majority in 15 EU Member States (compared to 19 in the summer of 2020) are positive about the provision of public services at national level, with scores ranging from highs of 92% in Luxembourg and 86% in The Netherlands, up to 50% in France (vs. 45% „bad”)" (European Commission, 2021). In Romania, the percentage of dissatisfied people is 60%, which leads us to say that, certainly, the concerns of the academic environment regarding the performance of public services are not without motivation. It remains for the proposed solutions to be embraced by the local public administration.

The use of public service performance reporting platforms has paved the way for the operationalization of transparency and accountability of public

authorities in the provision / provision of these services. Benchmarking allows the measurement and comparison of performance in order to provide information to public decision makers and to permanently improve performance. Performance indicators are the basis for comparing the overall performance of a specific organization or services. This is a technique that has been increasingly incorporated into the new public management, which has dominated the modernization activities of the public sector since the 1990s. Performance measurement and comparisons have been introduced as a quasi-competition in the public sector to stimulate innovation and lead to better performance of the services offered (European Commission, 2013).

In OECD countries, as of 2017, the Government at a Glance Report analyses and presents “the most up-to-date internationally comparable data on how public administrations operate and operate in OECD countries, accession countries and other large savings. This data can be used to assess the performance of governments, to monitor national levels and international developments over time and monitor governments' progress in public sector reform”. The 2021 edition, in addition to containing references to the impact of COVID-19, includes „indicators on public finances and public employment, the latter with a special focus on the representation of different gender and age categories in public administrations and the sphere of politics. Data on government processes include budgetary practices, strategic human resource management, regulatory policy, public procurement, digital governance and the responsibilities of government centers, including public communication. The new process indicators for this edition cover public sector integrity, infrastructure governance and open governance. Indicators of government performance include trust in public institutions, political effectiveness, reducing inequality, and access, responsiveness, quality and satisfaction of citizens with the education, health and justice sectors” (OECD, 2021).

A study performed by the World Bank Group defines government (public administration effectiveness in relation with the “perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies.” (World Bank., 2021).

The relationship between the beneficiary-public administration-public service raises the issue of measuring the performance and comparing the performance of public services on different levels: between different providers, between different public services, between different public administrations. However, in order to compare, we must first measure, and the measure of the performance of a public service is given by the degree to which it manages to reach the indicators that have been established. Stewart and Walsh argue that ‘the development of performance management assumes that managers can be given clearly understood tasks, performance targets to achieve and be held accountable for the use of resources to achieve those tasks’ (Stewart & Walsh, 1992). A similar argument is made by a group of Brazilian researchers: ‘monitoring and evaluation are always based on indicators that assist in decision-making, allowing for better

performance, for more rational planning and for a clearer and more objective accountability' (Pedrosa, et al., 2020).

Performance framework models have been proposed and applied time and time again, with examples as following: an approach focused on general level, which takes into account many issues related to local transport public utility service, is presented by Meyer (Amekudzi-Kennedy, Meyer, Barrella, Ross, & Pei, 2010) and involves the use of three categories of comprehensive indicators after as follows:

- a. the first category is represented by general performance indicators, such as: population of the geographical area served by the operator, number of trips, km of transport and performance, fleet schedules etc.;
- b. the second category refers to the effectiveness of service provision with the following subcategories of indicators:
  - Performance indicators for the provision of the service: number of transported citizens / number of citizens from the geographical area served, number of transported passengers / per hour of operation, etc.
  - Performance indicators for service quality: average transport speed, average number of incidents during travel, etc.
  - Performance indicators aiming at service availability: transport schedule / total time per week, km served / square km of geographical area served.
- c. the third category includes service efficiency measures divided into the following categories:
  - Profitability indicators: operating expenses per trip, operating expenses per hour worked, etc.
  - Operating efficiency ratios such as revenue from operating costs;
  - Labour productivity such as number of trips made per number of employees;
  - Energy consumption such as number of km travelled / kwh consumed.

All the above-described indicators relate more to the provision of the service and not the whole performance evaluation that should be done at the operator level which include economical, human resources, strategy objective related indicators etc. This being the case, the organizational performance assessment of a public service provides is a somewhat complex and multidimensional construct (Markic, 2014)

### **3. Methods and materials applied**

For the realization of the present paper, we have analyzed some of the main studies on performance evaluation in public services and compared the results with the presently used performance indicators and methodologies for all the public utility services used at the local level, namely the municipality of Bucharest, thus creating the performance evaluation framework presented in the following section.

#### 4. Results obtained and discussions

Performance evaluation should be the key focus for a local public administration for delivering quality over all the public services it provides for its citizens. As such, methodologies for public service performance monitoring and evaluation have continued to be created and applied but sometimes resulting in the performance paradox with effects such as tunnel vision and 'analysis paralysis'. (van Thiel & Leeuw, 2002 Volume 25 - Issue 3).

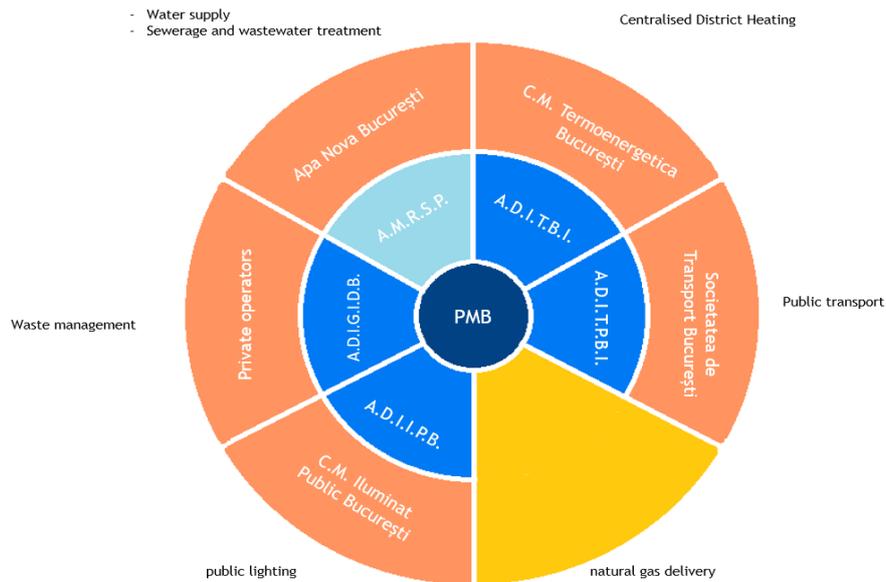
Many such unwanted consequences derive because of the broad scope of the methodology proposed for performance evaluation and not focusing on correlating the structure of the indicators with the exact objective of the company/public service/local authority.

After we analyzed more municipalities in Romania, at least for the public local transport operator and district heating operator we found that the public indicators used in the performance evaluation is mostly the same, using the minimum recommended indicators provided by the national regulating authority, that do not reflect the actual needs of the society in terms of public service performance.

For a better understanding of this scenario, we focused on how public utility services, as described by law 51/2006 in Romania, are delivered and which are the main drivers and entities responsible for performance evaluation in the capital city or Romania, Bucharest.

As presented in figure 1, for all the public utility services, with the exception of natural gas delivery, which is a new public service included by law under the administration of local authorities and little was done for the change of responsibility in this case, the situation is quite similar. We have a public service operator: private entity, municipality owned company, or public-private-partnership; an intermediate entity which has some form of regulating power over the delivery of the services, in the case of an Intercommunity Development Association (A.D.I.), it, taking over even the responsibility of delegating the public service from the local authority and finally, the same for all public utility services, the Bucharest Local Authority as the main owner of the public utility service systems.

From analyzing the above-mentioned situation in the Municipality of Bucharest, no real correlation was determined between the performance indicators analyzed at the operator level, the A.D.I., or the local authority. The case being that distinct analysis are made and transmitted between the three entities without real impact on public service quality. Moreover, there is no performance analysis software developed that can import and export data from operator performance models to A.D.I. performance models and finally to municipality performance models.



**Figure 2. Levels of public service administration and performance evaluation in Bucharest**

*Source: created by the authors*

The focus of the article is developing an integrated framework which creates the premises of having an actual public service monitoring and evaluation methodology, that takes into account the main objective of such an evaluation at different levels of the service administration (operator – intermediate entity – local authority). Such a model is described below:

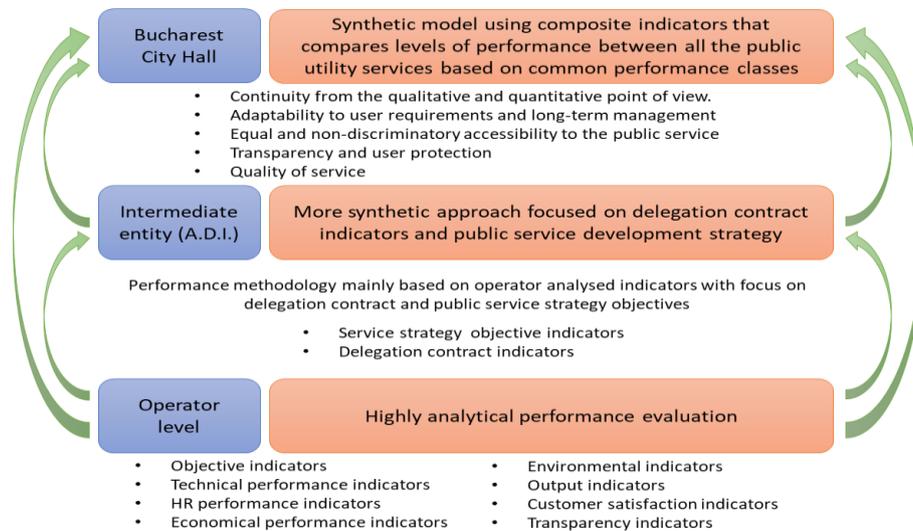
From a bottom-up approach, the focus of performance evaluation should be (figure 2) as followed:

1. A highly analytical evaluation of performance in a broad manner, the case of the operator of the service, in which technical, economic, social and environmental, human resources etc. performance should be evaluated. This performance evaluation level usually focuses more on the performance of the company not the whole public service delivery.

2. A more synthetic approach on performance evaluation should be the focus of the Intercommunity Development Associations, which are directly responsible for the development of the public service. At this level the performance indicators should be aligned strictly with the public service development strategy, that are transposed in the public service delegation contract. The basis of the indicators proposed at this level of performance evaluation should have the baseline in the more analytical approach done at the operator level.

3. A strictly synthetic model for evaluating performance of the public service in relation with the local development strategy. Such an approach should focus on creating a benchmarking level of service performance that can be compared throughout the sphere of public utility services under the administration of the

municipality, even in the case of heterogenous public services. The model proposed here should consider composite indicators created by a mix of indicators and their associated level of importance for each class within the model.



**Figure 3. Framework for integrated performance evaluation of public utility services**

*Source:* created by the authors

As described in the figure above, the framework takes into account a pyramidal structure for the 3 levels of public service performance evaluation.

If the first level, operator performance evaluation is strictly related to what the operator wants to know and measure so it can increase its overall performance, but should also consider what it is expected by the A.D.I, in terms of performance measurement, the middle level is strictly related to what the delegation contract and service development strategy stipulates.

The last level of performance evaluation, done by the local authority should extract information from both levels of performance indicators and create its own assessments using performance values that can be compared throughout the whole sphere of public utility services (Radu, Şendroiu, Demeter, & Pădurean (Badea), 2020) using composite indicators formulas as described below (Pidd, 2012):

$$P = w_1 * x_1 + w_2 * x_2 + w_3 * x_3 + \dots + w_n * x_n, \text{ where: } (1)$$

- P = is the overall performance obtained for the respective criterion (as presented in figure 2, available for each public utility service)
- x1, x2 .... xn = specific indicators that fall within this criterion
- w1, w2 ... wn = the weight that is applied to each specific indicator according to its importance for generalizing the level of performance obtained for that criterion.

The above-described framework creates a logical order of performance evaluation in an integrated manner, across distinct levels of performance assessment, with indicators focused on different objectives and creates the basis of having a platform for comparable performance levels between distinct public services.

## 5. Conclusions

The purpose as stated in the above-described framework is to create some sort of cohesion between performance evaluation on each segment of the local provision, from top management (the local authority), to middle management (A.D.I. or other intermediate authority) and finally to the operator level. In such an integrated approach, there will be a better coordination, a better understanding of the purpose of the performance evaluation and a possible reduction of costs and time spent associated with retrieving data that is not already processed for performance assessment purposes. Such a vision is lacking in the local public administration throughout its public utility service systems and is the main driver for public performance evaluation methodologies to fail or be inefficient for their final objective, raising the overall quality of the public service.

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