THE DARK SIDE OF PUBLIC SECTOR EFFICIENCY

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Abstract: : In the public sector, efficiency is measured by the degree of serving the citizen, which becomes ”the clients” of the institution. This article aims to examine the limits of efficiency indicators. Even if efficiency in the public sector is an indicator that serves to the measurement the satisfaction of citizens, frequently there is a translation of the original objective. Often, when measured efficiency in the public domain, attention moves rather to the money, than that attention be targeted by humans.

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1. INTRODUCTION

There are many reasons for which the public institutions should measure the performance.

If this is achieved properly, the performance measurement may bring many benefits to the organization and the persons not working for it.

The performance measurement exceeds the mere acknowledgement, its main practical objective being the decision-making in order to improve the performance conditions.

The professional literature provides a plurality of reasons for which the performance must be measured. The distinct usability of the public institutions performance measurement results from the following considerations (Behn, 2003, pp 586-606):

- *To evaluate*: Public executives need to know well their agencies are performing. Thus, they collect the kinds of data that can be used to conduct a formal evaluation;
- *To control:* In theory, modern public executives don’t *control* peole or organizations. Modern executives – in the public, private, and nonprofit sectors – *lead* organizations. But do not be fooled. All three sectors still have their share of control freaques. And one way to exercise this control ist o measure what people are doing.
- *To budget:* which programs, activities and units deserve additional funding? Which ones – if we are to improve our agency’s overall performance – should lose funds? Performance measures can help managers to answer these questions.
- *To motivate:* Public executives are always looking for ways to motivate people – not just their own staff, but also their collaborators in other organizations, stakeholders, and citizens. And for this purpose, performance measures can be most helpful, for they can focus everyone’s attention on those aspects of their work that will indeed contribute the most to improved performance.

- *To promote:* All public managers need to convince elected officials, stakeholders, journalists, and citizens that they and their agency are doing a good job.
- *To celebrate:* Public executives need to publicly honor their significant accomplishments. Such celebrations are an importantorganizational ritual. Performance measures can provide the signal that the organization has, indeed, attained a truly meaningful objective.
- *To learn:* What is working? What isn't? And how can the leaders of a public agency know? By measuring the performance not just of the entire agency, but also of the various units within the agency, its leaders can obtain some answers to these questions.
- *To improve:* The first seven reasons for measuring performance are all subordinate to the eight reason: to improve. After all, whether an agency's managers are using their performance measures to budget, to motivate, or to learn, they are undertaking these managerial responsibilities in an effort to improve.

A public institution performance analysis supposes the determination of a connection between the results, means and objectives. This is possible by using the performance indicators.

The performance indicators are the basic instruments of the performance measurement process and represent a method of quantifying the changes of the performance standards.

As such, the performance indicator may be defined as a number (a value) which measures and sends information on a specific aspect of a public institution or program dynamics.

The main criteria for a good set of performance measures (Kim & Kang, 2002, pp.243-244) is:

- valid;
- reliable;
- understandable;
- resistant to perverse behavior;
- comprehensive;
- non-redundant;
- accuracy;
- focused on performance.

Therefore, a good performance indicator must to be S.M.A.R.T (Doran, 1981, pp. 35-36):

- **S**pecific – target a specific area for improvement;
- **M**easurable – quantify or at least suggest an indicator of progress;
- **A**ssignable – specify who will do it;
- **R**ealistic – state what results can realistically be achieved, given available resources;
- **T**ime-related – specify when the result(s) can be achieved.

2. EFFICIENCY - THE REVERSE OF THE MEDAL

Even if at present everybody is aware of the performance level determination requirement, most of the government sector institutions do not have an adequate performance quantification methodology. The indicators used in the economic agents' private activity are often applied.

The indicator named efficiency is used many times.

The efficiency expresses the results obtained from an economic and social activity by using certain economic resources (material, financial and human).

The efficiency indicators quantify the unit cost or expected yield in obtaining the estimated result. They are expressed as an average unit cost, units of time etc. and they ought to mirror the progresses regarding the achieved performances.

The efficiency quantification may be carried out as a relation between the obtained effects (results) and the efforts (expenses) made in a unit of time, or vice-versa. The first hypothesis may be expressed by using the relation:

$$E_f = \frac{R}{M}$$

in which:

E_f - efficiency;
R - results (effects) obtained;
M - means (effort) consumed.

According to the calculation model, the more supraunitary accentuated is the relation, the greater the efficiency will be.

This indicator based on the element called cost (effort) may not always be successfully adapted to the public institutions.

On the one hand, almost the entire professional literature confirms the fact that the purpose of any private contractor is to obtain profit.

On the other hand, (Matei, 2003, p.76) the compliance with the public interest is the basic function of the public organizations, which materializes by providing public services to the citizens.

According to the professional literature (Prahoveanu & Matei, 2005, p.172), by public interest we mean the entire interests expressed by a human collectivity regarding the requirements of organization, cohabitation, social security, transport etc.

While the private sector focuses on obtaining profit, the government sector must emphasize the citizens' contentment. As such, in the government sector we must shift the focus from the money (the financial resource and its value - the cost) to the person. Consequently, the performance quantification methods which are perfectly viable in the private sector may not always be valid in the government sector.

For the citizens to be contented, the logic premise for the public institution is to identify what they want and then try to comply with it in a very efficient manner (Nedelea, 2006, p.103). The actual focus on citizens occurs when the state institutions are concerned to learn on the citizens' requirements in their division area / jurisdiction.

Does this happen? For the most part, this does not happen. Does anybody wants to know our opinion when financing decisions are being adopted for a specific project? They do, in theory; we are consulted by means of our elect (senators, deputies, councilmen etc.) or even directly, by opinion polls. In theory, because in actual fact there is a breach in communication between the public institutions and the citizens. Personally, as a citizen and taxpayer, I do not remember having attended to such a consultation and having been asked to express my opinion regarding a public project financing decision.

In spite of the fact that the citizens want to attend to the public decision-making at a local level, for instance, at present, we notice the public administration inability to be available to the citizens, as many opinion polls and reports assert, both in the newspapers and audiovisual media. Most of the people who were consulted by means of the opinion polls think they cannot influence the elaboration of a project or decision of the city-hall or local council directly and some citizens stated they did not attend to the debate of a project or decision of the local council from the locality they lived in. Some people do not even know they have the right to attend to such meetings.

The current gap between the administration and the governed people is very big, therefore the Romanian administration authority crisis being confirmed. A series of opinion polls carried out in 2009-2011 were given as example, such as the research „The public relations barometer in the urban area"[23] , from the opinion polls performed by the Sociological Research and Branding Company (CCSB/SRBC)[24] in January and March – April 2011. The results of the opinion polls supported the fact that the citizens were not consulted when the local public authorities adopted decisions which may affect them.

We may say that a public utility service is high-class only when its features and provision are able to meet the expectations and requirements of the beneficiary (ultimately, of the citizen). But the supplier and the beneficiary do not have the same opinions on the service quality.

The provider/operator of the public utility service considers the quality by relating to the compliance with the specifications in the service documentation such as the standards, provisions in the conditions of contract, all this being assessed by means of the indicator called efficiency.

The user, the citizen estimates the quality of the service based on his requirements and necessities.

This dualism of approach often leads to aberrant and sometimes dreadful situations from the people's point of view.

What happens when, being assessed from the efficiency point of view, the person (the citizen) and the human existence become inefficient?

Hospitals are closed because the result of the ration between the achieved effects and used means is not the one expected by the government (the decision makers). Due to the same ration, schools are closed and streets are not asphalted, etc. But gyms are built in the villages located in Apuseni Mountains, where the access to such a gym is a prowess, as a result of the great distance between houses (specific to this geographic area), of the street infrastructure absence, etc. Pools never to be filled with water are built since the latter activity is no longer justified, if it is analyzed from the efficiency point of view. We may fill pages with more examples.

But are these decisions correct? Are they efficient?

By closing a hospital financed by the state we simply externalize the costs. A part of the costs is transferred (costs paid from public money, meaning from the

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[23] Study carried out by TOTEM Communication and BOSCH Communication Center for the Romanian Cities Association within the project: Operative ability development of the Romanian Cities Association by improving the efficiency of the organization and its members, date of issue: December 2010 - http://www.aor.ro

[24] http://www.ccsb.ro

citizen's money) to the citizen, the one who suffers. He must pay additional costs for the medical assistance (the charges of transport to the new location, of accommodation until he is examined by a doctor, of losing one or more working days, etc.). Therefore, in order to obtain the expected efficiency, the state overwhelms the citizen even more. The state, by making such a decision in the name of efficiency, loses sight of the essential – contentment of the citizen and the compliance with his requirements – this leading to further immeasurable losses. A sick, illiterate and poor population will create a small added value because it will have a low productivity and quality of work. This will have a negative impact on the future financial resources of the village, which will have to close even more hospitals and schools.

3. Conclusions

The public services reform must be dealt with in the context of the increase of the citizen's level of involvement in the public decision-making, so that the citizen exceeds the stage of "subject" whose opinion is not required, even becoming "the core of the problem".

The public service efficiency principle supposes the achievement of the best ration between the cost and the services quantity and quality under conditions of complying with the public requirements. We also must mention the fact that this principle must be applied in strict relation with the tariff accessibility principle, which supposes that a general economic interest service must be provided at a price accessible to everybody (in other words, between the profit and the purpose of the public service to comply with the social requirements, the latter having priority).

Moreover, a complementary principle to the efficiency principle is the quantification principle, which supports the public service reform by developing a culture of the public service focused on the citizen/taxpayer.

The public service efficiency principle represents the level where the institution objectives are achieved concerning the public service quality and on the one hand, it supposes the preliminary objective determination and on the other hand, the desired result measurement or at least the assessment of the obtained result.

The detailed information provided to the citizens on the public utility services performance quantification represents a method of increasing the transparency of the governance and citizens' rights. Information regarding the services standards, promptitude, volume, accessibility, availability, accuracy, safety and opportunity. Most of the European states have declarations regarding the public services standards known as the Citizen's Charter or the Public Service Charter. The public services standards are connected to the technicalities regarding the performance measurement and management within the government sector organizations and to the relation between the citizens and the state.

Knowing the people and their issues leads to the creation of a strong bond between the community and local public authority because the office holders begin to identify themselves with the people they provide their services to. Therefore, the binding agent between the citizens and authorities is being created based on a broad dialogue and a high level of trust.

The closeness of the local public services to the population's requirements represents an essential requisite and the local public administration authorities play a key part in their provision. This generally supposes a high degree of decentralization and local autonomy, but also the local communities active involvement in decision-making regarding these services provision. The public utility community services offer must be based on the requirements and expectations of the community and consequently, the local public administration authorities must take into account the persons who are to use the service, above all, when they determine the best manner to provide them. This is also underlined by a principle being the basis of the organization and operation of public services and public utility services, namely the quantification principle which is complementary to efficiency principle. The quantification principle supports the development of a public service culture focused on the user / beneficiary.

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