

# ***Emphasis of interconnection between the public system of granting salary and incentives and the civil servants performance indicators***

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**Abstract:** *The main goal of the present work is to propose new ways of examining the performance of public servant, others than the ones already specified in the frame law, tested by the private system and well-known as being efficient. Although we are going through period marked by a profound financial, economic and social crisis, the public servant is required to perform his duties to a high level of quality and to creatively contribute at the ongoing and proposal of new projects.*

*Therefore, the ensuring of an efficient management can be materialized by using modern methods, techniques and tools in the public management context too. Thus, the development of the capacity of performance analysis and job satisfaction in the public institutions becomes a precondition for the dimensioning of labor productivity.*

*Establishing priorities, strategy directions, strategic objectives, operational plans, assessment and control plans and performance indicators must take account of changing endogenous and exogenous variables of the public servant itself.*

*Furthermore, the economic growth of a country or a public sector may be related, in terms of human resource utilization, to the increasing number of employees or to the better use of the existing employees. Therefore, a thorough analysis of the performance scale periodical is required for each public servant, in the dimensioning of proactive involvement in specific activity.*

*This last aspect is statistically described through labor productivity- a key element of economic performance.*

*The understanding of the forces that rule the labor productivity and the accumulation of fixed capital especially, improving the institutional infrastructures or generating new technologies is and will be a necessary objective in creating policies that increase workplace performance.*

*The salaries and incentives management should take into account three essential elements:*

- *the economic impact of salary and incentives granting system;*
- *the impact of granting salary and incentives system on employee behavior;*
- *the impact of granting salary and incentives system on the balance.*

*These elements are a set of constrains which limits the maneuvering area of the public institutions and dictates the granting of salary and incentives based on the level of performance indicators of each public servant, after periodic analysis.*

*So, there is an extremely varied range of performance indicators available and many others can be developed to fit the needs of specific public or local administration projects. Yet, performance indicators aren't Key Performance Indicators until they are selected and applied as key for a specific aspect.*

*The analysis of fundamental economic correlation between salary dynamics and labor productivity dynamics is necessary to assessing the economic efficiency, this correlation being the maxim expression, overview of the balanced functioning of budgetary device. [Roman, 2003]*

**Keywords:** *key performance indicators, public salary and incentives, performance-salary correlation, public reform*

## **1. Introduction**

While the contemporary period requires for the public servant to be responsible, it is also required an internal and external evaluation of the capacity of the public servant, as an essential tool in handling the employee's professional life.

Indeed, through accurate and consistent assessment performance policies, the public servant is allowed: the formation of his business purpose, that is, the design direction of his work and understanding his place in society.

Providing a policy of systematic analysis of public servant performance sets guidelines for individual professional capacities and the efficient alignment of the principles of development of specific activities.

Also, every employee must know his contribution to the smooth running of public institutions in order to validate their own skills. For that is required a transparent assessment of his career to gain visibility into future professional performance. [The venet et al., 2009].

## **2. Economic and administrative context of the incentives reserved for employees of public institutions**

The Government Program 2009-2012 was published in the Romanian's Official Gazette number 869, dated December 22, 2008.. The implementation of this Government Program started in a context of deep economic and financial crisis, whose effects were strongly felt in all developed European countries. Among the proposed measures, necessary to reduce the impact of crisis in 2009, was to reduce the staff costs in public administration up to 20% by eliminating vacant positions in public institutions and authorities and by cutting expenses not directly related to the obtained performances. A second measure that aimed the public administration was streamlining government institutions by analyzing the number, structure, activities and staff of institutions. [MAI-ANFP, 2010]

As for the fundamental administrative objectives that the Romanian Government has taken, of these include: decentralization of public administration in order to increase the administrative autonomy, administrative simplification reducing bureaucracy, adoption of the unitary salary system for staff paid from public funds.

Incentives fund reserved for public institutions employees exceeded 1.1 billion lei in 2009 for an average total of 336,648 paid jobs, without the average earnings level to fall below 3000 lei, according to a Ministry of Finance document.

The biggest incentive fund was for the Ministry of Finance (890,7 million lei) and for the Ministry of Labor (213,2 million lei). An important incentive fund has been paid for the Ministry of Environment (13,99 million lei).

Other institutions that have used an incentive fund are: The Ministry of Health (3,8 million lei), The General Secretariat of Government (2,7 million lei), The Court of Auditors (989.327 lei), The Ministry of Administration and Internal (728.793 lei), The Ministry of Justice (733.952 lei), The Ministry of Public (138.717 lei), The Ministry of Education (37.708 lei), The High Court of Cassation (14.259 lei).

Incentives were paid to employees whose average gross earnings have decreased in most cases fewer than 3.000 lei, but raise up to 9.700 lei. The highest average gross earnings of the institutions that have funds reserved for such incentives are given for the Superior Council of Magistracy (9.771 lei), The High Court of Cassation (8.753 lei), The Court of Auditors (6.255 lei), The Ministry of Public (6.002 lei), The Ministry of Justice (4.626 lei), The General Secretariat of Government (3.209 lei), Administration and Interior Ministry (3.161 lei)

On the public institution list with the highest average gross earnings are the Ministry of Foreign Affairs (8.059 lei), Competition Council (7.384 lei), National Office for Preventing and Combating Money Laundering (6.735 lei), Constitutional Court (5.747 lei), the Protection and Guard Service (4.701 lei), National Registry Office for Classified Information (4.543 lei), Senate (4.192 lei), Deputies Chamber (4.037 lei). The total of public institutions salaries has exceeded 12.4 billion lei [Mediafax, 2010].

Reducing budget staff costs, the need for the private sector to enter into partnership with a modern and flexible public administration, extended introduction of computer technology to respond to citizen demands expeditious are major goals that require reform.

Also, the reform must grow stronger based on actions that use specialized personnel and values, highly qualified personnel, always able to steer towards achieving the objectives in terms of quality.

### **3. Adding key performance indicators to public servants professional evaluation**

Performance evaluation of service organizations is a prerequisite for any effort to improve local public service management.

This allows local authorities to strengthen control over the public services management and, which is very important in any normal system, accountability for the managers and executors quality decisions and the implementation of their public activities, promoting transparency and cooperation with services beneficiaries. [Plumb et al., 2003]

Therefore it is found, as a vital process, translating Performance Measurement Systems (PMSs) into operational use, in the context of public sector reforms [Arnaboldi & Giovanni, 2010].

Accordingly, next to the already known performance evaluation criteria, published in decision number 611, dated June 4, 2008, to approve procedures for

the organization and public servant career, annex 5 upgrade is required in order to align them to European standards and human capital of contemporary evolutionary dynamics.

Key Performance Indicator-KPI can be introduced in order to measure specific performance of a public institution in a given field. It is a general concept, with different implementations depending on the type of business and organizational goals. KPI represents a particular category of performance indicators, and can offer the public institution, quantifiable expressions of the factors which were determined are important for providing quality public services.

Senior public sector leaders will need to demonstrate four key leadership capabilities:

- Developing the insights necessary for successful change within complex systems
- Building the cognitive skills to manage effectively in demanding environments
- Demonstrating the emotional intelligence to motivate their people.

Building leadership at all levels of the organization, by developing capability and ensuring that overly complex structures do not impede the ability of individuals across the organization to exercise leadership [Leslie& Canwell, 2010].

Therefore, private specialty practice brings out the following key types of evaluation: SOS, PXT, CSP, PPI, CP360 [Profiles International, 2010]

**Step One Survey (SOS)**- is an assessment used to identify individual values connected with work. It is used in the pre-selection of candidates as a tool that provides baseline data about a candidate .SOS evaluation provides valid data about applicants for work ethic, integrity, honesty, attitude and property theft.

**Profile XT (PXT)**- it measures the degree to which an individual matches or not for a specific job in the organization. The concept of 'Compatibility with the Job Structure' is unique because of the correlation between an individual and the necessary qualities for efficient work on a specific job. It is used to select candidates for manpower planning, induction programs and succession, management development.

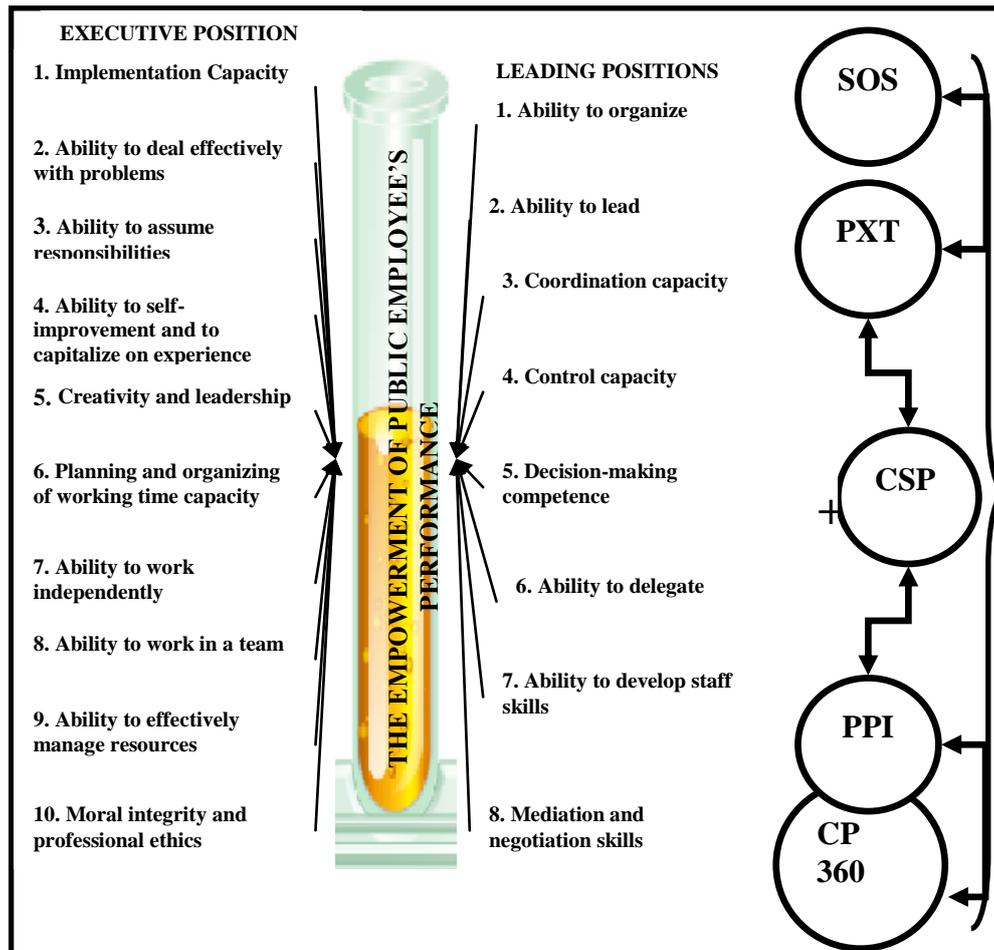
This assessment highlights the individual traits on deep thinking style, behavioral traits dominant, occupational interests and compatibility with a specific job in the organization, helps managers to select candidates with a higher probability of success, with high psychological aptitudes potential.

Also provides suggestions for developing and coaching for maximum use of individual potential. Also it helps the organization in succession planning, talent management and reorganization and is useful in making career management plans.

**Customer Service Profile (CSP)**-measures a person's compatibility with specific activities of public relations. It is used for selection and development of personnel with activities in the customer relationship field.

CSP assess whether employees adhere to the fundamental values of work in customer relations and how these correspond to those of the company that operates and. CSP can be used successfully in institutions with working areas such as tourism, health, financial services.

**Figure 1. Key Performance Indicators in the public sector**



**Performance Indicator Profiles (PPI)-** Performance Indicator Profiles is an DISC type of evaluation which emphasizes individual issues related to the way that individual's personality influences the collaboration with supervisor, work colleagues and work performance. It is used primarily for employee development and motivation, and conflict resolution also, and increasing performance for future employment.

PPI measures the intensity of motivation, behavioral traits related to productivity, quality orientation, initiative, teamwork, problem solving, response to stress and conflict, adapting to change. The results of the assessment help managers to motivate employees better, to assist them in development and improving team communication. It helps also to predict and minimize conflict by providing extremely useful information to enhance personal and team performance.

**CheckPoint 360°** Evaluation was designed to measure the managers' efficiency. It combines the feedback received from subordinates, peers in the same

hierarchical level, supervisors, from clients in order to identify a specific program of skill development, behavior and leadership competencies. The measured competency refers to: leadership, communication, personal development, other development, productivity, development of labor relations, adaptability.

CheckPoint 360° helps managers to identify the degree of development of managerial skills and to prioritize their development. It helps the organization to reduce costs through better planning of trainings and investments in employee development, by reducing misunderstandings between top managers and those in the second line, by increasing employee productivity, job satisfaction and productivity.

#### **4. Interconnection quantification of wages and the granting of incentives and performance of civil servant**

Motivating staff in public administration is determined by three factors: instrumentality- intensity of a person's conviction to achieve an objective, valence-intensity of a person's desire to achieve a goal and wait-a person believes there is a chance that a particular effort will lead to a performance level, in other words, the belief that a certain behavior will be followed by a special reward.

Moreover, the decision on motivational behavior involves two types of expectations: effort-expected performance (E->P) and performance-expected results (P->R), and by multiplying with the results valence - V – we will get the motivational force of performance, according to the expression:

$$Expectation = (E \rightarrow P) \times \sum [(P \rightarrow R) \times V]$$

Performance indicators presented demonstrates that there are sufficient forms to determine the extent to which public services meet the social needs of general interest and, while determining the contribution of every employee, manager and commissioner of a public institution in the development and provision of services.

Also, the respect for correlation between labor productivity growth and wage growth medium and evidenced in its coverage of the civil servants performance must be promoted.

The correlation between labor productivity and average wage growth is reflected by the correlation index established in one of the following relations:

$$I_c = \frac{I_{cs}}{I_{\overline{wa}}}, \text{ or } I_c = \frac{I_{\overline{cs}} - 100}{I_{\overline{wa}} - 100}, \text{ is used only when the two indices}$$

have values higher than 100.

It welcomes when  $I_c < 1$ , that labor productivity has recorded a growth rate higher than the average wage . As the correlation value departs from 1, the labor productivity will register a higher growth rate and an increase in work efficiency and operating profit. [Valceanu et al., 2005].

The performance indicators can be, at the same time, a concrete and objective base for differentiated motivation of human resources, within public administration according to the degree of achievement of targets set and performance level achieved.

One of the main challenges for the public sector in the developed world is to deliver improved services through a motivated workforce in an age of austerity [Leslie & Canwell, 2010].

Coherent integration and use of performance indicators can support the Performance Management of Romanian public institutions. Performance indicators are measures or factors that tend to indicate the status, progress and success of a project, process or field of quality public service delivery. They are goal-oriented process, but they focus on the resources and process that most likely lead to successful outcomes too. Key performance indicators are usually brief, focused, relevant, measurable, repeatable and logical, and above all they measure critical success factors. All under the aegis of a coherent transparency which ensures a sustainable balance between performance level achieved and gradual reward.

This age of austerity has been brought on by the financial crisis that has left governments running enormous budget deficits, but facing electorates still expecting increased standards in public services.

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