ASPECTS REGARDING THE MEASUREMENT OF MANAGEMENT PERFORMANCE IN LOCAL PUBLIC ADMINISTRATION

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Abstract

In the Romanian local public administration, the management must be responsible for the good management of the entity and for the well-being of the citizens. The statute, through the administrative levers at its disposal, supports and guides performance. The management has the administrative capacity and the responsibility of the stability of the value threshold of satisfaction thus creating possibilities of public orientations in the desired direction. In this sense, town halls, local and county councils have become financing entities with a high degree of autonomy. In the decision-making process, they must reach the highest standards of economic development, for the well-being of citizens. The determining premises in the choice of theme reside in the increased interest in the benefit of the citizen, but without neglecting the interest of the state. In our approach, we created a conceptualization and a quantification of the term managerial performance from the perspective of the public sector. The main contribution of this work is the use of modern bibliometric tools for producing results and taking into account the various indicators that are currently used in the specialized literature.

Keywords: *performance, management, information, accounting, public sector*

Jell code: *M41, H11, H63.*

1.Introduction

Measuring the performance of public administration in the context of globalization belongs to new currents in public management such as New Public Management. The current trends within the philosophy of New Public Management involve an adaptation of the criteria of the private system in the public sector. However, the approach of measuring the performance of the public sector, as well as the efficiency and reduction of expenses, finds its attributions in the context of its development. The need for a new approach regarding the administrative system and implicitly public management also came as a result of the development of the public sector and the multiplication of the functions it must perform [42][45].

The NPM emphasizes the importance of using market-based measures for accountability for the cost of services provided, the allocation and efficient use of financial resources, rather than relying on cash accounting [31]. Public management implies an adaptation of the criteria of the private system in the public sector, even if performance has for a long time been seen differently in the 2 systems, the public and the private [2], and at the same time allows the comparability of the two accounting systems from the public and private sectors respectively [14].

Increased attention is paid to performance indicators within administrative processes [5], the evaluation of the results obtained in close connection with the established objectives or the existence of quality standards in public services.

The needs of citizens change, at the same time as those of public authorities. New preferences and needs emerge, and programs and projects will be adapted and funded so that the quality of delivery of existing ones is satisfactory. [41]

Public institutions become exclusively concerned with the activity of providing public goods and services, of the best possible quality, related to the needs of the local community without taking into account the resources wasted in the process. Public managers have often spent public funds in an unjustified way, being too concerned with the result and too little with how it is achieved.

Therefore, in achieving the objectives and results of the public sector, efficiency and economy must prevail. Performance in the public sector provides an overview of efficiency and effectiveness, and efficiency should not be ignored in favor of effectiveness, performance measurement is generally a complex process and quite difficult to achieve, due to the monopoly position on some services provided by administrative authorities.

In Romanian local public administration, town halls, local and county councils have become financing entities with a high degree of autonomy. In the decision-making process, they must reach the highest possible standards of economic development, efficiency and effectiveness, for the well-being of their citizens, or for attracting highly qualified labor force.

2. Literature review

We consider the need for efficient public management, to increase the efficiency and capacity of the administration, to increase the overall performance, as well as the financial one, to be vital tools of the municipalities. The Romanian administration is still at the beginning of using indispensable tools for performance measurement and implicitly those of today's management.

The possibility of measuring the financial performance of local authorities depends on the availability and accuracy of information from the financial-accounting statements, a fact noted by [19], [21] .

In the field of performance measurement, the type of indicators preferred by some authors are the financial performance indicators that are based on a set of financial-accounting information characterized by relevance and constitute performance control keys [2] and, increasing relevance financial-accounting information represents the managerial tool [25]. Other authors create a combination of factors and indicators, both financial and economic, social, organizational [16], [12]. Practitioners and specialists involved in the development of models for measuring and evaluating the financial performance of a local entity [39] have noticed that the activity that carried out at the level of the public entity must respond to three essential requirements: quality, ethics, education.

We believe that public management must understand the key terms associated with the activity at the level of the public entity, namely efficiency, effectiveness, economy, performance, evaluation, decision control, and at the same time apply them. In this sense, the public entity must benefit from a coherent, continuous, qualified and stable management in the face of changes of a political nature [15] .

As a conclusion, public management through its actions and decisions must develop, perfect and improve the information system of a financial-accounting nature in order to obtain relevant financial-accounting information that can significantly contribute to: increasing the quality of the decision-making act; increasing the quality of management as a whole; fair remuneration of executive and non-executive management.

3. Findings

A global picture of the main dimensions that influence the financial performance of local authorities allows to outline a link between the financial performance of local authorities and the economic framework in which the authority carries out its activity or the economic development of the communities. [35], 43] argue that the ability of an authority to improve its financial situation depends on the level of income of the population and the level of local economic activity. For example, in Romania, a share of 47% of the income tax goes to the local budgets of the communes, cities and municipalities on whose territory the tax payers carry out their activity, a share of 13% to the local budget of the county and a share of 22% [27].Since the performance indicators are based on a set of financial-accounting information characterized by relevance and constitute performance control keys. The management has the administrative capacity and the responsibility of establishing the value threshold of satisfaction, [24] thus creating the possibility of orienting the public entity in the desired direction.

Obtaining and maintaining the competences of the management mandated with the management of the public entity must direct its attention to the following aspects: be aware of the role within the public entity and at the same time have a participatory contribution to the economic development of the territory in the public interest [38]. Among the factors of the financial performance of a municipality we find: expenses and revenues, managerial practices, the legislative framework and its changes, the local economy, social factors, demographic factors, political factors, but also natural calamities [10] .

In evaluating the performance of the local economy, the terms of population and its characteristics, labor force and its level of training, productivity, income, standard of living, entrepreneurial capacity, diversification or concentration of economic activities, comparative and competitive advantages must be analyzed. From an internal perspective, the financial performance of internal policies regarding the level of taxation can be important from a double perspective: both for substantiating revenues and expenditures for establishing the budget balance [13].

From an external perspective through different ways of approaching public management and decisions can be made about the possibility of allocating financial resources [31] , from the central level, based on utility and opportunity criteria.

In the assessment of financial performance [17], [34], [11], [29], [7], [9], [28] emphasis is placed on identifying the financial situation municipalities and on the capacity of local authorities to provide adequate public services [21] and fulfill their present and future obligations.

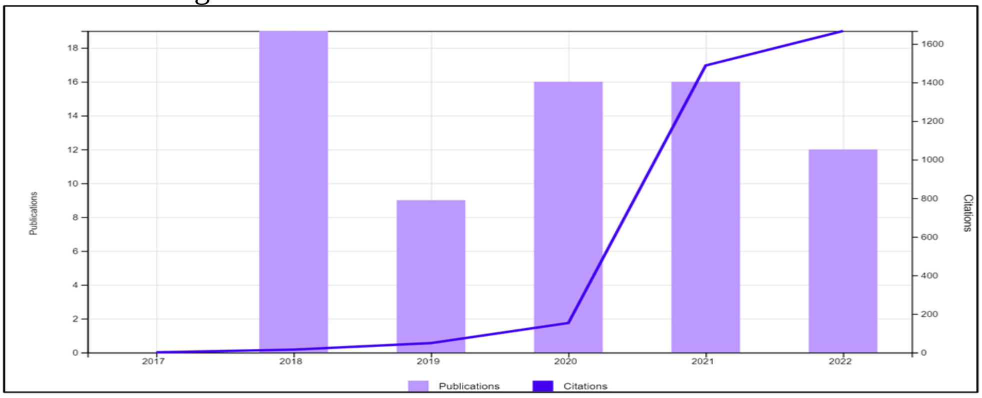
There are observations [14] that underline the main shortcoming that, although an important volume of financial and fiscal information is synthesized, [5] they are not useful to the authorities because they analyze too high a number of variables, being difficult to assess which are with really important. Also, the educated population is positively associated with an increase in income at the population level, [6] so that the community must become an entrepreneurial one, based especially on an educated population. Local authorities with a strong business environment and high level of entrepreneurship are most likely to benefit from a high level of total revenue [3]. Regarding the financial indicators and the correlations between them, it is appreciated that the degree of dependence on the central budget correlates negatively with the number of the population, so that as a community is smaller in population, especially small ones, the probability that it is more dependent on the central budget increases [44]. This fact leads to the rigidity of local authorities' expenses and this fact is associated with the degree of dependence on the revenues from the central budget, which implies that those municipalities, with a statistically small population, tend to be dependent on the central budget (shares broken down from VAT or income tax), which automatically implies a reduced level of own revenues (rigidity is negatively and strongly correlated with indicators of own revenues and the degree of self-financing).

We can state that as a community is less populated, the probability that it is more dependent on the central budget increases.

4. Research methodology

The main contribution of this paper is the use of modern bibliometric tools for producing results and taking into account different indicators that are currently used in the specialized literature. Among the four forms of scientific research described by specialized literature, the present study takes 3 forms: descriptive, built on the principle of knowledge; explanatory, aiming to identify causal relationships in order to test working hypotheses; application, for solving the problems identified in practice. It is found, following an analysis, [47] that there is a rich literature in this field, the practice is quite limited in our country, in the field of measuring the financial performance of local authorities. As our research interest is in the evaluation of the financial performance of local authorities we wanted to analyze its relevance in the literature by using bibliometrics. In figure no. 1 shows citations of publications in the period 2017-2022.

Figure no. 1 Citations and Publications Over Time



Source: [45]

There is an increase in the number of citations of scientific publications from the period 2017-2022.

Heavily used as a research tool for decades, the Web of Science Core Collection, produced and maintained by Clarivate Analytics (2021), is one of the world's most popular scientific publishing platforms, from which we extracted the available database information. At the same time, the platform offers a period of whole decades of research.

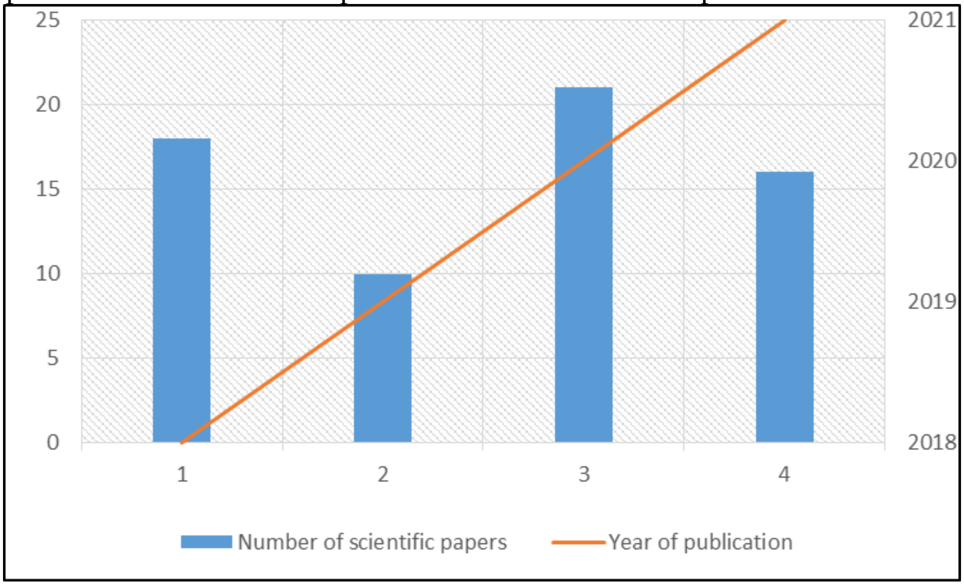
The paper combines several tools to represent the importance of bibliographic material found in WoS. The number of papers is assumed to indicate quantity, while the number of citations indicates influence in a research field. The h index is a combination of both. This study analyzes the 191 most influential papers in accounting research.

The ranking is categorized by journal so that all papers from the same journal appear together, becoming more relevant.

We used the key terms financial performance, management, public administration [4] and then refined the search to select only information about publications published in the last 5 years (2018-2022), from the categories business finance, economics, management, business, social sciences interdisciplinary, public administration political science, operations research management sciences, computer sciences artificial intelligence, computer sciences interdisciplinary applications, development studies, information science library science, international relation we obtained the statistical sample containing 78 scientific publications, written in English, as well as a number of 408 by authors [20].

In Figure no. 2 I graphically represented the number of publications with the subject of financial performance and NPM in the public administration and their annual distribution in the period 2018-2021 (I removed the year 2022 from the presentation, as it is not finished, and the graphic comparison has no relevance).

Figure no. 2 Breakdown by year of scientific papers that have as their subject financial performance and NPM in public administration in the period 2018-2021



Source: Author's projection

We observe that the interest in the study of financial performance and management in public administration has a predominantly increasing trend in the period under consideration. In Table 1 we show the 20 analyzed keywords, ordered in descending order according to the strength of links with other keywords.

Table 1. Relevant keywords used by authors in financial performance research.

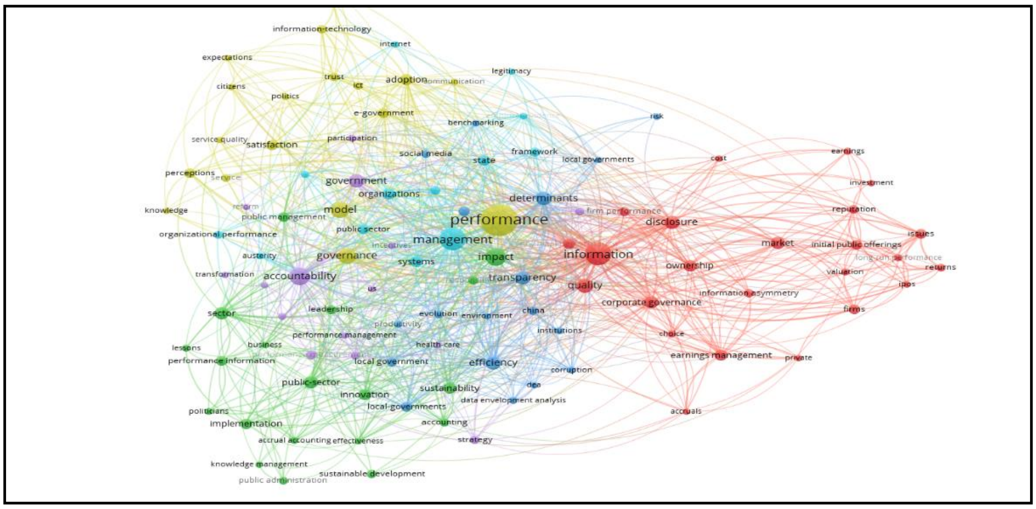
No.	The keyword	Links	Total link strength	Occurrences
1	Performance	92	383	106
3	Information	80	255	56
2	Management	85	249	56
4	Accountability	51	125	33
5	Governance	53	108	26
6	Quality	53	99	22
8	Transparecy	47	95	19
7	Determinants	47	85	20
9	Organization	46	80	14
10	Efficiency	53	77	18
11	Ownership	38	74	15
12	Local guvernments	37	66	11
13	Public management	42	58	11
14	Sistems	34	56	14

15	Public sector	30	53	11
16	State	30	52	12
17	Initial public offerings	26	51	11
18	Earnings management	27	49	14
19	Innovation	32	49	13
20	Satisfaction	30	46	12

Source: Author's projection

Figure no. 2 shows the significance or relevance of the most important keywords identified in the studied sample in terms of the intensity of the link with other keywords in terms of simultaneous appearance in the same work.

Figure no. 2. The connection network between keywords regarding the quality of accounting information



Source: Authors' processing with the help of the VOSviewer program

After obtaining the sample I described previously, I proceeded to the actual bibliometric analysis using the scientific mapping methodology with the help of the computer program VOSviewer [46], a software adapted for the construction and viewing bibliometric networks [32] .

Finally, we studied the distribution of the most intensively used keywords with the intention of observing and analyzing [30] the links between them, considering only those proposed by authors in published works, and we set a minimum threshold of 20 occurrences simultaneous.

Groups of keywords that are related to each other are graphed with the same color and appear simultaneously in the same paper. We obtained 6 groups of keywords: performance, management, information, accountability, government and public sector.

The word performance, in red color, contains 24 keywords, most of which we mention: accruals, choice, corporate governance, cost, disclosure, earnings, earnings management, financial performance, information, firm performance, firm, information asymemetry, initial public offerings, investment, ipos, issues, low-run performance, market, ownership, private, quality, repetition, returns, valuation. The figure renders the relevance of each keyword by means of nodes whose size indicates the degree of importance: the larger the node, the label, the more relevant the term it represents within the sample. The lines, graphically represented by curves, show the links between two nodes and describe the frequency of appearance of the two terms they connect: the thicker the curved line connecting it, the more the simultaneous appearance of the two keywords joined by that line It is. more frequent [22]. Simultane ously, the shorter the link curve, the stronger the relationship between the two terms it connects, the more relevant their occurrence (for example, a high frequency of simultaneous occurrence in the same paper of the keywords performance and management translates into an increased intensity of the correlation between them from a conceptual point of view, emphasizing the importance of a system of good practices and efficient management of the entity[23], [26].

The strength of the links between the elements is achieved with the help of the normalization method using the VOS layout technique and VOS clustering technique, [36], [37] , [39], [40].

5. Conclusions

Performance evaluation in the activity of local public municipalities must be analyzed through the lens of results based on the achievement of objectives with efficiency and effectiveness. The community, as the main beneficiary of the entire activity of the local public administration, wants the operative achievement of all the objectives assumed or imposed conjuncturally, through the development of a legal, quality administrative act. Also, the rigidity of expenses is negatively and statistically significantly associated with the population indicator, with the level of education of the citizens and implicitly the degree of employment of the population in a community is lower. As the population is less educated, the probability that the local budget is more dependent on the central one is higher, respectively, the self-financing capacity of the local authorities is lower.

The bibliometric analysis carried out revealed some interesting information. Keyword analysis reveals strong links between the concept of performance, management, information, accountability, government and public sector. The results of the study reveal an important research interest in managerial performance.

The approach in this context of the concepts of performance, management, information, accountability, shows how an efficient and responsible administration of the entity can contribute to the increase of economic dedication, decision-making transparency and the accuracy of financial reporting. We believe that the number of bibliometric studies with managerial performance as a subject is limited in the specialized literature.

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